

GFOA Best Practice: Performance Management

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Government Finance Officers Association (GFOA)
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Background: The Government Finance Officers Association (GFOA) has long urged state and local governments to incorporate performance measurement as an integral part of their budget process, **as recommended by the National Advisory Council on State and Local Budgeting** (emphasis added - see references). Likewise, the GFOA is persuaded that the full benefit of performance measurement can only be achieved when performance measures and performance reporting are further integrated into an overall framework of performance management.

The National Performance Management Commission, representing eleven national public interest organizations of elected and appointed state and local government officials (including the GFOA), issued a report in 2010, *A Performance Management Framework for State and Local Government: From Measurement and Reporting to Management and Improving*. The members of the National Performance Advisory Commission included the following.

1. Association of School Business Officials International (ASBO).
2. Council of State Governments (CSG).
3. Government Finance Officers Association (GFOA).
4. International City/County Management Association (ICMA).
5. National Association of Counties (NACo).
6. National Association of State Auditors, Comptrollers, and Treasurers (NASACT).
7. National Center for State Courts (NCSC).
8. National Association of State Budget Officers.
9. National Conference of State Legislatures (NCSL).
10. National League of Cities (NLC).
11. United States Conference of Mayors (USCM).

The framework developed by the Commission is flexible and provides an overview for use by all state, provincial and local entities ? cities, counties, special districts, schools, and the judiciary. It is conceptual, based on principles the Commission agreed are the foundation of sustainable and sound public-sector performance management systems: A results focus permeates strategies, processes, the organizational culture, and decisions.

1. Information, measures, goals, priorities, and activities are relevant to the priorities and wellbeing of the government and the community.
2. Information related to performance, decisions, regulations, and processes is transparent easy to access, use, and understand.
3. Goals, programs, activities, and resources are aligned with priorities and desired results.
4. Decisions and processes are driven by timely, accurate, and meaningful data.
5. Practices are sustainable over time and across organizational changes.
6. Performance management helps to transform the organization, its management, and the policymaking process.

The enactment of these principles helps improve and unite governmental management processes and practices - planning, budgeting, program execution, and evaluation into a single, well aligned system for improving results. According to the Commission, applying these principles to management and policy making through the implementation of **performance-driven practices creates public value** (emphasis added) in the form of better policies, services, and programs, and, ultimately, improved community condition. Over time, as governments become more experienced with performance-based practices, the benefits can multiply.

The Commission's framework defines performance measurement and performance reporting as cross-cutting elements that support all performance-based practices. Neither measurement nor reporting can stand alone. Measures are critical to inform decision making and management processes. Reporting is more than presenting measures; when communicating performance data, governments must consider the needs of the audiences specific to each government and provide information that is accessible, reliable, and unbiased.

Recommendation: The purpose of public-sector performance management (shown throughout the commission's report) is to provide a systematic approach to managing performance through concepts, practices and processes that align governments' efforts to achieve the best possible results for the public within available resources. Performance management emphasizes the importance of continuous learning, improvement, and accountability for results.

Therefore, GFOA strongly endorses the work of the National Performance Management Commission and encourages state and local governments to implement performance management systems consistent with its recommendations (emphasis added).

Committee: GFOA Governmental Budgeting and Fiscal Policy

References:

- ▣ National Performance Management Advisory Commission. 2010. *A Performance Management Framework for State and Local Government: From Measurement and Reporting to Management and Improving*
- ▣ GFOA's Best Practice, Establishment of Strategic Plans, 2005
- ▣ GFOA's Best Practice, Recommended Budget Practices of the National Advisory Council on State and Local Budgeting (NACSLB), 1998
- ▣ GFOA provides links on its website to those governments that receive special recognition in performance measures (from the GFOA's Distinguished Budget Awards Program). Budget documents are available on the GFOA website.

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