

# An Analysis of Annual Performance Reporting by School Authorities

Education

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Report of the Auditor General  
November 2024

Shane Getson, MLA  
Chair  
Standing Committee on Legislative Offices

I am honoured to transmit my *Analysis of Annual Performance Reporting by School Authorities* to the Members of the Legislative Assembly of Alberta, under the *Auditor General Act*.



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Auditor General of Alberta

Edmonton, Alberta  
November 2024

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## Related Reports:

- [Reporting Performance Results to Albertans Assessment of Implementation](#) (November 2024)
- [Fiscal 2021 Annual Reporting of COVID-19 Initiatives](#) (June 2022)
- [Reporting Performance Results to Albertans Followup](#) (August 2019)
- [Results Analysis Reporting](#) (July 2014)
- [Analyzing Performance](#) (July 2012)

Appointed under Alberta's *Auditor General Act*, the Auditor General is the legislated auditor of the *Consolidated Financial Statements of the Province of Alberta* and most provincial agencies, boards, commissions, and regulated funds. The audits conducted by the Office of the Auditor General report on how government is managing its responsibilities and the province's resources. Through our audit reports, we provide independent assurance to the 87 Members of the Legislative Assembly of Alberta, and the people of Alberta, that public money is properly accounted for and provides value.

# Report Highlights

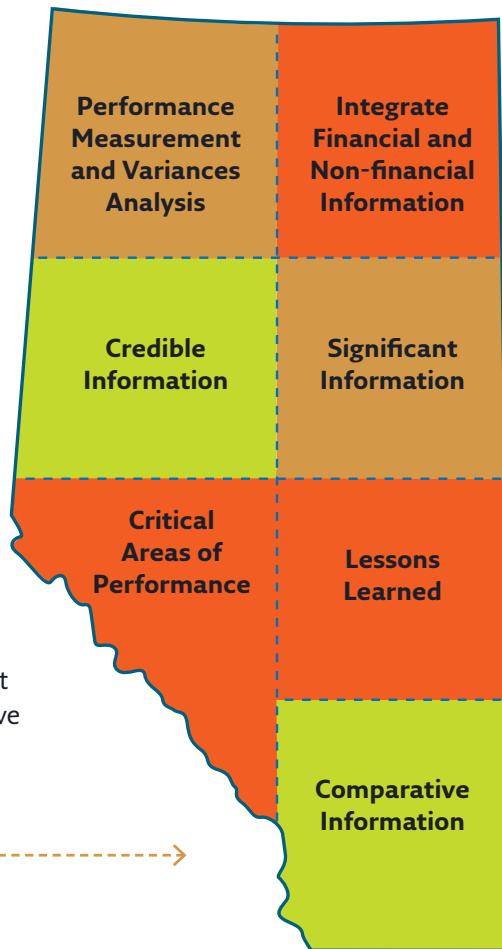
## What We Looked At

We examined a sample of school authority annual reports to see if the reporting reflects all seven characteristics of effective performance reporting.



## What We Found

School authority annual reporting could improve. Currently it does not include all characteristics of effective performance reporting.



## Value of our Findings

We did not make recommendations to school authorities or report the results of any specific authority. Individual results are not necessary to understand reporting trends in the sector. We hope school authorities and the department will use our findings to work together to improve performance reporting to enhance accountability for results to parents, the community, and the department.

- No or minimal improvement required
- Would benefit from some improvement
- Opportunity for significant improvement

