

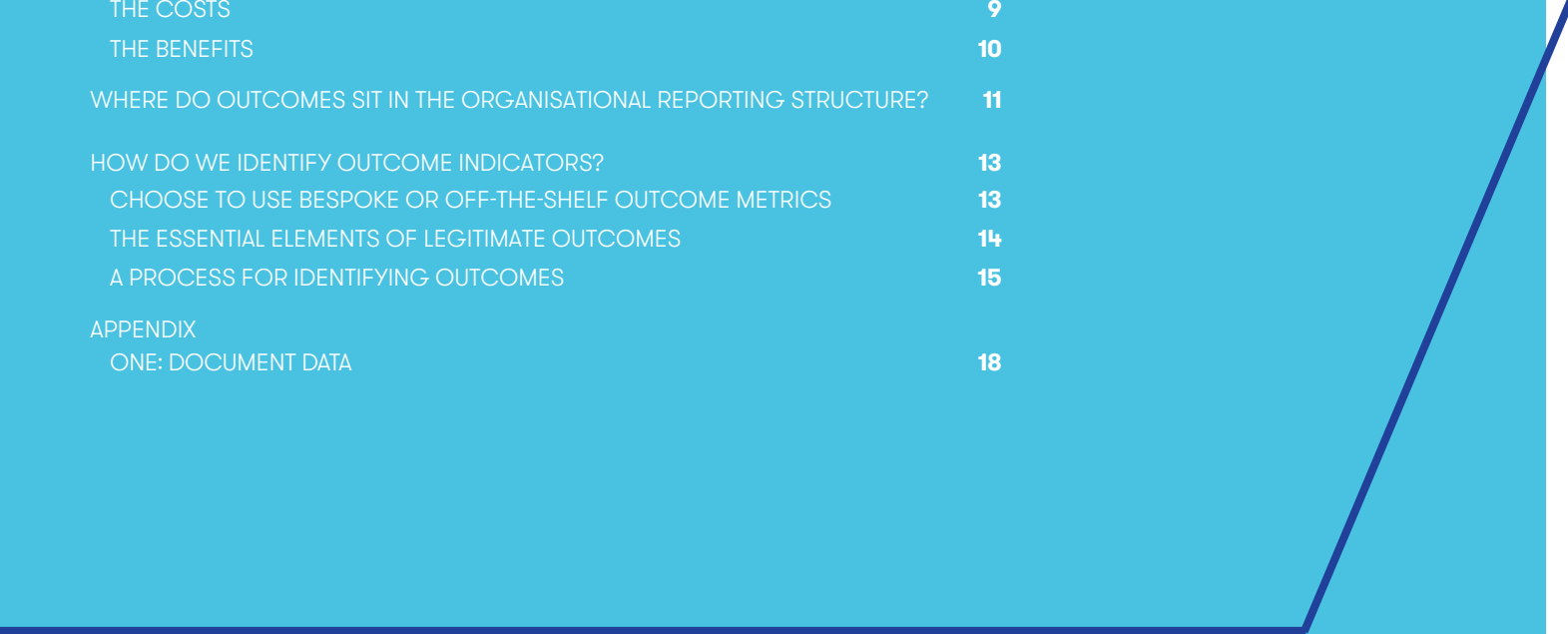


# OUTCOMES: RESEARCH INTO PRACTICE

National Outcomes Measurement  
Research Agenda Working Paper No. 4  
An organisational outcomes framework

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# THE NATIONAL OUTCOMES MEASUREMENT RESEARCH AGENDA

Grant Thornton Australia and the University of Western Australia are jointly investing in a three-year research program designed to build the capacity of Not-for-profits (NFPs) in the area of outcomes specification, measurement and reporting, and to provide practical and effective tools to assist them respond to increasing demand for outcomes-based practices<sup>1</sup>. The primary focus is on Not-for-profit organisations providing human services<sup>2</sup>.

The objectives of the National Outcomes Measurement Research Agenda are to build on previous work in this area to:

- a identify key issues related to the successful implementation of outcomes reporting frameworks in Not-for-profit organisations providing human services;
- b develop and implement a research and practice program of high integrity and quality;
- c combine the strengths and experience of the research partners to ensure that their understanding and capacity is fully brought to bear on this program;
- d partner with the Not-for-profit human services sector to ensure research outputs are reflective of the real situation being faced within the sector, that outputs are industry-ready and that they support industry requirements; and
- e create tools and resources that support the above, and disseminate these as widely as possible.

