

Meeting: International Public Sector Accounting
Standards Board

Meeting Location: Brussels, Belgium

Meeting Date: September 15-18, 2014

Agenda Item 3

For:

☐ Approval

☒ Discussion

☒ Information

Responses to Exposure Draft, *Reporting Service Performance Information*

Objectives of Agenda Item

1. The objectives of the session are to:
 - (a) Discuss an analysis of the responses to ED 54, *Reporting Service Performance Information*;
 - (b) Obtain direction from the IPSASB for the development of the final Recommended Practice Guideline (RPG); and
 - (c) Identify issues for further discussion at the IPSASB's December 2014 meeting.

Materials Presented

Agenda Item 3.1	Issues Paper
Agenda Item 3.2	List of Respondents and Summary of ED Responses (Collation of Comments with Staff Comments)
Agenda Item 3.3	Analysis of Responses by Region, Function and Language
Agenda Item 3.4	Responses to ED 54.

Actions Requested

2. The IPSASB is asked to review responses to ED 54, *Reporting Service Performance Information*, collated in Agenda Item 3.2, and discuss the issues raised, including those identified in Agenda Item 3.1.

Objectives of this Paper

1. This paper, Agenda Item 3.1, summarizes the responses to Exposure Draft 54 (ED 54), *Reporting Service Performance Information*, and provides a staff assessment of the issues arising. It seeks direction for development of the Recommended Practice Guideline (RPG), so that a draft RPG can be submitted to the IPSASB's December 2014 meeting.

Background

2. ED 54 was issued in December 2013, with a request for comments by May 31, 2014. 24 responses have been received. The ED was developed after the IPSASB reviewed responses to the Consultation Paper (CP), *Reporting Service Performance Information*. The nine specific matters for comment (SMCs) in ED 54 focused on new issues that arose during development of the ED. That is also the focus of this paper.
3. Most respondents structured their responses around the nine SMCs. The collation of responses in Agenda Item 3.2 follows that structure, starting with general comments on the ED as a whole, and then responses to each of the SMCs. It also includes staff comments on issues raised, where appropriate. Staff has classified responses according to whether they support or oppose particular proposals in the ED. These are staff views only. They do not reflect the views of IPSASB members. Judgment has been applied by staff and, therefore, the analysis in this memorandum and the attached collation should be read in conjunction with respondents' detailed responses.

Overview of Issues

4. Most respondents indicated general agreement with the ED's overall approach and the issues raised in the SMCs. Respondents also provided specific suggestions on ways to improve the RPG's coverage, within the context of each SMC. The discussion below highlights the more significant specific suggestions for IPSASB consideration. The issues raised are:
 1. RPG's overall approach (SMC 1 and General Comments), and specifically whether to:
 - (a) Describe its guidelines as "requirements";
 - (b) Clarify compliance with the RPG (requirements versus encouragements);
 - (c) Include "assessment of economy" in the RPG's overall objective; and
 - (d) Provide implementation guidance.
 2. Definitions of terms (SMC 2);
 3. Reporting at different levels of government (SMC 3);
 4. Reporting frequency and reporting period (SMC 4);
 5. Presentation principles (SMC 5);
 6. Reports separate from financial statements—factors and information (SMC 6);
 7. Information presentation within a report (SMC 7);
 8. Information for display and disclosure (SMC 8); and
 9. Choice of performance indicators (SMC 9).

Issue 1 (SMC 1 and General Comments)—Requirements, Economy and Implementation Guidance

General Agreement with Proposals (SMC 1 and General Comments)

5. SMC 1 asked constituents whether they generally agreed with the ED's proposals. 20 respondents agreed (R1, R2, R3, R4, R5, R7, R8, R9, R10, R11, R12, R13, R14, R15, R16, R17, R18, R19, R20 and R22). Four respondents disagreed (R6, R21, R23 and R24). There were no respondents who did not comment.
6. Where respondents stated in their response to SMC 1 that they "generally agreed" with the ED's proposals, but then raised one or more substantial areas with which they disagreed, staff considered classifying such responses as "partial agreement". (Three respondents were originally in this category; R1, R8 and R19.) Staff decided, on balance, that this type of response indicated agreement with SMC 1, and the specific issues raised should be considered within the context of the relevant SMCs.

Review of General Comments and Reasons to Disagree

7. Staff reviewed respondents' General Comments for further information on views relevant to SMC 1. For example, R3 had extensive comments relevant to the RPG's approach to "requirements". (This is discussed further below.) R2 indicated general support for the ED as a whole in General Comments, but did not comment on any of the SMCs. Staff interpreted this as agreement with SMC 1 and no comment on the other eight SMCs. The General Comments from those respondents who disagreed on SMC 1 included further reasons for their general disagreement with the ED's proposals. The respondents who disagreed stated that:
 - (a) Reporting service performance information is outside of the IPSASB mandate and outside of accounting's scope, which should be limited to the financial statements (R6, R21 and R24).
 - (b) Service performance information should not be linked to the financial statements, the reporting entity should be adaptable to jurisdictional circumstances, and the RPG should include evaluation of economy as an important aspect to performance evaluation (R6);
 - (c) The RPG may inadvertently reduce the quality of service performance reporting, because it does not adequately address multi-year reporting and takes a minimum approach (R21);
 - (d) The dichotomy between outputs and outcomes is unusual and probably unhelpful (R21); and
 - (e) The RPG lacks a framework to justify its requirements, is too detailed and too comprehensive, and the issue of how such information should be audited has not been addressed (R23)
8. Most of the above concerns are either *fundamental* ones, which the IPSASB considered earlier in the project or *specific* concerns that relate to other SMCs. For example, concern about the IPSASB's mandate is fundamental, and was considered as part of the project's and CP's development. Staff does not propose to discuss these fundamental concerns further. Specific concerns, for example the impact of the RPG for reporting on multi-year objectives, are generally discussed under the appropriate issue below. Three specific issues which do not entirely fit within another SMC, are discussed below. These include R6's concern about the evaluation of economy.

Development of an RPG—Strong Support

9. At its March 2013 meeting the IPSASB decided that all pronouncements related to information reported outside of the financial statements should be RPGs rather than IPSASs. The IPSASB had already discussed this point—as part of its review of responses to the CP—but deferred a decision so that the issue could be discussed within the context of two other projects. The March 2013 decision clarified that all three projects, including this one, would result in RPGs. RPG 1, *Reporting on the Long Term Sustainability of an Entity's Finances*, and RPG 2, *Financial Statements Discussion and Analysis* were issued during 2013.
10. Given the IPSASB's 2013 decision staff merely notes respondents' views on this question. There appeared to be strong support for an RPG, with many of the respondents' general comments beginning with a statement of their support for the IPSASB's development of an RPG in this area. (See, for example, R1, R2, R3, R4 and R5.) Some respondents also commented that the IPSASB should, some time in the future, develop an IPSAS (see, for example, R2, R3, R19 and R22), while one respondent supported immediate development of an IPSAS (R16).