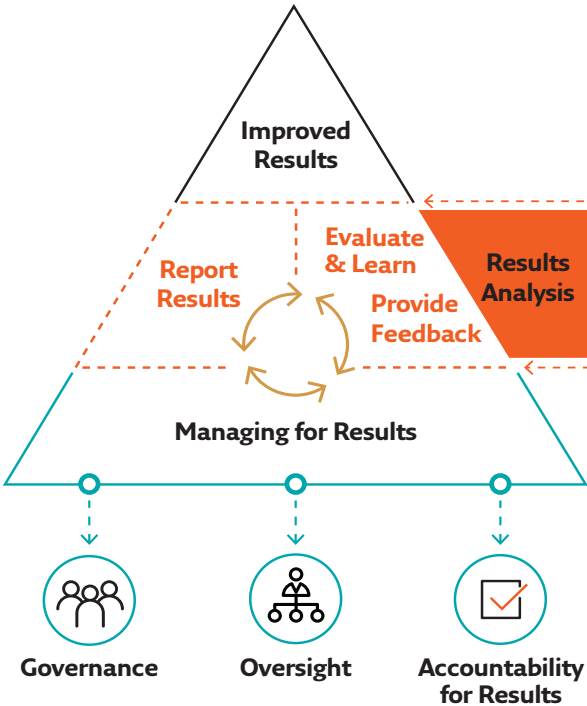


## Why This Matters to Albertans

School authorities should provide complete information on how the education of children is being managed. Meaningful annual performance reporting is a critical accountability tool to show this is being done effectively. Authorities need to show in their public performance reporting that they are delivering results in areas critical to the authority, how they measure those results, and at what cost.

# Background

## Annual Performance Results Reporting



Managing for results represents the management cycle of setting direction, planning, implementing and delivering, and reporting results.

The results are used by management and boards in evaluating and learning to inform future planning, enabling a cycle of ongoing improvement.

Effective performance reporting requires applying seven key characteristics to create a meaningful and complete picture on whether goals were achieved, what value was gained for the money spent, and what changes to make to generate more value. These characteristics are:

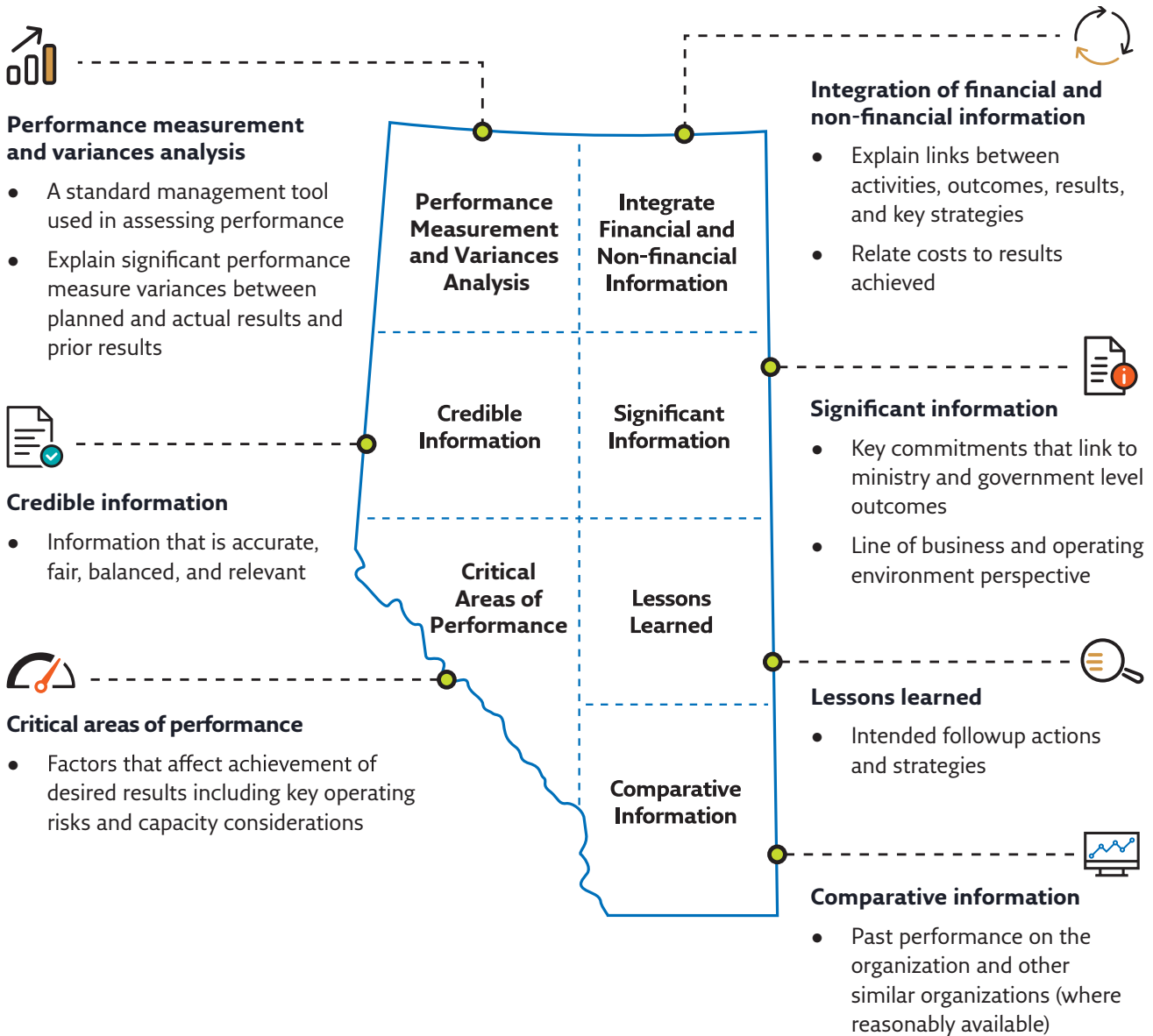
- critical areas of performance
- performance measurement and variance analysis
- significant information
- integration of financial and non-financial information
- lessons learned
- credible information
- comparative information

