

Guidelines for Crown Service Plans 2017/18 – 2019/20

Crown Agencies Resource Office
Ministry of Finance



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INTRODUCTION

The [Budget Transparency and Accountability Act](#) (the BTAA) provides the legislative framework for planning, reporting, and accountability for government organizations. Crown corporations (Crowns) are government organizations that are separate legal entities within the Government Reporting Entity (the GRE) which are subject to the BTAA. The BTAA stipulates that three-year service plans and annual reports for Crowns must be made public annually, unless exempted by the Lieutenant Governor in Council.

The Board of Directors is responsible for ensuring that the service plan aligns with and incorporates government's strategic priorities, including the mandate and policy expectations contained in the 2017/18 Mandate Letter and the [Taxpayer Accountability Principles \(TAP\)](#), and that it meets government's reporting and accountability requirements.

A good service plan should be:

- **Meaningful and accessible** to multiple audiences;
- **Comprehensive and succinct** – covering all *significant* aspects of financial and operational performance without being excessively detailed or wordy; and
- **Transparent while avoiding duplication**– documenting the basis for selecting the goals, strategies, performance measures and targets, any changes to the way performance is measured, potential risks and how they will be addressed and why management has confidence in the reliability of data that will be used to measure performance.

The service plan is the document of the Crown's Board of Directors, as the Board is ultimately accountable for the Crown's performance and success in achieving the goals documented in the service plan. However, because the Minister Responsible (Minister) for the Crown is required under the BTAA to table the service plan in the legislature, the Minister will review and provide input into the report prior to it being finalized, and must approve the final document.

A Crown's performance, as outlined in its service plan tabled in the legislature, may be assessed, against the results reported in the Crown's annual service plan report, by the Office of the Auditor General, the Select Standing Committee on Crown Corporations and the Select Standing Committee on Public Accounts.

BC Reporting Principles

The government has adopted the [BC Reporting Principles](#) for preparing service plans and annual service plan reports. Since 2003/04, guidelines for service plans and annual service plan reports have been drafted to meet these principles. The legislature or its committees would use these principles when considering service plans or annual reports.

Non-disclosure of Specific Information

Information contained in service plans must be in compliance with the *Freedom of Information and Protection of Privacy Act* (the FOIPPA). Crowns should refer to the FOIPPA for clarification on the types of information that fall under each category.

Publication Process

Transmittal and Distribution Process

The final PDF versions of the Crown service plans posted to the Crown Agencies Resource Office (CARO) SharePoint site are transferred by CARO to Queen's Printer (QP) for distribution on Budget Day.

If Crowns have any questions about the required PDF file specifications, they may contact CARO for the requirements.

Website Posting

On Budget Day 2017 - February 21, 2017 - Crowns are able to post their service plans on their websites after 3:00 p.m. This timing will ensure that the Minister of Finance has tabled the service plans and budget in the Legislature before they are publicly released. Hard copies of the plan may also be distributed to stakeholders by Crowns after this time. The decision to print hard copies and how many is up to each Crown corporation.

All Crown service plans will be posted to the government's *Budget 2017* website.

Service Plan Template

The Crown Service Plan Template outlines the format that Crowns **must** follow in preparing their service plans.

Use of the Service Plan Template is necessary to achieve the requirement, in section 19(3) of the BTAA that the information in a service plan must be readily comparable to the information contained in the service plans of other organizations to which the BTAA applies.

Furthermore, the template, and its accompanying direction that the service plan **should not exceed 15 pages**, reflects the direction from the TAP action plan to streamline and simplify service plans and process. The use of the template will assist in making service plans truly useful documents that clearly and simply align with the TAP and government's mandate, while maintaining reporting requirements of the BTAA. In addition, use of the template will result in Crown service plans aligning, in both content and style, with ministry service plans.

Photos must support the content and be suitable for printing with good contrast and detail. All rights, including copyright, must belong to the government. No photo credit is to be included.

New for 2017/18

- **Significant IT Projects**
To be consistent with the 2017/18 Mandate Letter reporting requirement, any significant IT projects identified in the letter should be included in the service plan. In addition, any significant IT projects that have not been identified in the 2017/18 Mandate Letter but are considered significant to the business operation should be included in the service plan. As a general guideline, a significant IT project is one where the capital investment on a single project exceeds \$20 million in total or \$10 million in one fiscal year. Direction on acceptable reporting is outlined in part **A.7 Significant IT Projects** of this document.
- **Subsidiaries and Operating Segments**
As required by the BTAA, and to be consistent with the TAP, to support government's commitment to open government and to confirm the alignment with the Crown's mandate and strategic priorities, expanded reporting regarding Crowns' subsidiaries will be required this year. See details in part **A.9 Subsidiaries and Operating Segments** of this document.