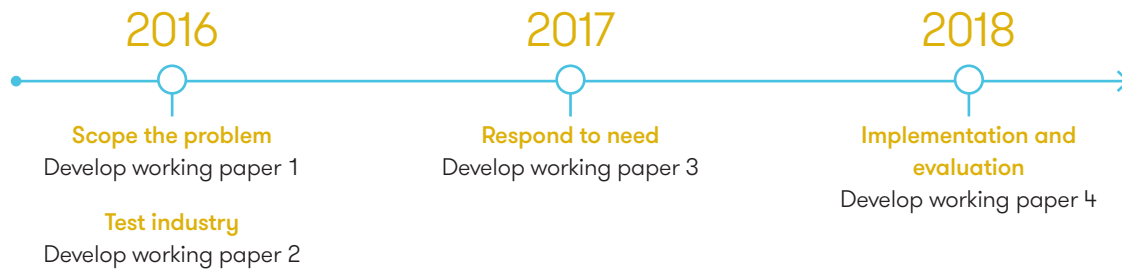
1. This research program was transferred from Curtin University of Technology's Not-for-profit Initiative when the Chief Investigator, Professor David Gilchrist, transferred from Curtin to the University of Western Australia in early 2017.

2. Human services organisations include Not-for-profits that provide aged care, disability services, child protection services and housing amongst others

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## THE NATIONAL OUTCOMES MEASUREMENT RESEARCH AGENDA

FIGURE 1: THE NATIONAL OUTCOMES MEASUREMENT AGENDA



The results of this work have been delivered via a set of working papers intended to be read in conjunction with this paper and which present the results of consultative research focused on identifying the challenges, costs and rewards of outcomes reporting. The working papers in this series are:

- Working Paper No. 1: Scoping the Problem
- Working Paper No. 2: Scoping the Experience of the Sector
- Working Paper No. 3: Sector Practice & Policy Issues
- **Working Paper No. 4: An Organisational Outcomes Framework – this paper**

All of these working papers have been developed and presented with a view to looking at practical applications and what is actually happening. Outcomes reporting is a very popular and often discussed topic – it is viewed very positively across the sector – but there are challenges and costs associated with the process that need to be considered and addressed by Not-for-profits.

A schematic positioning of each year’s activities undertaken by the National Outcomes Measurement Research Agenda is provided in Figure 1. In 2016, we developed and released our **Working Paper No. 1**. It focused on the key attributes of effective outcomes measurement as well as the main challenges faced by the sector in pursuing such measures<sup>3</sup>. It also describes in more detail the purpose of this research program.

During the following year, 2017, we released **Working Paper No. 2**<sup>4</sup>. This paper was based on research conducted in 2016 and focused on how human services organisations were measuring outcomes in practice. That is, it identified how organisations were defining, using and reporting on outcomes measures, the barriers they had experienced and whether or not assurance processes have changed to meet the needs of organisations reporting outcomes externally.

**Working Paper No. 3** was developed during 2017 and published in early 2018<sup>5</sup>. In this element, we undertook focus groups in three major cities in Australia, the aim of which were to establish organisational needs, to consider examples of tools and supports, and to examine reporting, assurance, procurement and policy issues—all in terms of the practical implementation of outcomes reporting within human services organisations. The results of this work inform the policy framework both internal to human services providers and external in terms of the human services sector and its articulation with government procurers.

The final working paper in the series, **Working Paper No. 4** (this paper), focuses on bringing together all of the learnings from this project and the experience of the project partners in order to present a holistic decision making framework relevant to outcomes development, measurement and reporting in an Australian human service environment.

In this paper, we focus on developing an outcomes-centred organisational governance framework in which the major components of organisational management, governance and strategic direction are informed by outcomes developed at an individual client level, at a program level, and/or at a corporate level.

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3. Gilchrist, D. J., and P. A. Knight, (2016), Outcomes Research into Practice, A Report for Grant Thornton Australia, Melbourne, Australia.