(Appendix B has details on each characteristic).

These characteristics are interrelated, like pieces of a puzzle. All the pieces of the puzzle need to be in place to give Albertans a complete picture of an authority's performance.<sup>1</sup>

<sup>1</sup> Report of the Auditor General—August 2019, Reporting Performance Results to Albertans.

## Seven Characteristics of Effective Performance Reporting



# Performance reporting by Alberta school authorities

A school authority is a public, separate or francophone school board, a chartered school, or an accredited funded private school.

Public and separate school board trustees speak for their community on K-12 education as they are elected based on their ideas on managing and improving authorities' performance. Charter and private school directors, whether elected or appointed by members, have the same responsibility.<sup>2</sup> Boards identify short- and long-term local desired outcomes and key risks and then decide how to achieve those outcomes. This is aligned with Alberta Education's business plan which has identified a desired outcome that "Alberta's K-12 education system is well governed and managed".<sup>3</sup>

## Boards are accountable to:



**parents**—on student academic results and how the board and management is mitigating risks which can negatively impact their child's education



**the community**—on effectively and efficiently spending taxpayer dollars and that all community students are being appropriately supported



**the department**—on measures important to provincial goals on education

Schools and school authorities share their results with their interested parties through a business plan (also called the education plan) and annual report (the Alberta Education Results Report). The annual report presents the overall performance for the year and helps the board and management work with interested parties to set future priorities and build authorities' education plan.

Authorities report on two types of performance measures:

- Alberta Education Assurance Measures (AEAM)— Alberta Education requires each school authority to report on 12 performance measures aligned with the Government of Alberta's overall education goals. AEAM focuses on Student Growth and Achievement, Teaching and Learning, Learning Supports, and Governance (see Appendix A). Alberta Education also provides 12 optional measures which school authorities can use as local desired outcome measures.
- Local measures—these are set by the board and management. Local measures reflect objectives of the authority, such as faith-based measures for separate schools, charter measures for charter schools, local based survey measures, and other key measures impacting authorities, such as student class sizes, special needs program results, and overall operating efficiency.

Authorities post their annual reporting on their website by November 30 annually.

Alberta Education operating funding to authorities was \$6.6 billion in fiscal 2021–2022.<sup>4</sup> Funding supports 724,400 students enrolled in 213 authorities.

We started our examination of 101<sup>5</sup> authority annual reports in May 2023. As a result, the latest annual report available to examine for all authorities was for their 2021–2022 fiscal year which ended August 31, 2022.

We did not make individual recommendations to authorities or report the results of any specific authority. Individual results are not necessary to understand reporting trends in the sector. We hope school authorities and the department will use our findings to work together to improve performance reporting to enhance accountability for results to parents, the community, and the department.