1(a) RPG—Requirements or Guidelines

11. Respondents R1 and R3 were concerned about an apparent contradiction between the RPG's role as guidelines and the word "requirements" in paragraph 5:

Page 2: RPGs are pronouncements that provide guidance on good practice in preparing general purpose financial reports (GPFRs) that are not financial statements. Unlike IPSAS RPGs do not establish requirements.

Paragraph 5: Service performance information should not be described as complying with this RPG unless it complies with all the requirements of this RPG.

Staff Recommendation and Discussion—Issue 1(a)

12. Staff recommends that the RPG's present approach of establishing requirements with which entities then comply, if they apply the RPG, be retained. That approach is consistent with RPG 1 and RPG 2. The IPSASB considered the apparent contradiction between page 2 and paragraph 5 during development of the RPG, and decided to retain this wording because (a) it is consistent with wording used in RPGs 1 and 2, and (b) reasonably clear as to its meaning.
13. Staff further recommends that the following paragraph be included in the Basis for Conclusions:

Some respondents were concerned about an apparent contradiction between RPGs as pronouncements that do not establish requirements and paragraph 5 which states that compliance with the RPG involves compliance with all of its requirements. RPGs' nature as guidelines is established by the allowance for entities to not follow a particular RPG—in its entirety—without impacting negatively on the entity's IPSAS compliance. Nonetheless the specific content of an RPG involves a set of requirements that establish best practice. An RPG may also, depending on the topic addressed, involve more flexibility of application than is the case for an IPSAS. This is the case for this RPG which includes options as to presentation and actions which are encouraged rather than required.

1(b) RPG—Clarify Compliance with the RPG

14. Respondents had concerns about the RPG's approach in terms of "best practice requirements" versus "inclusive guidance allowing choice with encouragement". Some concerns related to the classification of particular items as either required or encouraged, and staff considered these concerns within the context of the relevant SMCs. But one respondent disagreed generally with use of the word "encouraged" in the RPG (R14), arguing that preparers are encouraged to apply the RPG but then, once they apply the RPG, the RPG should focus on what *should* be reported rather than what is encouraged to be reported.
15. R19 reported, in General Comments, confusion about which parts of the RPG were "requirements", noting, for example, that the idea that entities are expected to "consider for disclosure" the items in paragraph 80 did not clearly convey a requirement:

During our consultations, there was significant uncertainty about what these minimum requirements are. These minimum requirements have not been clearly set out in the RPG and we are concerned that entities planning to report service performance information in the future, or those with limited knowledge of reporting service performance information, may not be able to make a distinction between the minimum requirements and additional requirements. Also, if the minimum requirements are not clear, then compliance with the RPG is difficult to assess.
16. R19 recommended that the wording throughout the RPG be reviewed to ensure that requirements necessary to claim compliance with the RPG were clear. R23 (SMC 8) recommended that the RPG clearly distinguish between minimum essential disclosures and those disclosures that are encouraged but not required.

Staff Recommendation and Discussion—Issue 1(b)

17. Staff recommends that the wording throughout the RPG be reviewed to ensure that requirements necessary to claim compliance with the RPG are clear. Staff further recommends that the following paragraph be included either in the RPG itself or in the Basis for Conclusions:

Where the RPG states that something "should" be done this means that entities must follow that requirement to claim compliance with the RPG. Where something is only "encouraged" an entity is able to decide not to follow the encouraged action. An entity is still able to claim compliance with the RPG when the entity does not follow an encouragement.
18. Staff considers that clarification of the RPG's requirements is related to the more substantial issue of finding the right balance in the RPG between minimum requirements and encouraged best practice, particularly as this applies to information for display and disclosure, which is discussed under Issue 8 below. Staff recommends that the review include consideration of the RPG's classification of items as minimum essential requirements versus items that are encouraged but not required for compliance with the RPG, so that a recommendation on the two groups of information (requirements and encouragements) can be brought back for the IPSASB's consideration in December. Staff does not support the idea that an RPG should only set out requirements and avoid the use of encouragements because, particularly for this area of reporting, the RPG will better meet the needs of different jurisdictions through the use of a mixture of minimum requirements and encouraged best practice.

1(c) RPG's Objective and the Evaluation of Economy

19. Two respondents raised concerns about the RPG's lack of acknowledgment of the importance of economy assessments within the context of reporting service performance information (R6 and R21), while two further respondents noted economy as a consideration when looking at service delivery (R17 and R18). Respondents' concerns primarily related to the importance of (a) the evaluation of economy as an objective of reporting service performance information, and (b) the importance of having sufficient information to evaluate economy. For example, within the context of SMC 2, R6 stated that:

The Council also notes that performance is often evaluated by reference to the three E's: economy, efficiency, effectiveness. The term economy suggests a prudent use of resources with the objective of minimising costs (expense, time spent, efforts made, etc.) without any negative effects on the expected results. The Council believes that the economic use of resources is a particularly important objective of the public sector. The Council believes that it is a significant weakness of the ED not to identify this objective specifically as a major aspect of the performance of policies, missions and actions conducted by public entities.

Staff Recommendation and Discussion—Issue 1(c)

20. Staff recommends that the third sentence of the RPG's objective be revised so that it reads as follows:

Service performance information can also assist users to assess the entity's service economy, efficiency and effectiveness.

21. The main basis for this recommendation is that this would be consistent with the IPSASB's Conceptual Framework. Chapter 2 of the Framework, in its discussion of users' information needs, states that:

Reporting non-financial as well as financial information about service delivery activities, achievements and/or outcomes during the reporting period will provide input to assessments of the economy, efficiency, and effectiveness of the entity's operations. [Paragraph 2.24]

22. Staff considers that assessment of economy can be retained as an objective without implying that economy indicators should be reintroduced as a separate type of indicator. Information about costs, for example, provide information to evaluate economy. That conclusion was reached and documented during development of the CP. During review of responses to the CP IPSASB members confirmed this view, but then also decided to remove reference to economy from the RPG's objective. The Basis for Conclusions explains why economy indicators were not included in the ED (see paragraph BC17) but there is no explanation for removing the evaluation of economy from the ED's objective.