4. Gilchrist, D. J. and P. A. Knight (2016), Outcomes: Research into Practice: Working Paper No.2, A report for Grant Thornton Australia, Melbourne, Australia

5. Gilchrist, D. J. and P. A. Knight (2018), Outcomes: Research into Practice: Working Paper No.3, A report for Grant Thornton Australia, Melbourne, Australia

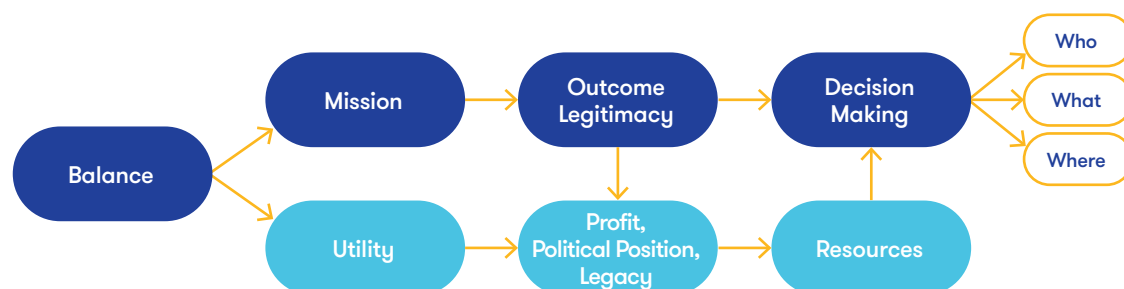
# THE DECISION-MAKING FRAMEWORK

Based on the research undertaken in Parts 1 to 3, we have developed a decision-making framework that provides a practical, step-by-step process designed to assist readers to answer the following questions:

- 1 Should we report outcomes – what is the cost/benefit decision we need to make?
- 2 Where do outcomes sit in the organisational reporting structure?
- 3 How do we identify outcome indicators?

Figure 2 was presented in Working Paper No. 3. It shows the practical and objective place of outcomes reporting in the broader operations of the organisation. As can be seen below, we suggest that there are two basic drivers of activities for a human services organisation – “mission” (for which it receives special tax status and community supports) and “utility” (constituting the practical activities any organisation needs to undertake in order to be sustainable, effective and efficient. The achievement of mission should be the overriding consideration of those charged with governance. However, pragmatic considerations should inform decision making, including in relation to outcomes reporting.

**FIGURE 2: SCHEMATIC REPRESENTATION OF THE STRATEGIC BALANCE BETWEEN MISSION ACTIVITIES AND UTILITY ACTIVITIES**



While the idea of outcomes measurement and the opportunities inherent in such an activity are almost universally supported, there are some practical, pragmatic considerations that need to be reviewed by boards and CEOs before they undertake the investment required to report outcomes for their organisation<sup>6</sup>. As with all investments, the golden rule is that the cost of establishing, operating and assuring an outcomes reporting system must be outweighed by the benefits accruing to the organisation and its stakeholders in the context of mission.

The remainder of this working paper focuses on suggesting answers to the above questions.

6. These practical issues are reported in Working Papers 2 and 3.

# SHOULD WE REPORT OUTCOMES?

In deciding whether or not to report outcomes, NFPs need to consider both the costs and benefits. That is, will the cost of identifying outcomes, setting up systems and processes, collecting and analysing data and reporting and assuring outcomes reports be outweighed by the value those reports add?

In making this decision, there are four key issues to consider:



Timing



Audience



Cost



Benefits

These elements are discussed below. They are presented in order, but organisations may need to evaluate and re-evaluate each of these issues in order to come to a decision.

## The Timing – should measuring outcomes be a priority now?

For organisations contracted to provide services to governments or required to acquit funding, at least some outcome measurement may not be optional. However, if outcome measurement is optional, there may be more pressing issues to deal with before tackling the cost and complexity of developing an outcomes framework. It is important to undertake a realistic assessment of the culture of a NFP and its operating environment in order to determine if outcome measurement is in fact essential at this point in the organisation's development. The following factors might inform your decision:

- 1 Whether the reporting structure within the organisation is able to incorporate outcomes reporting at an individual client and aggregate level, or whether it can realistically be made to do so;
- 2 Whether negative outcome results will be acceptable by the reporting audience as an indicator of improvement needed or whether there would likely be political/funder/contractual ramifications accrued from reporting negative results;
- 3 Whether the sector in which your NFP operates is moving toward outcomes reporting resulting in the development of a competitive challenge to your organisation; and
- 4 Whether there are more pressing investments needed to ensure sustainability – for instance, in relation to adequacy of financial reporting, compliance activities, clinical governance and so on – before new investments should be considered.



The last of these issues, particularly with regard to financial reporting, is especially important. In our research we came across a number of organisations that were pursuing outcomes reporting even though they were challenged by their fundamental financial and activity reporting processes. Outcome measures without concomitant information on the cost of achieving those outcomes has limited value. Organisations may achieve a higher return on investment by improving their management accounting reports rather than instituting new reporting frameworks for instance. Therefore, decision makers need to consider whether or not their NFP is sufficiently mature to support the development and implementation of an outcomes reporting framework.