<sup>2</sup> Under section 33(1)(c) of the *Education Act*, boards of trustees must, "provide, where appropriate, for the engagement of parents, students, staff and the community, including municipalities and the local business community, in board matters, including the board's plans and the achievement of goals and targets within those plans." Section 67 of the *Act* also requires boards to, "develop and implement a reporting and accountability system [and] shall disseminate any information in the reports and accounts produced ... to students, parents, electors or the Minister in the manner the Minister prescribes."

<sup>3</sup> 2023–2026 Government of Alberta Business Plan, Alberta Education, page 37.

<sup>4</sup> Alberta Education Annual Report, page 87.

<sup>5</sup> Consisting of all 76 public, separate, charter, and francophone school authorities and a sample of 25 accredited funded private school authorities.

# About This Report

## Why We Did This Report

School authorities are public, separate and francophone school boards, chartered schools, and accredited funded private schools. They are governed by a board of trustees or directors. And they are accountable to students and their families, taxpayers, and the Department of Education to deliver high-quality education.

## What We Looked At

We examined the 2021–2022 annual performance reporting of 101 authorities to see if their reporting reflects key characteristics of effective performance reporting. We examined reports publicly available on authority websites. We did not audit the processes to produce these reports.

## What We Found

Some key characteristics of effective performance reporting are missing.

Annual reports provide information that is fair, balanced, and typically current. And they have comparative results. Reporting focuses on provincial measures like exam results or satisfaction surveys. More information is needed on what is significant to the authority. Targets are needed to analyze measured results.

Significant improvement can be made by providing more information on:

- areas critical to authorities' success
- integrated financial and non-financial information that explains what their results mean—what were the reasons for their results and what were the related costs
- the lessons learned which will affect setting future targets and outcomes



## Why This Matters to Albertans

The future success of the province will be the responsibility of our youngest generation. Their success will depend on how well they are educated. School authorities should provide complete information on how the education of children is being managed. Boards of authorities have been entrusted by interested parties to deliver that information. Meaningful annual performance reporting is a critical accountability tool to show boards are doing this effectively. Authorities need to show in their public performance reporting that they are delivering results in areas critical to the authority, how they measure those results, and at what cost.

# Detailed Findings

## Authorities could more clearly describe what's most important to their success

School authorities' annual reports do not clearly identify areas that critically impact their performance and achievement of outcomes. These areas should align with desired outcomes or be described as priorities in the authority's business plan.

Areas that impact authorities can vary across the province and include:

- gaps in literacy and numeracy levels
- student class size
- rapid changes in student enrollment year to year
- resources for those with special needs
- student wellness supports (physical, mental, emotional)
- student transportation

Authorities in their annual report did not explain what areas were critical to their success and how it would impact their operations in the short- and long-term.

Most authorities said that disruptions in teaching during COVID-19 created an education gap in student knowledge. The short-term impact on student achievement marks were reported. But authorities did not report the long-term implications or plans to close the gap.

Two authorities identified student class sizes and 15 authorities identified space utilization as priorities. Little was reported on whether these were only short-term challenges and how they were being measured.

Twenty-nine authorities did not keep a copy of their 2021–2024 three-year Alberta Education plan on their website. This plan was the basis of the 2021–2022 annual report. Best practice would keep current and two prior-year plans and related annual reports on the website.

## Annual reports focused on provincial, not local, measures

Performance measures are quantifiable and show progress on reaching desired outcomes. A performance measure and target provide a concrete statement of what is intended to be accomplished over time.

Authorities' reporting focused on Alberta Education's 12 provincial performance measures. There was no clear indication of which measures were important locally. Provincial academic tests and diploma exam results would be important to all authorities as measures of student knowledge and the potential for future success. But provincial measures related to access to supports and services and high-school completion rates may vary in significance or not at all depending on local circumstances.

There was little discussion or measurement in annual reports on challenges facing authorities, such as student class size, classroom complexity, and rapid changes in enrollment levels. Eighty-one (81) per cent of all authorities included at least one locally derived performance measure, typically a local survey of parents. These surveys were on parents' or students' general perceptions on satisfaction with teacher responsiveness, bus transportation, facilities, and student access to digital technologies rather than on specific quantifiable items. Many authorities also reported optional Alberta Education derived measures, such as drop out rate. There was no explanation of how that measure was managed.