1(d) Additional Implementation Guidance and Examples

23. Many respondents raised the issue of providing further guidance. (See, for example, R1, R2, R7, R8, R19 and R23.) The need for further guidance was raised under respondents' General Comments, their responses to specific SMCs, and their Other Comments. Respondents expressed concern that the RPG as a whole, or specific parts of the RPG, would be difficult to understand in jurisdictions with little or no experience of service performance reporting unless more guidance and examples were provided. In some cases additional guidance meant additional "main text" to enhance the RPG's guidelines. Staff has considered that type of recommendation within the context

of the relevant SMC. There were also suggestions for examples to illustrate particular RPG content. Staff will further consider those specific suggestions during development of the draft RPG.

24. This discussion focuses on respondents' recommendations for:
- (a) Implementation guidance, for example through case studies or illustrations in an appendix to the RPG (see, for example R1 and R8),
 - (b) Many more examples either in the text or an appendix (R1), and
 - (c) Website links or references to facilitate access to examples and guidance available from national jurisdictions with extensive experience of service performance reporting (R19 and R23).
25. For example, R8 states that
- ...an illustrative example or a best practice guide should accompany the RPG, to illustrate what a service performance report might look like. Preparers would also benefit from the availability of a checklist to assist implementation.
26. R23 suggests, in the respondent's SMC 9 response, that providing examples either in an appendix to the RPG or through a link to the IPSASB website, where examples and good performance indicators could be located. R19's response to SMC 7 states that:
- Considering that there may be entities applying this RPG with no or limited knowledge of reporting service performance information, we suggest that the IPSASB considers issuing supplementary guidance that illustrates various presentation styles applied in different jurisdictions. As an alternative, the IPSASB could consider including references to reports issued by jurisdictions that were consulted during the development of the RPG for more guidance

Staff Recommendation and Discussion—Issue 1(d)

27. Staff recommends to *not* add substantially to the examples and guidance in the RPG, but to consider whether there is scope to facilitate access to guidance and examples either through a reference in the Basis for Conclusions or an appendix, which provides references to those jurisdictions that have extensive experience with reporting service performance information.
28. During the ED's development staff and the TBG considered having one or more appendices to the RPG in order to provide illustrations, detailed examples, or case studies to illustrate the RPG's guidelines. The diversity of entities' and jurisdictions' approaches to service delivery and service performance reporting was one barrier to development of helpful examples. The RPG aims to allow entities to address their specific reporting needs. It does not specify one single approach as the best approach, when that could be conditional on jurisdiction specific considerations. Provision of detailed examples, illustrating particular approaches, may inadvertently send a contradictory message, while not providing helpful guidance for the many different types of services provided by public sector entities around the world. The IPSASB is consulting presently on its strategic direction, which includes the possibility of doing more implementation guidance, depending on resource availability.
29. For those jurisdictions that have little experience of service performance reporting a straightforward and helpful addition—either to the RPG's Basis for Conclusions or in an appendix—could be a list of standard setters and jurisdictions with extensive experience in reporting service performance information. This would facilitate access to a wide set of service performance reporting experiences

and an even wider set of examples of such reporting, without inadvertently sending a message that a particular presentation approach or particular set of performance indicators is preferred.

Action Requested:

1. Members are asked to **indicate** whether they agree with the staff recommendation to:
 - (a) Retain the RPG's present approach of establishing requirements with which entities then comply, if they apply the RPG;
 - (b) Include additional explanation in either the RPG itself or the Basis for Conclusions to help clarify those items in the RPG that are (i) requirements, essential for compliance with the RPG or (ii) encouragements that are not essential for compliance;
 - (c) Revise the RPG's objective to include assessment of economy, as follows:

Service performance information can also assist users to assess the entity's service economy, efficiency and effectiveness.
 - (d) Retain the RPG's present approach of *not* providing implementation guidance, but note, either as an Appendix or in the Basis for Conclusions, those national jurisdictions that have extensive experience with reporting service performance information.

Issue 2 (SMC 2)—Definitions

30. SMC 2 asked constituents whether they agreed with the definitions in paragraph 8 of the ED. 14 respondents agreed (R3, R4, R5, R7, R9, R10, R11, R12, R14, R15, R16, R17, R18 and R20), while four respondents partially agreed (R1, R8, R19 and R20). Four respondents disagreed (R6, R21, R22 and R24). Two respondents did not comment (R2 and R13).
31. Respondents provided recommendations on:
 - (a) Revisions to existing definitions, and
 - (b) Additional, new definitions.
32. When considering respondents' recommended changes staff has balanced respondents' concerns against the level of support from other respondents who agreed with a definition. Most respondents found most of the definitions to be clear and understandable. Given the consultation process and IPSASB review that resulted in the ED's set of definitions, staff also has considered first whether there is scope to address issues through further explanation within the RPG rather than either changes to a definition or introduction of a new definition.
33. There were no recommended changes to the definitions for "inputs" and "efficiency". For the other six definitions the main issues raised and staff recommendations are in Table 1 below.

Staff recommendations

34. Staff recommends no change for five of these six definitions. For "effectiveness", staff has suggested that Members consider whether the definition of effectiveness should be revised to make it clearer. There is also scope to add some further explanation—rather than additional definitions—to address some of respondents' concerns about definitions, as discussed further below.
35. Staff recommends that none of the seven additional definitions be included in the RPG.
36. The basis for these two recommendations is discussed further below.

Table 1: Definitions and Issues Raised

Definition (ED 54)	Main Issue(s) Raised	Staff Recommendation
<u>Effectiveness</u> is the relationship between actual results and service performance objectives in terms of outputs or outcomes.	The definition should be clearer. (R3, R8 and R9)	<u>Effectiveness</u> is the relationship between service performance objectives expressed in terms of planned outputs or outcomes and actual results for those objectives.
<u>Outcomes</u> are the impacts on society, which occur as a result of the entity's outputs, its existence and operations.	The definition should (a) restrict outcomes to those directly caused by the entity (R3, R8, R22 and R23), (b) delete reference to "existence and operations" (R3, R8 and R22), and (c) clarify that "society" includes subgroups and individuals R8 and R22).	No change to definition. Provide further related explanation to clarify that society includes individuals and groups within society, and impacts may be direct or indirect.
<u>Outputs</u> are the services provided by an entity to recipients external to the entity.	"Recipients" should be revised to include corporate services within the entity (R19), or other entities within the group (R11), or collectives (R23).	No change to definition. Revise related explanation to clarify that an entity may provide services to other entities within a group and to collectives.
<u>Performance indicators</u> are quantitative measures, qualitative measures, and/or qualitative discussions of the nature and extent to which an entity is using resources, providing services, and achieving its service performance objectives.	Replace term with "indicators of performance". (R8) Delete "qualitative discussions". (R19)	No change to definition. Note that the IPSASB discussed in depth its decision to include "qualitative discussions" as part this definition, during development of the ED.
A <u>service performance objective</u> is a description of the planned result(s) that an entity is aiming to achieve expressed in terms of inputs, outputs, outcomes, efficiency or effectiveness.	Replace service performance with "public service delivery" (R1). Include reference to the entity's strategic plan (R8).	No change to definition. Consider including explanation on identification of service performance objectives, sourced from strategic plans and other key corporate documents.