## The Audience

Outcome measures are a form of communication and, as with any communication, it is important to first identify the audience you will be serving, what they need and what you would like the audience to understand. Our research found that organisations often automatically assume that there is an audience for outcomes reporting, especially as outcomes are almost universally supported as a mechanism for demonstrating mission centricity and performance. However, this is not always the case.

Most organisations have multiple audiences for outcome measures, including audiences internal to the organisation, such as the staff or the board, and those external to the organisation, such as funders or regulators. It is important to first identify each audience and their needs.

For each audience, the next question to consider is “does the audience have the capacity to impact the organisation and will the publication of outcomes data cause them to impact the organisation positively or negatively?” For instance, unintended consequences may arise from the publication of such things as lead tables. Notwithstanding, all outcomes data, even the type that may be considered to be negative, has the potential to be used in a positive way through the analysis and development of supporting actions to improve practices.

## SHOULD WE REPORT OUTCOMES?

Table 1 below consolidates the criteria for determining whether there are prospects for a positive impact being contributed by each audience type. Each organisation will have a different perspective, contractual arrangements with funders, and other contextual elements that they will need to consider and prioritise in contemplating these issues.

TABLE 1: AUDIENCES FOR OUTCOMES FRAMEWORK

	Audience	Prospects for positive audience impact	Report outcome
External focus	Government Funders	If contractual obligation.	Yes – mandatory.
	Government Funders	If no contractual obligation.	Yes – if funder participates in co-design and likely that renewal/increased funding will occur.
	Philanthropists	Proposal support & ongoing reporting.	Yes – if philanthropic contribution covers marginal costs of proposal development and ongoing reporting.
	Collaborative Partners	Continued collaboration and better service delivery, including informing improvements to collaboration partner contribution.	Yes – if partner will likely continue to participate and will respond positively to the learnings arising out of outcomes reporting.
Internal focus	Client Recruitment	Recruitment and retention: increased income and minimise costs.	Yes – if competition for clients is high and clients’ capacity for making choices is mature (i.e. Outcomes reporting will in fact impact recruitment and retention positively).
	Other Stakeholder (e.g. Members)	Recruitment and retention: contributions as volunteers, advocates, fee payers, fundraisers.	Yes – if benefit of other stakeholders is calculable and material, including in relation to the net cost of member maintenance.
	Directors	Pursuit of mission, sustainability and mature governance including performance assessment.	Yes – if outcomes inform strategic plan, performance monitoring and guide modification to business plans (outcomes’ results must be capable of aggregation).
	CEO/Executive	Pursuit of mission, resource allocation and performance assessment.	Yes – if outcomes inform modification to business plans, inform CEO / Executive performance evaluation (including KPIs), and inform resource allocation (outcomes’ results must be capable of aggregation).
	Staff	Better services to clients, improved clients’ satisfaction, decreased client recruitment and retention costs, decreased staff recruitment and retention costs.	Yes – if outcomes inform KPIs and performance assessment for staff, staff turnover is measured and client satisfaction is measured.



## The Costs

The cost of implementing and operating an outcomes reporting framework can often be material and are very likely to manifest. That is, costs are universally incurred when an outcome reporting framework is established and operated and these must be recovered via the benefits provided by outcomes reporting – if any. These costs are observable and calculable.

Further, outcomes measurement can also impact culture, trust and accountability – within and external to the reporting organisation. Any outcome measure incorporated into team or individual KPIs will impact the behaviour of the people involved.

In order to make this decision, NFPs must calculate the costs associated with establishing and maintaining an outcome reporting framework. Table 2 identifies these costs but each organisation will calculate these costs differently and apply differing policy frameworks to their prioritisation of them. Therefore, your organisation needs to consider the relevance of these costs in the context of your operation.

