

Performance Measures Validation

Recommendation:

That the September 29, 2016 Office of the City Auditor report CR_4021, be received for information.

Report Summary

This report presents the results of the Performance Measures Validation project.

Report

We selected the following five corporate measures from The Way Ahead Progress Report 2015 (the Progress Report) to validate:

- Measure 1.1 - New Residential Units in Mature Areas
- Measure 4.1 - Business Satisfaction: Goods and Services Transportation
- Measure 6.2 - Recreation Facility and Library Attendance
- Measure 7.3 - Edmonton Crime Severity Index
- Measure 8.2 - Watershed Contaminant Reduction Index

Criteria

The criteria we used to validate each of the measures in our sample were as follows:

- 1. Criteria Relating to Reliability of Performance Measures**
 - a. Is the measure based on data that can be replicated by an independent observer? Is it reasonably complete and accurate? Is it free from significant omissions?
 - b. Is the information obtained from independent sources credible, reliable, and presented consistently with the original source data?
 - c. Does the measure result being presented fairly represent the underlying data?
 - d. Is there a clear linkage between the data used to calculate the measure and the performance that it claims to represent?
- 2. Criteria Relating to Understandability of Performance Measures**
 - a. Is supporting information precise and clearly stated in plain, non-technical language? Does it focus on critical facts and information that enables users to obtain reasonable insights and draw reasonable conclusions?
 - b. Does the presentation method (graph, table, etc.) ensure a reasonably informed user would correctly interpret the information?

3. Criteria Relating to Comparability of Performance Measures

- a. At a minimum, are prior period, current results, and current targets presented?
- b. Has time series information (trends) or other appropriate comparators been provided to allow users to assess performance in relation to targets?
- c. Does the comparative data give the user the context as to whether the performance is improving, stable, or deteriorating?
- d. Is the data used to produce the measure prepared in a manner consistent with previous reporting periods?

The scope of our work covered all data and supporting information provided in the Progress Report that related to the sample measures. This included all comparative information in the graphs and additional measures and figures contained within the supporting information.

Reliability

Based on our recalculation of the results we suggested changing the results presented in three of the five measures to better represent the underlying data. All of our changes were made by the performance measure owners. However, we can still only conclude that three of the five measures are reliable. We could not validate the reliability of two of the measures for the following reasons:

1. Measure 4.1 - Business Satisfaction: Goods and Services Transportation

In 2014, the area conducted a survey of Edmonton businesses. The majority of the responses were received via mail and manually entered into a spreadsheet. The area did not retain the hard copies of survey responses and we were therefore unable to recalculate the measure using source documents. We were also unable to rely on the controls over the manual data entry process.

2. Measure 6.2 - Recreation Facility and Library Attendance

We were able to validate the recreation facility attendance data, but were unable to validate the 2012 to 2015 library attendance data. The Library counts attendance electronically using gates at the entrance to the libraries. Due to hardware malfunctions and technical failures the electronic gate counts might contain errors. The system adjusts some of these errors automatically and Library staff manually adjusts some of them. In some cases the numbers may be overstated and in some they may be understated.

Library staff do not consistently document or keep a record of the adjustments they make or follow a consistent methodology to determine which day's attendance counts to adjust. We were therefore unable to ensure that the Library attendance counts were complete and accurate, as we could not recalculate the annual totals. As well, due to the nature of libraries (people are free to come and go as they like) the attendance number will always be an estimate.

We have discussed these issues with the performance measure owners and they have agreed to address the issues going forward. As well, last year we recommended that Corporate Strategic Services develop a procedure manual for owners of performance measures. The manual was finalized in May 2016 and will be in use for next year's Progress Report. Among other things, the manual contains guidance to ensure all performance measure owners retain source documents and use a consistent approach for collecting and obtaining source data.

Understandability

We suggested changes to the supporting information presented in the original draft of the Progress Report in four of the five measures we validated. All four had methodology statements that were incorrect, unclear, or open to interpretation. As well, for one of the four measures the data source included with the graph was incomplete and information in the supporting documentation was incorrect. One of the four measures also included an unclear description of the raw data used to calculate the measure and another one included technical language in the supporting information.

The performance measure owner and Corporate Strategic Services staff made all of the changes we suggested. We can conclude that the results presented in the final Progress Report for the five measures we validated are understandable.

Comparability

For three of the five measures some of the prior period results included in the charts were not based on the same methodology as the current period result. They were therefore not comparable with the current period result. If they had not been removed from the chart it would have given the reader the wrong impression of the year-over-year changes in the measure results.

The performance measure owner and Corporate Strategic Services staff made all of the changes we suggested. We can conclude that the results presented in the final Progress Report for the five measures we validated are comparable.

Policy

Bylaw 16097, Audit Committee Bylaw, Section 14(d) states that, "Committee will review all reports from the City Auditor dealing with completed audit projects."

Risk Assessment

This report falls under a list of report types that, due to their nature, do not require a risk assessment and, as such, there is no risk assessment in this report.