Authorities did not provide methodologies to explain provincially required measures. They provided no link to, or information on, the department's explanations. For example, the required *Provincial Achievement Test* measure uses categories of "excellent" and "acceptable." Readers could assume test results would be classified as excellent or acceptable. This would be an incorrect assumption.

The methodology includes "excellent" in both categories (excellent and acceptable). So results for 30 excellent and 70 acceptable do not mean 100 students. They mean 70 students, 30 of whom are excellent. Without this detail, readers could easily misunderstand the result.

## Not all authorities reported targets

We all set goals for ourselves. Imagine setting a goal to lose weight, without deciding how much to lose and by when. You have to define success before you can measure it. Every important measure should have a challenging, but achievable, target.

Six authorities we examined reported a target they were trying to achieve for reported measures.

If authorities don't set targets, it's challenging to assess their progress toward their desired outcome. For instance, reducing student class sizes requires first identifying what the benchmark class size is. That number could vary across authorities as expectations in big cities may differ from those in small communities.

## Authorities provided results, explanations could improve

Showing the difference between current-year results, planned targets, and prior-year results tells readers what happened. Explaining the difference—discussing successes, shortfalls, and lessons learned—tells readers why the difference exists.

### Variance explanations

Three of the six authorities setting local performance targets analyzed the actual results compared to their target.

Most authorities used provincial average results compiled by Alberta Education instead of setting their own target. Provincial average results may not be the best local benchmark because of the variability of authorities. For example, large urban authorities may skew the average results due to their size. Remote rural authorities may find the provincial average result unachievable with their resources.

Other authorities compared their results to prior-year results. This does not tell readers what the authority was trying to achieve during the year; it just gives the recent trend of what it has achieved. Six provincial measures had no data for two previous years because diploma and achievement testing were suspended. As a result, variance explanations highlighted the lack of consistent measurement year to year due to COVID-19. They did not analyze the reason for current-year results.

Otherwise, authorities did not identify any variance, or they gave a variance without explanation.

### Integrating financial and non-financial results

No annual report we examined had an integrated analysis of results in relation to costs. This would be like a restaurant menu without any prices. You could not decide what you could afford or what was good value. Activities must be examined in relation to their cost. Achieving results can't be at any cost.

For instance, a slight improvement in literacy and numeracy rates from the prior year is positive. Yet if the related cost was significantly higher, the increase may be disappointing considering the investment. Analysis helps authorities and interested parties understand where resources were spent and why.

Authorities' annual reports listed various activities throughout the year designed to contribute to student's

education experience, such as field trips, professional development courses focusing on literacy development, and activities to develop cultural awareness of Indigenous Peoples' issues. But they did not report the related cost of these activities. Readers would not know why these activities were important or how much they cost. Most authorities did not provide key financial information about the school year. This includes information on how authorities spent funding on programs, significant changes over the prior year, whether spending was within budget and if not, why, and how deficits will be eliminated.

The Minister of Education recently focused on authorities' operating and capital reserve balances. Reserves are most often created from unspent operating funding, to be spent in the future with minister approval. One third of authorities disclosed reserve balances and half of those explained significant changes to reserves in their annual reporting. Specific future spending plans for the reserves were not reported.

Effective performance reporting often includes efficiency metrics such as operating, administrative, and instructional costs per student. Ten authorities did so.

Each school in an authority is required to post its education plan and results report online. Results for individual schools in an authority show their performance and how they affect authority overall results. Some larger urban authorities have more than 100 schools. The results of schools performing above or below average may not be properly assessed when only aggregate authority numbers are reported. Only 19 of 61 authorities with more than one school posted individual school results.

## Lessons learned

Twenty authorities provided information on what they plan to do based on identified trends. No specific lessons were linked to a result explanation.

Results analysis is most effective if the lessons lead to improvements in business plan outcomes, activities, measures, and targets. Authorities' annual reports did not link current-year results to lessons learned from prior years or to changes made to their business plans as a result. Identifying lessons learned and then taking remedial actions are critical parts of continuously improving and showing accountability for results.