**TABLE 2: COSTS ASSOCIATED WITH ESTABLISHING & MAINTAINING AN OUTCOMES REPORTING FRAMEWORK**

Cost type	Opportunity cost	Expense incurred
Investment required: IT Infrastructure, Training, Outcomes Development, Data Collection System Development	Higher priority investments, alternative utilisation of staff alternative utilisation staff	Depreciation, staff time, training costs, cost of funds, consultants
Data collection	Care/Support provision staff utilisation, client time and involvement – potential imposition	Staff time (especially lost productivity), consultants
Data analysis	Analysis Staff alternate utilisation	Staff time, consultants
Assurance of data	Alternate staff utilisation, Alternate assurance priorities unmet	Cost of external audit
Reporting	Reputational damage if outcomes not achieved, client trust broken if feedback not responded to	Report development, dissemination costs

## SHOULD WE REPORT OUTCOMES?

### The Benefits

The benefits can often be identifiable but not calculable. For instance, it is not unlikely that positive outcomes reporting will increase the reputation of the NFP but the value of that reputational impact is not readily calculable so that comparing it with the costs of an outcomes framework is not possible other than in terms of subjective, inherent value considerations.

The benefits of outcomes reporting were recognised in Working Paper 1 and these were tested against the experience of NFPs to see if they were considered material and impactful rather than simply conjectural. The results of this testing was reported in Working Papers 2 and 3. As such, the benefits identified in Table 3 have been identified out of practice. It is the value of these benefits that must outweigh the costs identified above.

**TABLE 3: THE IDENTIFIABLE BENEFITS OF ESTABLISHING & MAINTAINING AN OUTCOMES REPORTING FRAMEWORK**

Benefit type	Inherent value	Possible realisable value
Individual client level	Articulation of objectives and desires.	Achieve individual client outcomes via outcomes-centric care plans, individual client advocacy improved, better client retention and recruitment, reduction in staffing recruitment and client recruitment costs.
Tactical planning level	Outcomes focused business plans.	Better staffing planning (skills mix, training needs), better service planning, better client recruitment outcomes, more effective internal communications – commensurate reductions in costs and increased sustainability.
Strategic planning level	Outcomes focused strategic plan for better mission alignment; vehicle for cultural change and performance management, advocacy capacity improved.	Demonstrable mission focus, increased philanthropic contributions, better government funding outcomes, better organisational and client advocacy, better and more relevant Key Performance Indicator (KPI) identification and reporting – continued funding/ contract renewal, better philanthropic outcomes, reputational development and maintenance, better industry reputation, focused resource allocation and cost savings.
Governance level	Outcomes focus and mission alignment: mission becomes central to all level of activity.	Better performance information against mission guiding resource allocation decisions, better stakeholder reporting demonstrating mission achievement, better staff performance assessment – potential savings in costs.



# WHERE DO OUTCOMES SIT IN THE ORGANISATIONAL REPORTING STRUCTURE?

The achievement of outcomes represents the realisation of the purpose of a mission-driven organisation. NFPs are such organisations – they exist in order to pursue a mission that generally is intended to improve the life and opportunities of people as their primary purpose rather than making money in the form of profits.

As such, outcomes are the end-goal for most NFP organisations and are usually articulated directly or indirectly in the organisational mission. It is this mission (often referred to as objectives) that allows for NFPs to enjoy certain tax benefits, drives philanthropists to contribute and often increases organisational legitimacy from a client's perspective.

However, the achievement of outcomes themselves tends to be a binary consideration – outcomes have either been achieved or they have not. As such, we tend not to measure the outcomes themselves but, rather, outcome indicators. Outcome indicators are the data points that help us to determine the extent to which an outcome has been achieved. These indicators are important as some outcomes, such as the eradication of poverty, are laudable but very difficult to realise in several lifetimes. On the other hand, outcome indicators are just that, indicators of the extent to which an outcome has been achieved – indeed how far we have advanced toward our ultimate goal.