Confidentiality

Service plans are budget documents. Once service plan content has been approved by the minister responsible, and once financial summary information has been vetted by Treasury Board Staff (TBS) no further changes are possible and all information contained in the plans is considered confidential until after the release of the Budget by the Minister of Finance.

Key Dates for Service Plan Review & Approval

2017/18 – 2019/20 Service Plan Timeline

*Ministries and Crowns are encouraged to coordinate with each other to ensure the dates in **bold** are met.*

Deadlines	Description of Activity
October 2016	<ul style="list-style-type: none"> CARO sends Service Plan Guidelines to Ministries and Crowns.
December 1, 2016	<ul style="list-style-type: none"> Crown sends 1st Draft of service plan to Ministry for review.
December 1, 2016 – January 6, 2017	<ul style="list-style-type: none"> Ministry and Crown review and revise draft service plan until ADM approves that the draft is substantially complete, with board approved final financial and forecast information included, and ready for TBS and CARO review. The above process to be determined by responsible Ministry, in collaboration with the Crown.
January 9, 2017	<ul style="list-style-type: none"> Ministry posts ADM approved Draft, which should include board approved final financial and forecast information, to CARO SharePoint site and advises their TBS analyst via email that the information is posted.
Before January 16, 2017	<ul style="list-style-type: none"> CARO and TBS send comments on ADM approved Draft to Ministry.
January 18, 2017	<ul style="list-style-type: none"> Ministry sends consolidated comments from TBS/CARO/Ministry on ADM approved Draft to Crown.
Before February 1, 2017	<ul style="list-style-type: none"> Crown obtains Board approval of final draft plan.
February 1, 2017	<ul style="list-style-type: none"> Crown sends final draft Board-approved plan to Ministry. Ministry sends final TBS/Board approved draft to Minister for review and approval.
February 8, 2017	<ul style="list-style-type: none"> Minister's Office sends Minister's comments and/or approval of final Minister/TBS/Board draft to Ministry.
February 8, 2017	<ul style="list-style-type: none"> Ministry posts Minister/TBS/Board-approved final PDF service plans to CARO SharePoint site. Ministry confirms to CARO via email that the final service plan has Minister/TBS/Board approval.
February 8, 2017	<ul style="list-style-type: none"> CARO sends final service plans to QP for printing.
On or before February 21, 2017	<ul style="list-style-type: none"> Service plans tabled by the Minister of Finance (on behalf of the Ministers Responsible) in the Legislature on Budget Day.

A. SERVICE PLAN CONTENT REQUIREMENTS

This section provides an overview of the elements that must be included in the Crown's 2017/18 service plan to ensure the plan meets the requirements of the BTAA, and the [BC Reporting Principles](#). There is also a template for Crown service plans, which Crowns are asked to use in preparing their service plans.

Section 13 of the BTAA states that a service plan for a Crown corporation must be consistent with the government's strategic priorities and fiscal plan and must include:

- A statement of goals;
- Specific objectives and performance measures;
- Information on major capital projects (if applicable); and
- Other information as appropriate.

Service Plan Content Requirements
Table of Contents
Accountability Statement
Strategic Direction and Context
Performance Plan: Goals, Strategies, Performance Measures and Targets
Financial Plan: Resource Summary Table Major Capital Projects Significant IT Projects
Appendices: Hyperlink to Additional Information including Corporate Governance and Organizational Overview Subsidiary and Operating Segment Information

1. Accountability Statement

Service plans must include an accountability statement signed by the Board Chair on behalf of the Board.

A Message from Board Chair is **no longer** required and does not need to accompany the accountability statement, which upholds accountability while achieving efficiencies.

Accountability Statement

An accountability statement is required as part of the service plan. The accountability statement affirms the Board's responsibility for the contents of the service plan, and provides assurance to the reader on the accuracy, completeness, relevance and reliability of the information contained in the service plan. The accountability statement should include the following points:

- Confirmation that the service plan was prepared in accordance with the *Budget Transparency and Accountability Act* and the BC Reporting Principles;
- Confirmation that the service plan is consistent with government's strategic priorities and fiscal plan;
- Confirmation that the Chair/Board is responsible for the information contained in the plan;
- A statement regarding the Chair/Board's basis for confidence in the financial and performance-based information included in the plan; and
- The basis on which the information was prepared and any changes in information or presentation from the previous year.