## Information was fair, balanced, supportable, with comparatives, but not always current

Authorities:

- discussed progress on outcomes and performance measures for both positive and negative results
- provided understandable information using plain language, clear data tables, and defined acronyms

Most authorities reported performance information from the 2021–2022 fiscal year, the reporting year. Twenty authorities did not for six measures on high school completion, provincial achievement tests, and diploma exam results. Those authorities instead reported 2020–2021 information, the prior year. Authorities reported that Alberta Education did not provide current-year data in time to include in their annual report. Two authorities updated their annual reporting when this information was available.

Most authorities provided multi-year historical actual results (to indicate if performance is stable, improving, or deteriorating). And most included comparative provincial average information.

Although individual annual reports are generally understandable, they are not presented in a consistent format across authorities. Reports varied from six to 167 pages and the contents were not ordered or identified consistently, making comparisons hard. Other provinces, such as Saskatchewan, use a common format prescribed by the Department of Education to facilitate comparisons of individual authority performance.

# Alberta Education Assurance Measures 2021–2022<sup>6</sup>

## Required Department Measures

### Student Growth and Achievement

- Student Learning Engagement (Survey): Percentage of teachers, parents, and students who are satisfied that students are engaged in their learning at school
- Citizenship (Survey): Percentage of teachers, parents, and students who are satisfied that students model the characteristics of active citizenship
- Three-year High School Completion Rate
- Five-year High School Completion Rate
- Provincial Academic Test—Acceptable Grade 6 & 9
- Provincial Academic Test—Excellence Grade 6 & 9
- Diploma Exam—Acceptable
- Diploma Exam—Excellence

### Teaching and Learning

- Education Quality (Survey): Percentage of teachers, parents, and students satisfied with the overall quality of basic education

## Learning Supports

- Welcoming, Caring, Respectful and Safe Learning Environment (Survey): Percentage of teachers, parents and students who agree that their learning environments are welcoming, caring, respectful, and safe
- Access to Supports and Services (Survey): Percentage of teachers, parents, and students who agree that students have access to the appropriate supports and services at school

## Governance

- Parental Involvement (Survey): Percentage of teachers, students, and parents who are satisfied with parental involvement about their child's education

## Optional Department Measures (For use as local measures)

- Diploma Exam Participation Rate
- Drop Out Rate
- In Service Jurisdiction Needs (Survey)
- Lifelong Learning (Survey)
- Program Studies (Survey)
- Program of Studies—At Risk Students (Survey)
- Rutherford Scholarship Eligibility Rate
- Safe and Caring (Survey)
- Satisfaction with Program Access (Survey)
- School Improvement (Survey)
- Transition Rate (6 year)
- Work Preparation (Survey)

<sup>6</sup> <https://www.alberta.ca/accountability-education-system>

# Characteristics of Effective Performance Reporting<sup>7</sup>

## Critical Areas of Performance (also known as *Key Performance Drivers*)

Annual reports should focus on critical aspects that may impact the performance results of an organization. These include key internal and external risks and the organizational capacity to respond to and manage risks in reaching planned outcomes. Significant risks impact the authority's ability to achieve its priority outcomes, or successfully implement or maintain a significant policy, program, initiative, or activity.

For school authorities' annual reporting, this includes:

- areas the board agrees management has identified as being of greatest concern to interested parties of the school authority through ongoing interested party engagement processes
- risks management has identified that will most impact the achievement of desired local and Alberta Education outcomes

## Performance Measurement and Variance Analysis

Performance measurement and variance analysis can improve policy, program design, and service delivery. It can also improve focus on progress on long-term objectives and outcomes, and it can improve budgeting and resource allocation. Performance information should be monitored throughout the year using existing management controls processes to run the business.

For school authorities' annual reporting, this includes:

- performance measures with challenging but attainable targets and performance indicators<sup>8</sup> (including all required department mandated measures)
- performance measures with results on the authority's desired outcomes, not just outputs of its activities
- methodology used in preparing measures to give readers an understanding of what the measure represents and any limitations on the data, such as low response rates to surveys
- explanations of significant variances from the current-year plan and prior-year actual for each reported measure including an assessment of why the variance occurred and what the expectation will be in the future
- all measures and indicators in the authority's business plan
- any changes in planned measures or activities in the business plan

<sup>7</sup> The seven characteristics of effective performance reporting are derived from the Chartered Professional Accountants of Canada *SORP-2, Statement of Recommended Practice - Public Performance Reporting*. Similar guidance on effective performance reporting can also be found in the Canadian Accounting and Auditing Foundation publication, *Public Performance Reporting*.