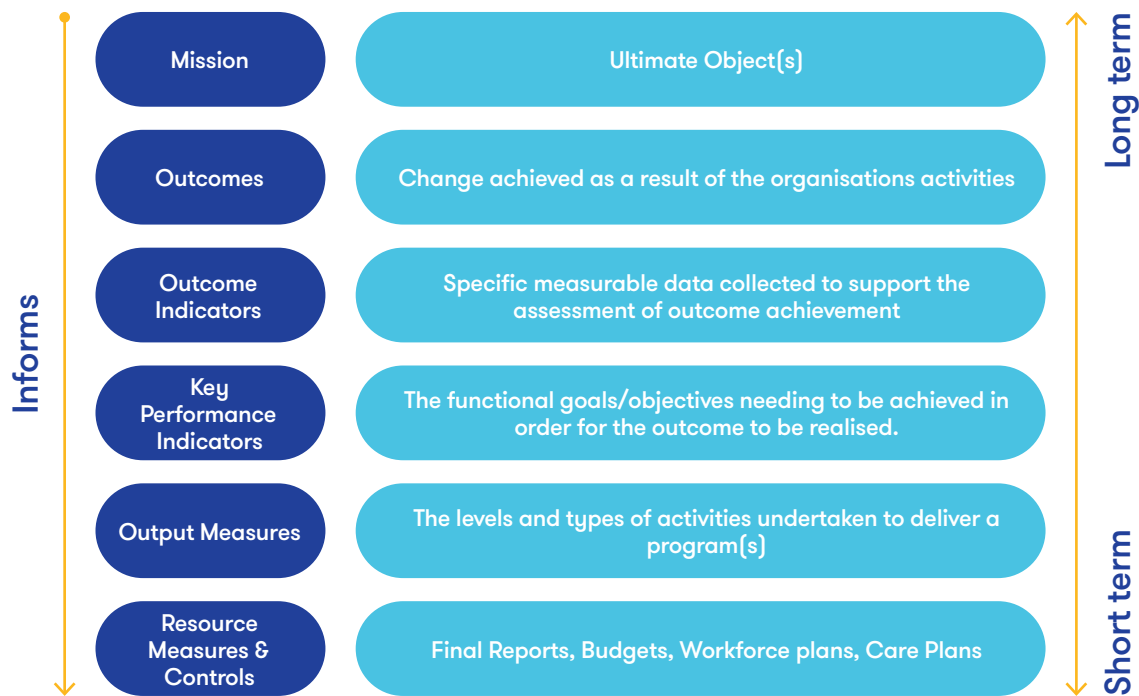
The place of outcomes and outcome indicators in the organisational reporting structure is provided in Figure 3. This figure also highlights the interrelationship between the strategic, operational and governance frameworks in the short, medium, and longer-terms.

## WHERE DO OUTCOMES SIT IN THE ORGANISATIONAL REPORTING STRUCTURE?

Importantly, like all measurement and reporting processes, caution needs to be exercised in terms of over-reliance on one measurement type and what it might mean for strategy and operations. The assessment of outcomes and outcome indicators is a critical process but so too are more traditional methods of reporting such as outputs reports, budgets and financial reports. These should all be read in conjunction with each other, used to form a balanced view of an appropriate response, and to guide decision making with respect to what actions need to be taken and the appropriate timing of those actions.

The interrelationship of these reporting elements must be balanced – there is little point in adopting a mission if those charged with governing the organisation do not pursue it. However, regardless of how assiduously the directors pursue the mission, without resource measurement processes and controls, such as financial reports, budgets and care plans, the sustainability of the organisation will be under threat, in turn jeopardising the organisation’s capacity to pursue its mission.

FIGURE 3: THE ORGANISATIONAL REPORTING STRUCTURE



# HOW DO WE IDENTIFY OUTCOME INDICATORS?

Should the cost/benefit analysis described above be found to be positive – that is the cost of developing and operating the outcomes framework is outweighed by the benefits arising from it—the next step is to identify a set of outcomes. Many consider this aspect of the process to be the most difficult. However, in this section we identify the essential elements of an appropriate outcome and provide a step-by-step process for their identification.

Additionally, the attributes of sound outcomes were identified and reported upon in Working Paper No. 3. In that working paper, we examined “off-the-shelf” outcomes frameworks and “bespoke” frameworks – the former required less development investment, had high definitional clarity and greater apparent legitimacy; the latter had greater development challenges but were likely to be more relevant and specific to the organisation’s needs.

## Choosing to use bespoke or off-the-shelf outcome metrics

In many respects this is a relatively easy decision in that, broadly, the implementation of an off-the-shelf outcome framework is less resource intensive than the development of a bespoke model. However, before examining off-the-shelf outcomes frameworks, it is imperative that the organisation identifies the outcome(s) it wants to measure, otherwise, because of the convenience of it, there is a considerable risk that the outcomes frameworks available will drive the outcomes identified rather than the other way around.

Ultimately though, the choice of whether to implement a bespoke model or an off-the-shelf model comes down to a cost versus relevance question – while there may be savings and legitimacy in implementing an off-the-shelf model, will the right data be collected in order to assess your outcomes? We do not consider this decision further in this working paper.

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## HOW DO WE IDENTIFY OUTCOME INDICATORS

### The essential elements of legitimate outcomes

Outcomes can be defined in a number of ways and they can be created to measure many different things. Organisations working to identify suitable outcomes for the first time must be aware of the essential elements that must be present in a suitable outcome in order for that outcome, and its outcome indicators, to be considered as legitimate. These are identified in Table 4 below.