Please see the Service Plan Template for an example of an Accountability Statement.

2. Table of Contents

The Table of Contents must list each of the sections in the service plan, including the Accountability Statement that may appear before the Table of Contents page.

3. Strategic Direction and Context

This section must succinctly describe the environment in which the Crown operates. It must outline the specific strategic direction given by government and the internal and external factors, including significant risks and opportunities, which may help or hinder the Crown's performance. **This section must not exceed one page in length and should include a hyperlink to the Crown's 2017/18 Mandate Letter.**

Reference to the [TAP](#) in the Strategic Direction section and.

The information should be forward looking and focus on events that could occur in 2017/18, rather than being a theoretical discussion of generic risks.

The BTAA requires that service plans be consistent with government's strategic plan. As such, service plans should reflect how a ministry is working towards the Government's [strategic](#) priorities of:

- Strong Economy,
- Natural-Resource Sectors,
- Knowledge-Based Sectors, and
- Secure Tomorrow.

under the Goals, Strategies, Performance Measures and Targets section, and the Strategic Direction , as applicable and appropriate.

Strategic Direction

This section must outline the specific strategic priority actions given by government, including a hyperlink to the Crown's 2017/18 Mandate Letter, which will inform the Crown's service plan. It should also refer to the [TAP](#) and include a succinct description as to how the plan's goals, strategies or performance measures align with these principles, which clarifies the public interest being served. Service plan must clearly and simply align with [TAP](#), and any other ministry policy direction.

Operating Environment

- Identify any expected shifts in the Crown's internal operating environment that could have a significant effect on results in 2017/18 (e.g., reorganization, expansion, divestiture of non-core business operations, changes or enhancements to information systems, changes in products or services, etc.); and
- Identify economic, industry, demographic and social factors, trends, opportunities and challenges that may have a significant favourable or unfavourable impact on performance in the coming year. Crowns should work with ministries to ensure that they use the same economic assumptions for interest rates, inflation, etc., that government does (assumptions are provided by Ministry of Finance).

In discussing the operating environment, identify any significant financial and operational risks and opportunities (e.g., technological constraints, dependence on major suppliers or customers, interest rate fluctuations, changes in service/product demand levels, regulatory issues, changes in access to markets, etc.) that could potentially impact the organization's performance during the planning period. Reference should also be given to the likelihood and potential magnitude of risks or opportunities that could occur; the potential impact of the risk or opportunity on planned results and the Crown plans to monitor, address or mitigate any impacts.

4. Performance Plan

Goals, Strategies, Performance Measures and Targets

The purpose of this section is to provide a clear understanding of what the Crown intends to accomplish during the three-year planning period, why it is important to the organization, how it aligns with government's strategic direction, and how the Crown intends to achieve its plans. The section should include a brief narrative on how your organization is continuing to implement the [TAP](#) and specifically address key activities such as the evaluation plan and strategic engagement plan. Keep in mind that these activities will be reported out on in the Annual Service Plan Reports.

Crowns are accountable for their performance through consistent and transparent goals, strategies and performance measures over a period of time. In cases where significant changes to the goals, strategies and performance measures may be needed, the changes should only be made when the policy objectives or priorities change and when the new goals, strategies and performance measures will provide the Crown with significantly better and meaningful feedback on its performance. Targets, on the other hand, should be adjusted or replaced if an organization is consistently meeting or exceeding previous targets.

The following information should be included in table form:

- The goals, strategies, performance measures and targets for each year of 2017/18 - 2019/20, plus historical target results for 2015/16 and forecast result for 2016/17 (unless performance measures have been changed) to provide context;
- An explanation of the rationale for each of the target levels listed in the service plan (why the specific dollar figure, number, percentage or timing was chosen, and why it does or does not differ from the previous year) and how achieving the target would help to demonstrate the Crown's success in achieving its goals by executing the strategies;
- A description of why the goals, strategies, and performance measures chosen are of critical importance to the Crown, and how they align with its mandate and strategic direction; and
- Any significant changes to the goals, strategies, performance measures and targets since the previous service plan and the reasons for the changes. **Note:** *this information should include the previous goal/measure, the new one, and the reason for changing. If lengthy, this information should be included in an appendix and referenced from this section.*

Please see the Service Plan Template for the format of the Goals, Strategies, Performance Measures and Targets Table.

Goals

It is recommended that Crowns identify a few critical goals in their service plans that focus achieving results in relation to the *most* significant areas of their business.

The goals must align with the government direction and the Crown's enabling legislation and mandate. The goals should address the most critical aspects of the Crown's performance, and provide a balance between the organization's financial and non-financial activities.