Staff Discussion—Proposed Revisions to Existing Definitions

Effectiveness:

37. The three respondents' concerns focused on the definition being (a) unclear, and/or (b) different from that normally used for effectiveness. Comments from a fourth respondent (R18) indicated that the definition's intended meaning was not clear for at least one other respondent. R3 argues in favor of extending the idea of effectiveness to include achievement of planned inputs.

38. The IPSASB made final changes to this definition in December 2013 and explained the resulting definition in the ED's Basis for Conclusions as follows:

During the review of responses on the CP and subsequent development of the RPG the IPSASB revised the definition of an effectiveness indicator. The CP definition was: "Effectiveness indicators are measures of the relationship between outputs and outcomes." This implies that the relationship between outputs and outcomes is relatively simple to measure. After further consideration the IPSASB considered that the relationship between outputs and outcomes is likely, in many situations, to be more complex than the simple relationship underpinning the original definition. Furthermore, the IPSASB considered that effectiveness is better understood to be the degree to which an entity is successful in achieving its service performance objectives. On this basis the IPSASB decided that effectiveness indicators show the extent to which an entity has achieved its service performance objectives, where those objectives are stated in terms of outcomes or outputs.

39. The revision suggested by staff aims to clarify the definition's intended meaning rather than suggest a reconsideration of that meaning.

Outcomes:

40. Causality can be difficult to establish for achievement of outcomes which may be affected by multiple entities and factors outside of the entity's control. Based on responses to the CP the IPSASB decided to revised the CP working definition, which was "Outcomes are the impacts of outputs in delivering the reporting entity's objectives." The ED's paragraph 17 notes that it will not always be the case that there is a direct causal link between an entity's actions and its *achievement* of outcomes. Staff suggests that further explanation be included in the RPG to make clear that the *planned* outcomes that an entity reports should be those for which a causal relationship between the entity's outputs, activities or existence and the outcomes is a reasonably expectation. That additional explanation could be included in paragraph 17 and/or in the ED's coverage of selection of information to be reported.
41. The ED's paragraphs 15–16 provide situations in which outcomes can be affected by an entities' activities and operations:

15. An entity's existence may contribute to achievement of its outcomes. For example, the existence of a crime prevention agency, such as a police department or an office for fraud prevention, may help to prevent crime, because potential criminals consider that the likelihood of their being caught and punished is higher than would be the case without the agency. Similarly, the existence of a defense force may help to prevent war, without the defense force actively engaging in war.

16. An entity's operations may also contribute to achievement of its outcomes. For example, the process of collecting information to compile health statistics—viewed by the entity as an operational input to its health services—could raise awareness of health issues and cause a positive health outcome.

Outputs:

42. The definition of outputs is intended to exclude corporate services provided to staff within an organization and focus on external recipients. Internal services are better characterized as inputs that contribute to production of outputs. The term "recipients" was not intended to be restricted to individuals. Staff suggests adding further explanation to make clear that recipients external to the

entity could include other entities within the same group of entities and collectives. This is on the basis that some entities, for example government departments, may be responsible for services that relate to other government organizations, for example monitoring policy implementation, and these services should be distinguished from corporate services provided internally to an organization's staff. There is an underlying issue here in terms of "recipients" where public sector services do not always have clearly defined recipients who directly receive services as would be the case in a normal commercial purchase of services.

Respondents' Proposed Additional Definitions

43. Some respondents proposed additional definitions. The seven additional definitions proposed are listed below.
- (a) "Goal" (R3);
 - (b) "Service delivery" (and related terms) (R4);
 - (c) "Impacts" (R11), with R19 also commenting on impacts in the context of the definition of outcomes;
 - (d) "Cost" (R11), with R23 also commenting on the lack of a definition of "costs of services" in the context of disclosures on the basis of service performance information;
 - (e) "Performance targets", and "services" (R19);
 - (f) "Materiality", "Entity", "Controlling entity, and "controlled entity" (R20); and
 - (g) Economy (R21's General Comments).

Staff Discussion—Proposed New Definitions

44. As stated above, Staff recommends that none of these new definitions be included in the RPG.
45. The bases for staff's recommendation depend on the particular term proposed for definition. The term "goal" is used only once in the RPG, in paragraph 18, and could be replaced with "objective". The respondent's comments on "goal" relate to a precision that appears unnecessary. The terms "service delivery" and "impact" appear to be sufficiently understandable without definition, applying common understandings of their meanings. The further explanation suggested above for the definition of "outcomes" is likely to make clear the significance of "impact" within that definition. A new definition for "impact" is not necessary.
46. For the terms "service" and "costs of services", staff view is, on balance, that the present explanations with some additional explanation should be sufficient to address the concerns raised by the two respondents. Both terms are discussed in the ED—see paragraph 18 for services and paragraphs 64–65 for costs of services. For "services" the present explanation, within the context of "outputs", already states that services include goods as well as services, which is the point that concerned Respondent 19. Staff notes that the IPSASB considered whether to define services in at its December 2013 meeting and concluded that it should not be defined. The IPSASB decided to describe services as part of the definition of "outputs".
47. In the case of "costs of services", several responses to SMC 8 indicate that respondents may be confused over the meaning of costs of services, and particularly that it includes a broad range of costs, and does not necessarily mean a precise cost for particular outputs dependent on (for

example) an activity based costing system. This confusion could, in staff's view, be addressed through further explanation rather than a definition. However, a further point to note in this context is that the IPSASB has already defined "costs" in IPSAS 16, *Property, Plant and Equipment*, within the context of acquisition cost for an asset, so that a separate definition focused on costs of services could possibly be helpful.

48. For "performance targets", staff notes that the ED's paragraph 21 states that: "Performance indicators may be quantitative measures, for example, the number of outputs produced, the cost of services, the time taken to provide a service, or a numerical target for an outcome." R19 proposes the definition: "*Performance targets express a specific level of performance that the entity is aiming to achieve within a given time period.*" R19 notes that entities will establish periodic targets to support and measure the achievement of their objectives and that therefore "...we are of the view that reporting should be both against targets and objectives." If the RPG is revised to include reporting against both targets and objectives then it will be important to clearly explain this distinction and review the use of both terms throughout the RPG. Staff considers that the present wording is adequately clear without introducing this distinction.
49. The terms "controlled entity" and "controlling entity" are already defined in IPSASs, while "materiality" is described in the Conceptual Framework. While the RPG may benefit from further explanation of materiality in the context of reporting service performance information, a definition does not seem appropriate given the Conceptual Framework's coverage.
50. With respect to "economy", during review of responses to the CP the IPSASB considered whether or not it was necessary to identify and define economy indicators and decided not, as is discussed under Issue 1 (SMC 1).