When developing a set of outcomes for an organisation, those charged with that task should continually check their thinking with this list of elements in order to ensure they are likely to be present in the outcomes ultimately developed.

TABLE 4: **ESSENTIAL ELEMENTS OF LEGITIMATE OUTCOMES**

	<b>Relevance</b>	Result in short- medium- and/or long-term positive change for the measuring organisation, individuals, groups and/or communities who are the focus of your NFP's mission.
	<b>Attribution</b>	Result from the activities/interventions of the measuring organisation.
	<b>Measurable</b>	The results can be forecasted and measured reliably.
	<b>Auditable</b>	The data collection process, data and its analysis can be assured.
	<b>Understandable</b>	The audience(s) for outcomes reports must be able to understand and appreciate that the elements above are present in order for the reports to have legitimacy. For instance, if the outcomes measured are not relevant, the audience will discount their value as information sources, reducing their legitimacy.
	<b>Articulated</b>	Outcomes must relate to resource allocations (budgets), output reporting (e.g. number of activities), and KPIs so that there is a clear line of sight between daily operating decision making and the outcomes targeted.

## A process for identifying outcomes

In order to develop an outcomes reporting framework that meets the elements identified above, the process needs to be transparent and focused. Table 5 provides just such a process. It incorporates the steps to be undertaken and is annotated with commentary with respect to the process involved in each step. The cost benefit calculus has been made at this point and the outcomes reporting framework is now to be implemented.

It is not always easy to translate the description of the process to the practical implementation of an outcomes development process. As such, we have also provided a description of a case alongside the annotated steps in order to demonstrate one way of meeting an organisation’s needs. This case is of a fictional employment support provider. It focuses on one program the provider delivers – Employment Support for People with Disability (also fictional) and suggests fictional outcome indicators, KPIs and so on which may or may not be relevant to the employment support sector – they are simply made up for demonstration purposes. Each program would need to have its own outcomes, outcome indicators and so on developed and focused on the purpose of the program. Together, all outcomes indicators and outcomes selected should demonstrate the level of achievement of the organisation in pursuing its mission.

TABLE 5: **OUTCOMES IDENTIFICATION PROCESS**

<b>1 Identify the program(s) that the organisation will develop outcomes for</b>	
<b>Commentary</b>	<b>Case example</b>
Depending on the experience and capacity of the organisation, its mix of services and capacity to invest, it might be advisable to construct an outcomes framework for one program only. This may lower the risk of investment overruns, improve timeliness and build capacity.	Employment support for people with intellectual disability
<b>2 Identify a leader with appropriate capacity to prioritise and support the project.</b>	
<b>Commentary</b>	<b>Case example</b>
The outcomes development project needs a sponsor who would normally be a senior executive with the capacity to make policy and practice decisions, allocate resources and approve the results of the work.	General Manager, service delivery
<b>3 Identify the project team</b>	
<b>Commentary</b>	<b>Case example</b>
The project team needs to include those line personnel, supervisors, managers and senior staff that understand the program(s) intimately, understand the cost drivers, intentions as well as any contractual relevant elements. It may also be beneficial to include clients, funders, philanthropists, and/or board members and others who can test the validity of decisions being made and can challenge the conceptions of the staff in their understanding of the drivers of quality. Including people such as these in the project team may assist in the co-design of outcomes leading to more buy-in, greater legitimacy and, ultimately, greater impact.	Internal: Support Worker, Trainer, Supervisor External: Volunteer employment agency practitioner

## HOW DO WE IDENTIFY OUTCOME INDICATORS

### 4 Identify what success looks like for the program(s) – the outcomes

#### Commentary

Before outcomes can be identified, success needs to be described in terms of the change sought in the short-, medium- and long-term. What needs to improve, positively change and/or be removed in order for the program to be declared a success?

#### Case example

Clients achieve full time, ongoing employment

### 5 Identify program outcome indicators

#### Commentary

Once the nature of success is understood, the team is in a position to identify the indicators of that success. Indicators are the specific elements for which measurement data is collected. These can be once-off indicators that are binary in nature (i.e. they have been achieved or they have not) or they may be cumulative (i.e. improvements are achieved by gradations). A binary indicator may be whether or not a client is able to manage their daily living activities or not. A cumulative indicator may be one that measures the extent to which a client is able to sustain economic engagement while working toward full time employment. It is also necessary to identify who is responsible for achieving these indicators. Further, a set of outcome indicators metrics need to be identified as well. These are the targeted outcomes that can then be evaluated on a regular basis.