Strategies

Strategies are the activities that the Crown plans to undertake during the upcoming year to accomplish its goals. There should be **a few key strategies per goal, focussing on the activities that are of the highest importance to achieving the goal.**

Performance Measures

Performance measures are the indicators of output, process or outcome that the Crown tracks in order to determine how successful they have been in achieving its goals by executing the planned strategies. There should be at least one **relevant performance measure for each goal.**

Please note that: Data Source should be provided as a footnote to the table. Details regarding the data, such as criteria or limitations, or confidence levels should be provided in a second a footnote.

In determining which measures to include, the Crown should ensure that they select measures that:

- Are substantially attributable to the activities of the Crown;
- Provide for a balance of financial and non-financial measures;
- Include outcome and efficiency measures; and
- Show a logical connection between the achievement of performance measures and the success of the Crown in executing its strategies and accomplishing its goals.

Please see the [Guide for Developing Relevant Key Performance Indicators for Public Sector Reporting](#) developed by the Office of the Auditor General of British Columbia for further information.

Targets

Targets document the quantifiable performance levels the Crown plans to attain in each year of the planning period. Equally important, targets also track year over year the intended progress toward the achievement of specific goals. If a number of the performance measures are tracked on a biennial or triennial basis, (e.g., via surveys) timing should be staggered so that some measures are tracked each year. **Each performance measure should have an associated target.** Because performance measures provide an accounting of progress, targets that do not change over the planning period are not meaningful and generally unacceptable.

5. Financial Plan

All budget information in the service plan must be consistent with that approved by government. Crowns are accountable for ensuring that financial information for each of the three fiscal years has been approved by government, and that any planned deficit spending or use of retained earnings has been approved in advance by Treasury Board. Ministry staff reviewing service plans must work with TBS to ensure that all financial information is consistent with the financial information in the government's fiscal plan.

The amount of financial detail required in this section will depend on the size and complexity of the organization. **For example, smaller and service delivery Crowns are not required to provide a sensitivity analysis.**

The Financial Plan section **must** include the following:

1. Summary Financial Outlook Table

Include in table form the actual revenue and expenditures for 2015/16, the current forecast for 2016/17 and the budgeted plans for 2017/18 - 2019/20, and for each of these years include the following:

- Revenues by core business area (program, product or service) and by major source of revenues (funding source or type of revenue);
- Expenses by core business area and by major type;
- Breakdown of operating/administration expenses (salaries, rent, consultants, etc.);
- Net income;
- Total liabilities (**even if zero**);
- Accumulated surplus/Retained earnings (**even if zero**); and
- Crown's total capital spending, breaking out the major types of planned capital spending (i.e., computer systems, infrastructure, machinery, etc.).

The completed table, with the understanding that numbers shift until finalized, must be included in the ADM approved draft on January 9, 2017. TBS need to review to ensure the accuracy of the information, e.g., accurate program names, etc. and this is easier if a table is provided earlier in the process.

Please see the **Service Plan Template for the format of the Summary Financial Outlook Table.**

2. Qualitative Information:

- **Key forecast assumptions and funding/financial risks considered in setting the projections**
 - Identify key assumptions underlying the summary financial outlook, including considerations about future trends or markets; and
 - Identify any assumptions regarding future funding and the effect any changes in funding would have on the financial projections;
- **Forecast Risks and Sensitivities**
 - All Crowns corporations should provide a brief description of any significant changes in assumptions or forecast risks and sensitivities between planning years or from the previous year's service plan;
 - **Larger and all commercial crown corporations** should also include a sensitivity analysis showing the financial repercussions of risks or changes in assumptions; and
- **Management's perspective on the financial outlook** for the 2017/18 - 2019/20 planning period.
 - Include a summary discussion of management's perspective on the future financial outlook for the planning period, including anticipated organizational changes, market volatility, trends, risks, opportunities, recent government direction, or expected changes in funding.

6. Major Capital Projects (where applicable)

The BTAA requires that Crowns that have made commitments or anticipate making commitments in excess of \$50 million, in total, towards the capital cost of a project must disclose information on the project in their service plans. **The intent is for information on each Major Capital Project to be included in the Crown's service plan from project commitment to completion.**

For each capital project for which the Crown has already made or anticipates making commitments of more than \$50 million, and the project will not be complete before the start of the next fiscal year (i.e., before April 1, 2017) briefly describe:

- the scope, objectives and benefits of the project;
- significant risks associated with the project;
- estimated total capital cost of the project;
- capital costs incurred to December 31, 2016; and
- any activity planned on the project over the planning period (2017/18 to 2019/20).