Action Requested:

2. Members are asked to **indicate** whether they agree with the staff recommendations to:
 - (a) Revise the definition of "effectiveness" to read as follows:

Effectiveness is the relationship between service performance objectives expressed in terms of planned outputs or outcomes and actual results for those objectives; and
 - (b) Make no further revisions to the RPG's definitions; and
 - (c) Not include any additional definitions in the RPG.

Issue 3 (SMC 3)—Reporting at Different Levels of Government

51. SMC 3 asked constituents whether they agreed that the ED adequately addressed reporting by entities at different levels within government, including situations where a controlling entity reports information that encompasses services provided by controlled entities. 16 respondents agreed (R3, R4, R5, R7, R8, R9, R10, R11, R12, R14, R15, R16, R17, R18, R19 and R23). Four respondents disagreed (R6, R21, R22 and R24), and four respondents did not comment (R1, R2, R13 and R20). The respondents who disagreed did so for the following reasons:

(a) Reporting entity:

- (i) The choice of which entities are required to publish service performance information should be totally flexible (R6) and adapted to users' needs rather than apply an accounting definition of reporting entity (R21).
- (ii) Service performance reporting for different levels should be linked to the principles in IPSAS 24, *Presentation of Budget Information in Financial Statements*, because there is a logical connection between the budget resources and the activities for which those resources are used. Public availability/accountability should be a guiding principle for when and what service performance information should be reported (R22).
- (iii) The reporting entity should be the entity responsible for implementation of public policy, which may not be the entity defined by accounting's notion of control (R24).

(b) Overload and costs:

- (i) Reporting overload will result from this approach, because compilations of reports for all the controlled entities will have to be presented at the parent level (R21).
- (ii) The balance between benefit and cost should be considered, particularly for small entities, and this means that reporting should be by "public policy" rather than for a "public entity" (R24).

52. Further discussion of these two points is provided below.

Information Overload for Controlling Entities

53. Other respondents shared R21's concern about information overload and the potential costs of reporting at the parent level. For example R3 recommends allowing economic entities to use cross-referencing to lower-level reporting entities' service performance information (rather than restating it) based on the grounds of cost-efficiency and readability. R19 states that controlling entities should not need to report performance information of controlled entities, because this information should be reported by the lower level individual entities.

54. Staff notes that paragraph 48 of the ED already addresses scope for controlling entities to provide high level summaries rather than duplicate information already reported by controlled entities. That paragraph includes an example that illustrates cross-referencing to other reports. Staff will consider revisions to make this point clearer in the RPG during development of the RPG.

Reporting Entity, Cross-Entity Reporting and Government Business Enterprises (GBEs)

55. Other respondents shared R22's view that IPSAS 24's approach should be applied to the reporting of service performance information. R11 stated that the reporting boundary "...should be consistent

with the requirements of IPSAS 24 *Presentation of Budget Information in Financial Statements* – i.e. if the KPIs are publicly available, then the entity should report publicly on its performance.” R19 asked whether there is scope to apply IPSAS 24’s principle so that entities are only required to report service performance information where planned service performance is made public. R19 explains that: “If such a requirement is included in the RPG, then economic entities will only report performance information when that information and those specific indicators have been made publicly available.”

56. In addition to respondents who recommended a different reporting entity, two respondents (R7 and R14) recommended that the RPG’s guidance also address “cross-entity” reporting:

We note the increasing use of cross-entity programs in some jurisdictions. Therefore, we believe the guide should be able to inform the consistent development and reporting of service performance for programs that involve multiple entities in the same jurisdiction, include “programs” or “sets of activities that contribute to the same outcome(s)”. [R7]

57. Two respondents (R3 and R21) noted that the reporting entity proposed would include GBEs. This was viewed as problematic given GBE’s private sector reporting (R3). Two respondents recommended that the RPG be applied to GBEs (R8 and R20).

Staff Recommendation and Discussion

58. Staff recommends that the ED’s approach to reporting at different levels be retained. Minor revisions, to make the present approach clearer, could address concerns about reporting overload at the level of a controlling entity.
59. Staff notes that no new, previously unconsidered concerns were identified by respondents, and most respondents agreed that the ED adequately addressed reporting by entities at different levels within government. The IPSASB considered the appropriate reporting entity for reporting service performance information during development of the CP. The CP included an SMC on this issue. After reviewing CP responses the IPSASB concluded that the reporting entity should be the same as for general purpose financial statements. Responses received on the ED have not raised new reasoning that would indicate a need to reconsider this issue. The IPSASB appreciated that a controlling entity could include a GBE within its set of controlled entities. This is discussed in the ED’s Basis for Conclusions—see paragraphs BC11–BC12.
60. Staff does not support expanding the RPG’s scope to include cross-entity reports on “programs” or “sets of activities that contribute to the same outcome(s)” because this could reduce the RPG’s focus on the present reporting entity. The RPG would need to address additional disclosures and guidelines applicable to cross-boundary reporting. Where national jurisdictions see benefits from cross-boundary reporting there is scope for them to adapt and apply the RPG’s principles and guidance.

Action Requested:

3. Members are asked to **indicate** whether they agree with the staff recommendations to:
- (a) Confirm the ED’s approach to reporting at different levels; and,
 - (b) Refer consideration of possible revisions, to make the present approach clearer, to staff and the TBG.