#### Case example

**Short-term:** Employment readiness = have CV, undertaken interview training, provided interview attendance support, number of job interviews attended.

**Medium-term:** Reduced reliance on pension = client receives at least 30% of income from paid work. (Quarterly target – quarterly income of clients from paid work must be maintained at 30%)

**Long-term:** Client has worked for more than six months consecutively in the same role at full time hours. (Quarterly target – All clients in full time work retain their jobs).

**Responsibility:** General Manager, employment services

### 6 Confirm legitimacy

#### Commentary

Review outcome indicators against essential elements identified in Table 4 above. Revisit the outcome indicator(s) chosen if it does not align with every essential element.

#### Case example

The outcome indicators meet all of the elements identified in table four

### 7 Align outcomes indicators with strategic plan

#### Commentary

This process ensures that the strategic plan is ultimately focused on the mission of the organisation. This includes in relation to allocating resources, establishing priorities, developing budgets and financial plans, and investing in the organisation. There should be a clear line of sight between the outcome indicators and the strategic objectives of the organisation. It is preferable to develop outcomes indicators prior to developing a strategic plan. However, if your organisation enters into an outcomes development process part way through the life of a strategic plan, the plan may have to be revisited.

#### Case example

Key strategic development objectives:

- Develop strategic relationships with employers in our areas of operation
- Develop client employment glide path – using experience, identify short-, medium- and long-term activities that will lead to ongoing, full time employment and establish as a client plan template which is then modified for each client's needs
- Allocate financial and human resources
- Allocate specific responsibility



## HOW DO WE IDENTIFY OUTCOME INDICATORS

### 8 Identify key performance indicators

#### Commentary

KPIs serve to bridge the gap between outcome indicators and output/activity reporting structures such as the resource measures and controls identified in figure two above. They should report on significant activities that are necessary to be undertaken in order to achieve the outcomes desired. They should also be selected in order to support the operationalisation of the strategic plan – KPI reports should give the executive and board information pertaining to the extent that the strategic plan has been implemented and that priorities and goals are being achieved. Finally, the person(s) responsible for achieving the KPIs should also be identified.

#### Case example

10 local employers signed up as supporters of our program  
 40% of clients are employment ready  
 Employment ready clients attend 3 interviews per week  
 10% of clients enter full time employment  
 All clients in full time employment retain their jobs  
 Responsibility allocated to supervisors with clear accountabilities for achieving specific key performance indicators.

### 9 Develop reporting framework

#### Commentary

The reporting framework should include the timing of data collection, the timing of reporting, the types of reports, the audiences and the relationship between KPI reporting, outcomes indicators reporting and the traditional reporting processes such as financial reporting and workforce reporting. The people responsible for collecting data, analysing it and reporting should also be identified.

#### Case example

Reporting framework:

Element Reported	Audience	Report Developer	Timing
Outcomes	Board, External Stakeholders	CEO	Annual against targets
Outcome Indicators	Board	CEO	Quarterly against targets
Key Performance Indicators	CEO, Supervisors	Various	Monthly against targets
Financial Reports	Board, CEO	CFO	Monthly against targets
Workforce Reports	Board, CEO	HR Manager	Monthly against targets

### 10 Assurance

#### Commentary

This element is an important governance process. Ensuring the data collected is the highest quality possible and that the analysis and reporting of that data results in the provision of information to internal and external stakeholders that allows them to make effective decisions, is critical. Assurance can be undertaken in a number of ways: internally staff who might be unrelated to the particular program may act as “devil’s advocate”, examining the process, data and reports developed. Alternatively, an external auditor can include an assessment of the outcomes system as part of their remit. It is important to remember that the benefit of any assurance process must outweigh the cost and so a mixture of internal and external review is often most appropriate.

#### Case example

Annual review of the outcomes and KPI data collection, analysis and reporting process undertaken by senior executive unrelated to the program  
 Every second year, the external auditor adds a review of this program’s reporting structures to the audit plan  
 The board and CEO are informed of the outcomes of these reviews in a timely fashion

# APPENDIX

## Document Data

This study was undertaken by the University of Western Australia and funded by Grant Thornton Australia.

### Citation Information

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### Grant Thornton Australia

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Grant Thornton is passionate about helping not-for-profits succeed in their missions. Our clients include some of Australia's most admired NFPs and independent research (Beaton Benchmarks 2015) has recognised us as the leading accounting and advisory firm serving this sector.



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