Please include a link to the Major Capital Project Plan that was filed in the legislature in accordance with section 14 of the BTAA.

Note: Project information must be consistent with project information reported in "Capital Expenditure Projects Greater than \$50M" table in government's Budget and Fiscal Plan (2017/18 – 2019/20)

Please see the **Service Plan Template for format of Disclosure for each Major Capital Project.**

7. Significant IT Projects (where applicable)

To be consistent with the 2017/18 Mandate Letter reporting requirement, any significant IT projects identified in the letter should be included in the service plan. In addition, any significant IT projects that have not been identified in the 2017/18 Mandate Letter but are considered significant to the business operation should be included in the service plan. As a

general guideline, a significant IT project is one where the capital investment on a single project exceeds \$20 million in total or \$10 million in one fiscal year.

To be consistent with the major capital project reporting requirement, for each significant IT project, briefly describe:

- the scope, objectives and benefits of the project;
- significant risks associated with the project;
- estimated total capital cost of the project;
- targeted completion year; and
- any significant activity planned on the project over the planning period (2017/18 to 2019/20).

Please see the Service Plan Template for format of Disclosure for Significant IT Project.

8. Hyperlinks to Additional Information

Corporate Governance

There must be a hyperlink to information on the Crown's system of governance including:

- Role and membership list of the Board of Directors;
- Role and membership list of each Board Committee;
- Names and job titles of senior management;
- The Crown's governance principles;
- Key accountability relationships with Ministers, ministries, and any other significant reporting relationships; and
- A conclusion as to whether or not the Board governance information on the corporation's websites includes all information required by the Board Resourcing and Development Office's board governance disclosure requirements as listed in Section 3 of the Best Practice Guidelines [Governance and Disclosure Guidelines for Governing Boards of BC Public Sector Organizations](#). (Pages 33-41 of the Best Practice Guidelines provide a complete list of the disclosure requirements).

Organizational Overview

There must be a hyperlink to information on the Crown's organizational overview. This section should provide a summary of the Crown's business, the public purpose served by the Crown, and the services/products provided. The Overview should include the following information:

- Enabling statute;
- Mandate provided in enabling statute;
- Vision;
- Crown's values;
- Crown's business areas;
- A description of the overall benefit, service (jobs, social benefits, revenue for other programs, etc.) or product the Crown provides to the public;
- List of the Crown's principal partners, clients and stakeholders;
- A description of how the services are delivered (e.g., by the Crown or through a partner/third party, etc). If services are delivered by a third party or under an alternative service delivery arrangement, an explanation of what the delivery mechanism is and how the Crown ensures the services are delivered appropriately should be included; and
- The location of the Crown's operations.

9. Subsidiaries and Operating Segments

Subsidiaries of Crown corporations are also government organizations within the GRE and are subject to the BTAA. The organization is considered a subsidiary of the Crown if it is a separate legal entity and is over 50% owned and controlled by the parent Crown corporation. The Crowns must report on their subsidiaries either in their own service plan, or file a separate service plan for each subsidiary. Crowns are expected to report on the financial results of and other information deemed appropriate about the subsidiaries in their service plan.

As required by the BTAA, and to be consistent with the TAP, to support government's commitment to open government and to confirm the alignment with the Crown's mandate and strategic priorities, expanded reporting regarding the Crown's subsidiaries will be required and include the following:

- Link to the subsidiary's publicly available financial statements;
- Confirmation that the subsidiary adheres to TAP;
- Confirmation that the subsidiary's business activities are in alignment with the Crown's mandate, strategic priorities and fiscal plan; and
- A brief narrative - identify any significant financial and operational risks and opportunities facing or taken by the subsidiary (e.g., technological constraints, dependence on major suppliers or customers, interest rate fluctuations, changes in service/product demand levels, regulatory issues, changes in access to markets, etc.) that could potentially impact the Crown's ability to achieve its goals during the planning period. Reference should also be given to the likelihood and potential magnitude of risks or opportunities that could occur and how the Crown and its subsidiary plan to monitor, address or mitigate any impacts.

Operating segments include business units or other components of a Crown corporation:

- That engage in business activities from which they earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same organization);
- For which discrete financial information is available; and
- Whose revenues, net income or assets are ten per cent or more of the organization's total revenue, net income or assets.

Crowns are expected to report on the financial results of operating segments in their service plan.

Please see the Service Plan Template for format of disclosure required for subsidiaries and operating segments.