Issue 4 (SMC 4)—Reporting Frequency and Reporting Period

61. ED 54 states that service performance information should be presented annually and use the same reporting period as that covered by the financial statements. The ED acknowledges that users' needs may mean that a different reporting period should be used. The ED does not address the possibility of more or less frequent reporting, for example six-monthly reporting.
62. 18 respondents agreed that information should be reported annually and use the same reporting period as that for the financial statements (R1, R3, R4, R5, R7, R8, R9, R10, R11, R12, R14, R15, R16, R17, R18, R19, R20 and R22). Two respondents partially agreed (R6 and R23), while two respondents disagreed (R21 and R24). Two respondents did not comment (R2 and R13).
63. Those respondents who disagreed recommended either that the reporting period should be adaptable (R6, R21 and R24); or that exceptions should be allowed (R6 and R23). Reasons for allowing different reporting periods were that:
- (a) Service performance reporting should reflect budgetary agendas and decision process cycles (R21) or objectives and the economic, financial and social context (R24);
 - (b) Performance objectives and resources are often for multi-year periods rather than one year (R21 and R24) and reporting too frequently on multi-year objectives is misleading (R24); and
 - (c) An annual reporting requirement will discourage outcome reporting, because it is almost impossible to report annually on outcomes (R23).
64. Staff recommends that the ED's present approach to reporting period and reporting frequency be confirmed. The concerns above were considered by the IPSASB during the ED's development. No new, previously unconsidered concerns were identified by respondents, and most respondents support the ED's requirement for annual reporting. Staff notes that the ED already includes guidance on reporting annually against multi-year objectives and for multi-year outcomes.
65. Several respondents recommended specific revisions:
- (a) Require additional disclosures if the entity uses a different reporting period from that for its financial statements (R8, R14 and R22);
 - (b) Place a time restriction on the extent of the reporting period difference (R20); and
 - (c) Make clear that more frequent (e.g. six-monthly) reporting is also acceptable (R4, R7, R14, R18, R20 and R22).
66. Staff recommends that revisions to address these specific suggestions should be developed and included in the draft RPG submitted for IPSASB review.

Action Requested:

4. Members are asked to **indicate** whether they agree with the staff recommendations to:
- (a) Maintain the ED's approach to reporting period and reporting frequency; and,
 - (b) Revise the draft RPG to address the suggested specific revisions above.

Issue 5 (SMC 5)—Presentation Principles

67. SMC 5 asked constituents whether they agreed with the ED's proposed principles for presentation of service performance information. 14 respondents agreed with the ED's proposed principles (R1, R3, R4, R8, R9, R10, R11, R12, R14, R15, R16, R18, R19, R22), Three respondents partially agreed (R5, R7, R17), while three respondents disagreed (R20, R23, R24). Four respondents did not comment (R2, R6, R13, and R21).
68. The three respondents who disagreed raised the following as their main concerns:
- (a) The principles should recognize the importance of under-pinning service performance information with a reliable transaction processing system (R20);
 - (b) The criterion of materiality, described in the RPG as a "key issue", has been overemphasized since performance must be treated in its entirety (R23); and
 - (c) Performance must meet the requirements of citizens, service users and taxpayers, not just "users" (R24).
69. Staff considers that these concerns indicate revisions to address the RPG's understandability and emphasis rather than changes to its principles. For example, replacing the term "users" with "users of GPFRs" would address R24's concern, because the Conceptual Framework describes "users of GPFRs" as including citizens, service recipients and taxpayers, as well as other users. That revision makes the RPG more understandable without changing its intended principles.
70. Those respondents who partially agreed raised specific concerns to improve rather than fundamentally change the principles. Specific concerns raised are discussed below.
71. Several respondents recommended further guidance, examples and/or explanation to improve the RPG's discussion of how the QCs and constraints apply to services performance information (R4, R7, R10, R16, R18, R19, R20 and R23). The main other specific issues raised by respondents were:
- (a) *Cost/benefit*: Remove scope for entities to claim cost/benefit as a justification for not reporting required information (R7, R8 and R15);
 - (b) *Assessment of financial results*: The reference in paragraph 31(b) overemphasizes this use (R6); and,
 - (c) *Jurisdictional requirements*: Revise paragraph 39 to convey an integrated relationship between RPG and jurisdictional requirements (R8).
72. Staff proposes to consider how to address these specific suggestions during further development of the draft RPG.

Action Requested:

5. Members are asked to **indicate** whether they agree with the staff recommendations to:
- (a) Maintain the ED's approach to presentation principles; and,
 - (b) Refer respondents' specific suggestions (see above) to staff and the TBG for further development of the RPG.

Issue 6 (SMC 6)—Reports Separate from Financial Statements: Factors and Disclosures

73. SMC 6 asked constituents whether they agreed with:
- (a) The factors proposed for consideration when deciding whether to present service performance information as part of a report that includes the financial statements or in a separate report (see paragraphs 41 to 42 of the ED); and
 - (b) The additional information to present when reporting information in a separately issued report. (See paragraph 43 of the ED).
74. Sixteen respondents agreed with the ED's factors for consideration and additional information to present (R3, R4, R5, R7, R8, R9, R10, R11, R12, R14, R15, R16, R17, R18, R19 and R20). Two respondents partially agreed (R22 and R23), while three respondents disagreed (R1, R6 and R24). Three respondents did not comment (R2, R13 and R21).
75. The three respondents who disagreed did so because they considered either that service performance information should be included in the same report as the financial statements (R1) or preferred that such information be kept separate from the financial statements (R6 and R24). The ED's position reflected the IPSASB's consideration of constituents' responses to an SMC in the CP. The SMC focused on whether there should be a requirement to report information separately or with the financial statements, or whether there should be scope to choose. No previously unconsidered points were raised by the ED responses and, on that basis, this issue is not discussed further here.
76. The two respondents who partially agreed both supported the set of factors and information to present in the ED, but they had concerns about additional factors and/or additional information. Other respondents agreed but also suggested additional factors and/or additional information. These are listed below:
- (a) Additional factors:
 - i. Audit considerations (R22) and specifically audit costs (R12);
 - ii. Timeliness (R12);
 - iii. Effects of gathering and preparing the information (R12);
 - iv. Costs of each approach (separate report versus in same report as financial statements (R19); and
 - v. Proximity of service performance information to actual–budget-comparisons (R19).
 - (b) Additional information to present:
 - i. Information to link the financial and non-financial information, specifically information on the location of the financial statements in the report with the service performance information and vice versa (R3, R4 and R20);
 - ii. A statement that the service performance information has not been audited (R4 and R7),
 - iii. Information on the applicable legislation (R22);
 - iv. Discussion of significant services that have not been included in the service performance information and why those services have been excluded (R12)

Staff Recommendation and Discussion—Additional Factors and Information

77. Staff recommends that only factor (v) be added to the list of factors in paragraph 41. Factors (ii), (iii) and (iv) are already covered by consideration of the qualitative characteristics and the constraints (see paragraph 41(b) and 41(c). Staff proposes that additional discussion of the timeliness qualitative characteristic, and the cost-benefit constraint could be considered for inclusion in the RPG to address respondents' concerns.
78. Staff view is that the RPG should not include factors or information for presentation that explicitly focuses on audit considerations, including audit costs. This affects the proposed additional factor (i) and information item (ii) above. Although audit costs are referred to in the Basis for Conclusions (see paragraph BC31), during development of the ED the IPSASB decided that audit considerations should not be addressed in the RPG itself because the IPSASB mandate does not cover audit requirements.
79. Staff recommends that items (i), (iii) and (iv) be considered as part of a broader consideration of information required or considered for presentation, because they may have broader applicability than when service performance information is presented in a separate report.

