

Agenda Item 9

Reporting Service Performance

IPSASB Meeting
Toronto, Canada
June 2013

Objective of this Session

- To **provide direction** on the issues identified.

Background

- Consultation Paper (CP) issued in September 2011, with request for comments by March 15, 2012.
- Review of responses in September and December 2012.
- IPSASB's March 2012 decision on RPG applied to this project.
- TBG reviewed draft RPG in April then May, and issues for IPSASB consideration identified.
- TBG consists of Sheila Fraser, Masud Muzaffar, Ron Salole, and Ken Warren.

Background

- The CP presented a *principles based framework*, which proposed that a report on service performance include:
 - Information on the scope of the service performance information reported,
 - Information on the public sector entity's objectives,
 - Information on the achievement of objectives, and
 - Narrative discussion of the achievement of objectives.
- The CP also proposed that (a) *qualitative characteristics* apply; and (b) *standardized terminology*, with definitions for performance indicators, inputs, outputs, outcomes, efficiency and effectiveness indicators.

Overview of Issues

1. The RPG's overall approach—minimum standard or guidance on decisions?
2. Selection of services to be reported.
3. Selection of performance indicators to be reported.
4. Organization of service performance information.

1. RPG's Overall Approach—Minimum Standard or Guidance on Decisions?

- A minimum standard would:
 - Focus on requirements, and attempt to identify the preferred, best practice reporting approach;
 - Go beyond the principles based framework proposed in the CP; and
 - Be more detailed and restrictive.
- Guidance on decisions would:
 - Identify (a) key decisions and (b) options in terms of how to address those decisions.
 - Provide principles applicable to the decisions, which would include ways to assess different options.

1. RPG's Overall Approach—Minimum Standard or Guidance on Decisions?

Factors to consider in deciding between *minimum standard* approach and *guidance on decisions* approach are:

- The function and form of an RPG, including extent to which RPGs can be customized to address needs;
- Special needs of service performance reporting (diverse services, diverse objectives, and different contexts world-wide); and,
- The CP's approach: principles based framework, rather than establishment of specific requirements.

Action Requested

1. Members are asked to **provide direction** on whether the RPG should:
 - (a) Establish the minimum standards expected for service performance reporting;
 - (b) Identify the decisions that preparers will need to make, providing guidance on how such decisions should be made; or
 - (c) Provide a mixture of minimum standards and guidance on decisions.

2. Selection of Services to be Reported—Comprehensive, Selective or Choice?

(a) Comprehensive:

- Aim is to report on majority of services;
- No significant service is excluded;
- Likely that similar services will be grouped together; and
- Information on important differences between services may be under-reported.

(b) Selective:

- Present information that shows the extent to which services objectives have been achieved;
- Select services that illustrate type of services provided;
- Major services reported annually, with other services reported progressively over a multi-year period.

2. Selection of Services to be Reported—Comprehensive, Selective or Choice?

Staff proposes that *choice* be available :

- Entities be able to choose whether to present services using either a comprehensive or a selective basis;
- RPG would then:
 - Establish that the jurisdiction (or entity) chooses;
 - Provide principles applicable to each basis (comprehensive or selective);
 - Services selected should meet the needs of users and qualitative characteristics. (Services should not be selected to present only a favorable picture.)

Action Requested

- 2 Members are asked to **confirm** that the RPG should provide guidance on how an entity should select those services on which it will report, allowing either a comprehensive basis or selective basis for that choice.

3. Selection of Service Performance Indicators

- The CP identified five types of performance indicators:
 - Inputs;
 - Outputs;
 - Outcomes;
 - Efficiency indicators; and,
 - Effectiveness indicators.
- The CP stated that there should be “comprehensive reporting” on the five indicators, but also that:
 - Indicators should help users without overwhelming them with too much information; and,
 - Presentation of indicators should strike balance between being (i) concise and understandable, and (ii) providing detailed coverage.

3. Selection of Service Performance Indicators

Staff proposes that the RPG:

- Provide guidance on how an entity should choose the *types* of indicators reported;
- It should not stipulate that entities report on *all five types* of indicators (inputs, outputs, etc);
- Note that:
 - The IPSASB has decided that specific indicators should not be stipulated; and,
 - Service objectives may change over time, evolving from a focus on inputs to a focus on outputs and efficiency, then outcomes and effectiveness.

Action Requested

- 3 Members are asked to **confirm** that the RPG should provide guidance on how an entity should select the types of performance indicators that it reports on services.

4. Organization of Service Performance Information

The CP did not discuss different ways that service performance information could be organized. The RPG could either:

- (a) Propose *one* method to organize information, for example a tabular “statement of service performance”; or,
- (b) *Allow one or more* methods (tabular, narrative, and graphical), while also providing principles that should be applied to guide the choice.

4. Organization of Service Performance Information

Statement of service performance (tabular):

- Required in some jurisdictions;
- See Example 1 in Appendix B;
- Supports understandability and comparability;
- Summaries in tables may not be adequate for some services;
- Can be supported with discussion and analysis.

Choice of organization method:

- Allow method that best suits the particular services;
- Allows methods that provide rich narrative or case studies;
- See case study in Example 2 in Appendix B.

Action Requested

4 Members are asked to **provide direction** on whether the RPG should:

- (a) Require a tabular format (a statement of service performance), with accompanying discussion and analysis; or
- (b) Require that preparers organize information with reference to the particular types of services and desired outcomes and objectives reported; or,
- (c) Provide guidance on how an entity should choose between two or more formats, with a tabular format (a statement of service performance) being one choice within the allowable set of different information organization approaches.

Next Steps

- Develop draft RPG, *Reporting Service Performance Information*, for consideration at the IPSASB's September 2013 meeting.