<sup>8</sup> Performance measures are quantifiable and demonstrate progress toward achievement of desired outcomes closely tied to the work of the organization, so performance targets should be set. A performance measure and target provide a concrete statement of what is intended to be accomplished over a period of time. Performance indicators provide information about environmental, social, and economic state or condition and assess progress toward the achievement of ultimate outcomes. They are highly influenced by numerous external factors in addition to government organizations and are therefore contextual. Due to the numerous external factors that influence indicators, no targets are required.

## Significant Information

For performance reporting to provide the most value to users, it must focus on significant information in the organization and items critical to achieving the organization's business plan desired outcomes. Information is not what the organization did generally. It focuses on new programs, key programs and strategies, as determined by management, to achieve core objectives providing the most value to interested parties. The information should also include significant external or internal influences or challenges that arose during the year which impacted the results.

For school authorities' annual reporting, this includes:

- significant school authority achievements and challenges relating to local and government (Ministry of Education) outcomes
- how significant external/societal factors contributed to reaching—or missing—the achievement of outcomes

## Integration of Financial and Non-Financial Information

Integrating financial and non-financial performance information is central to meaningful reporting. Results need to be analyzed in annual reports to determine whether value for money was received. But organizations should not attempt to achieve good results at any cost. Any assessment of results should explain the links between activities, outcomes, results, and key strategies. Analysis commentary should be meaningful and insightful, with any significant judgments and assumptions disclosed.

For school authorities' annual reporting, this includes:

- reporting results relative to the corresponding cost of the related activities or initiatives
- reporting financial statement results for the current year along with explanations for significant variances from business plan targets and prior year results
- linking operational measures to the costs in the financial statements, such as administration or instructional costs per student

## Lessons Learned

Lessons learned involve followup analysis and specific remedial action from initial lessons typically identified through performance measures variance analysis or integrated results analysis. Without followup action, the same lessons may be identified every year. Lessons learned form the basis of the authorities' following year business and strategic plan. Lessons learned should also focus on the achievement of immediate, intermediate, and long-term outcomes, rather than on activity outputs.

For school authorities' annual reports, this includes:

- why results met or did not meet expectations for all measures reported
- management's plans for remedial action, including timelines, to adjust strategies, targets and long-term outcomes going forward based on the results

## Credible Information

For annual reporting information to be credible, it must be accurate, fair, balanced, and understandable.

Management must have supporting documentation that could be independently verified to systems to manage and report on performance. It should be unbiased and not focused only on achievements, but also where results have fallen short. Information should be consistently presented between reporting periods and from the business plan to the annual report within a reporting year. It must be understandable to the average Albertan, avoiding jargon, vague or overly technical terms.

In school authorities' performance reporting, this includes information:

- from the year being reported and ideally, independently verifiable from an audit or directly from the department
- on performance measures, both met and not met
- on outcomes, both met and not met
- explained in plain language
- from management (an accountability statement) saying the information is relevant, fair and complete

# Comparative Information

## Context

For an organization to properly assess its performance, it should include its own past performance and of similar organizations. This information is needed to analyze and assess performance trends over time, along with the current-year results, to achieve long-term desired outcomes. Where comparative information exists with a similar organization, assessments can be made of whether the measures are reasonable and the potential range for improvement in results or targets.

For school authorities' annual reporting, this includes information on:

- current-year results and past-year results of each performance measure reported
- other similar organization's results

## Appendix C

# Report Responsibilities and Quality Assurance Statement

This report was conducted under the authority of the *Auditor General Act*.

**The Office of the Auditor General applies Canadian Standard on Quality Management 1 and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with applicable professional standards and applicable ethical, legal, and regulatory requirements.**

Our office complies with the independence and other ethical requirements of the Chartered Professional Accountants of Alberta Rules of Professional Conduct, which are founded on fundamental principles of integrity and due care, objectivity, professional competence, confidentiality, and professional behaviour.





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