Action Requested:

6. Members are asked to **indicate** whether they agree with the staff recommendations to:
- (a) Add factor (v) *Proximity of service performance information to actual–budget-comparisons* to the set of factors for consideration; and,
 - (b) Refer the following information items to staff for consideration within a broad review of information that the RPG either requires or encourages for presentation:
 - Information to link the financial and non-financial information;
 - Information on the applicable legislation; and
 - Discussion of significant services that have not been included in the service performance information and why those services have been excluded.

Issue 7 (SMC 7)—Presentation of Information within a Report

80. SMC 7 asked constituents whether they agreed with the ED's approach of allowing entities or jurisdictions to decide how to present information, applying the ED's principles, and not specifying one style of presentation such as, for example, a statement of service performance. Some respondents covered a wider set of presentation issues, including selection of information to be reported, rather than focusing on the organization of information within a report. The evaluation of responses focused on respondents' views on the SMC's intended topic.
81. Seventeen respondents agreed with the ED's approach (R3, R4, R5, R6, R7, R8, R9, R10, R11, R12, R14, R15, R16, R17, R18, R19, R21 and R22). One respondent partially agreed (R20), while three respondents disagreed (R10, R23 and R24). Three respondents did not comment (R1, R2 and R13).
82. Of those respondents who either disagreed or partially agreed, one wanted the ED to be more prescriptive (R10), while the other respondents raised issues outside of SMC 7's intended focus (R20, R23 and R24).

Staff Recommendation

83. Staff recommends that the ED's present approach to organization of information within a report be confirmed. No new, previously unconsidered concerns relevant to this SMC were identified by respondents, and most respondents supported the ED's approach.
84. Staff has noted respondents' specific suggestions, which will be considered during the next stage of development.

Action Requested:

7. Members are asked to **indicate** whether they agree with the staff recommendation to maintain the ED's approach to presentation of information within a report.

SMC 8—Information for Display and Disclosure

85. SMC 8 asked constituents whether they agreed with the ED's identification of information for display and disclosure. Sixteen respondents agreed with the information identified (R1, R3, R4, R7, R8, R9, R10, R11, R12, R14, R15, R16, R17, R18, R19 and R20). Four respondents disagreed (R6, R22, R23 and R24). Four respondents did not comment (R2, R5, R13 and R21).
86. Those respondents who disagreed gave the following reasons for their views:
- (a) The IPSASB should not develop pronouncements for reporting service performance information (R6 and R24) and service performance information should not be included with the financial statements (R6);
 - (b) The display requirements are not based on communicating key messages and the focus should be on inputs and outcomes, since these can be attributed to the entity's performance, while high-level narrative information about impacts should be included in narrative only (R22); and,
 - (c) The RPG's requires too much detailed information, and it is recommended that there be a breakdown between minimum requirements and other information (R23).
87. Two of these concerns are fundamental ones not specifically applicable to SMC 8. Reporting on outcomes (the respondent appears to mean outcome when speaking of "impacts") is not required, because the ED allows a choice of performance indicators and this is considered under SMC 9. The need to clearly distinguish between essential required information and other information was raised noted SMC 1 and is discussed further below.

Staff Recommendation

88. Staff recommends that the IPSASB confirm the ED's broad approach to information for display and disclosure, on the basis that most respondents agreed in broad terms with the ED's identification of information for display and disclosure.

Respondents' Views on Specific Information

89. The sixteen respondents who agreed with the ED's identification of information also provided specific suggestions to improve the RPG's coverage. The main issues raised are as follows:
- (a) The list of disclosures in paragraph 80 should be *required* rather than merely encouraged (R7, R8, and R14);
 - (b) Additional information should be *required*, specifically:
 - Display: Outcomes information should be required to be displayed; not merely encouraged (R7);
 - Narrative discussion and analysis should include information on significant lessons learned during the reporting period, and a plan of how the issues will be addressed in the future, which could also include areas requiring further evaluation, possible changes to strategies or refining the performance measures (R3). Performance often benefits from being considered in the context of an overall view of government policy and its aims, and the political context within which services are provided is also often relevant (R9).

- Disclosures on basis: Explanations of entity's outcomes, relationship between outcomes and services and how outcome performance indicators measure the extent to which outcomes have been achieved (R7); cross-entity disclosures (R7); clarify that the list is not exhaustive (R8); roles and responsibilities (R16);
- (c) Particular information should *not* be required, specifically:
- Display: Information on costs (R19, R23);
- Narrative discussion and analysis: Discussion and analysis (R23) other than a balanced explanation of the services presented; and,
- Disclosures on basis: Explanation of choice of information, information sources, and basis for cost determination (R23);
- (d) *Risk assessments*: The paragraphs on risk (paragraphs 76 and 77) should be replaced with a principle (R3); paragraph 76 should provide a boundary to prevent disclosures being too complex and burdensome (R8), should be made clearer (R20); and, the example in paragraph 77 should be deleted (R12) or replaced (R20).
90. Respondents also provided recommendations on ways to improve the RPG's coverage in ways that did not add or subtract from the set of information identified (R3, R4, R8, R12, R19, and R23). These specific suggestions will be considered and, to the extent appropriate, addressed during the next steps of developing the RPG.
91. Staff proposes to provide a recommendation on the two groups of information (requirements and encouragements) for the IPSASB's consideration in December.
92. Members' views on whether, given respondents' comments, paragraph 80 phrasing that the information listed "should be considered for disclosure" should instead be revised to become a requirement that entities "should disclose" those items.
93. Staff recommends that the information listed in paragraph 80 of the ED be required disclosures, because this information is necessary to achieve the financial reporting objectives.

Action Requested:

8. Members are asked to **indicate** whether they agree with the staff recommendations to:
- (a) Confirm the ED's broad approach to information for display and disclosure; and,
 - (b) Revise the draft RPG to *require* the disclosures in paragraph 80.

SMC 9—Choice of Performance Indicators

94. SMC 9 asked constituents whether they agreed with the ED's approach of providing principles and guidance for entities' choice of performance indicators, rather than requiring entities to report particular performance indicators. Respondents were also asked whether they agreed with the guidance and principles provided for this choice. Eighteen respondents agreed (R1, R3, R4, R5, R6, R7, R8, R9, R10, R11, R12, R14, R15, R16, R17, R18, R19, and R22). Four respondents disagreed (R20, R21, R23 and R24). Two respondents did not comment (R2 and R13).
95. The four respondents who disagreed did so for the following reasons:
- (a) Entities should be required to report all five types of performance indicators (R20);
 - (b) The output-outcome dichotomy will not be useful in practice, and economy indicators should be covered (R21);
 - (c) The RPG is too detailed and either details should be reduced or more guidance on how to apply the RPG's requirements should be provided (R23); and
 - (d) Service performance reporting is outside of the IPSASB's mandate (R21 and R24).

Staff Discussion and Recommendation

96. On the basis that there is support from most respondents for the RPG's approach and those respondents who disagreed have not raised any new issues, previously unconsidered by the IPSASB, Staff recommends that the IPSASB confirms the ED's general approach to choice of performance indicators and provision of principles and guidance for this choice.
97. Respondents had specific suggestions on ways to improve the ED's coverage of principles and guidance. For example two respondents recommended that outcome reporting be more clearly encouraged (R8, R12), while another emphasized the need for a balanced set of indicators (R7). These three respondents stated that they considered that ideally outcome reporting should be required. Another respondent recommended moving some of the Basis for Conclusions coverage into the RPG (R4). These specific suggestions will be considered and, to the extent appropriate, addressed in the revised draft RPG.
98. R8 recommended more coverage of what should guide the choice, specifically the applicable principles for deciding whether, and the circumstances in which, 'quantitative measures' or 'qualitative measures' or 'qualitative descriptions' about outputs and outcomes might be most suitable, individually or in combination.

Action Requested:

9. Members are asked to:
- (a) **Confirm** the ED's approach to presentation of information within a report; and,
 - (b) **Note** that respondents' specific suggestions (see above) will be considered by staff and the TBG during further development of the RPG.

STAFF SUMMARY OF RESPONSES TO EXPOSURE DRAFT ED 54 REPORTING SERVICE PERFORMANCE INFORMATION

Note: This paper includes extracts from each response received to the ED, which have been grouped to identify respondents' views on the Specific Matters for Comment (SMCs) set out in the ED as well as the key issues identified by staff. In some cases, an extract may not do justice to the full response. This analysis should therefore be read in conjunction with the submissions themselves.

Table of Contents for this Agenda Paper

Section	Page
List of Respondents	2
General Comments	4
SMC 1	16
SMC 2	26
SMC 3	38
SMC 4	44
SMC 5	49
SMC 6	56
SMC 7	62
SMC 8	66
SMC 9	74

List of Respondents

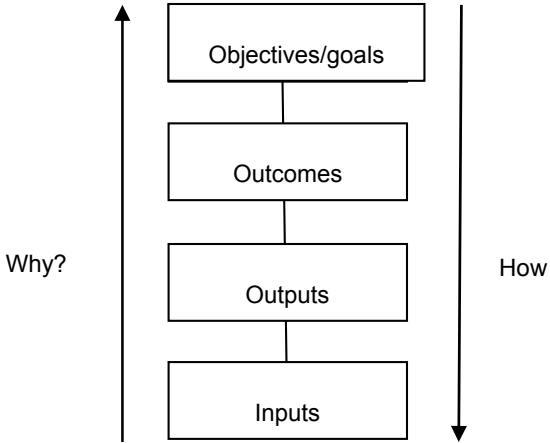
Response #	Respondent Name	Country	Function
001	ICGFM	International	
002	XRB External Reporting Board / NZ Accounting Standards Board	New Zealand	Standard Setter/Standards Advisory Body
003	Staff of the Public Sector Accounting Board (PSAB)	Canada	Standard Setter/Standards Advisory Body
004	Heads of Treasuries Accounting and Reporting Advisory Committee (HoTARAC)	Australia	Preparer
005	Zambia Institute of Chartered Accountants (ZICA)	Zambia	Member or Regional Body
006	Conseil de Normalisation des Comptes Publics (CNOCP)	France	Standard Setter/Standards Advisory Body
007	Australasian Council of Auditors-General (ACAG), Financial Reporting and Auditing Committee	Australia	Auditor
008	Australian Accounting Standards Board (AASB)	Australia	Standard Setter/Standards Advisory Body
009	Chartered Institute of Public Finance and Accountancy (CIPFA)	UK	Member or Regional Body
010	Institute of Chartered Accountants of Kenya	Kenya	Member or Regional Body
011	KPMG IFRG Ltd (KPMG Network)	International	Accountancy Firm
012	Governmental Accounting Standards Board (GASB)	U.S.A.	Standard Setter/Standards Advisory Body
013	ICAS	International	Member or Regional Body
014	CPA Australia and the Institute of Chartered Accountants in Australia	Australia	Member or Regional Body
015	Malaysian Institute of Accountants	Malaysia	Member or Regional Body
016	Institute of Chartered Accountants Ghana	Ghana	Member or Regional Body
017	Japanese Institute of Certified Public Accountants (JICPA)	Japan	Member or Regional Body
018	Association of Chartered Certified Accountants (ACCA)	International	Member or Regional Body
019	Secretariate of the Accounting Standards Board	South Africa	Standard Setter/Standards Advisory Body
020	Altaf Noor Ali	Pakistan	Individual
021	Cour des comptes	France	Audit Office

Staff Summary of Responses to Exposure Draft 54
IPSASB Meeting (September 2014)

Response #	Respondent Name	Country	Function
022	Ernst & Young Global Limited	International	Accountancy Firm
023	Swiss Public Sector Financial Reporting Advisory Committee (SRS-CSPCP)	Switzerland	Standard Setter/Standards Advisory Body
024	Direction Générale des Finances Publiques (DGFIP)	France	Preparer

R#	RESPONDENT COMMENTS GENERAL COMMENTS	STAFF COMMENTS
001	The International Consortium on Governmental Financial Management (ICGFM) welcomes the opportunity to respond to Exposure Draft (ED) 54 distributed by the IPSASB on RPG 3, "Reporting Service Performance Information". We are pleased that the IPSASB is recommending some practice guidelines in this area.	Support for RPG on service performance reporting (SPR).
002	<p>Thank you for the opportunity to comment on ED 54, <i>Reporting Service Performance Information</i> (ED 54). ED 54 was exposed in New Zealand and some New Zealand constituents may have made comments directly to you.</p> <p>We are pleased that ED 54 addresses many of our comments on the Consultation Paper <i>Reporting Service Performance Information</i>.</p> <p>In our view, the overall performance of public sector entities cannot be fully reflected in financial statements alone. Financial information needs to be assessed having regard to the services delivered, which are reflected in service performance information.</p> <p>We understand the IPSASB's rationale for developing a Recommended Practice Guideline (RPG). We consider the RPG to be appropriate at this time and a good starting point. However, as a jurisdiction that has been doing service performance for more than 20 years, we consider that detailed guidance and enhancements will be required in the future.</p> <p>We would encourage the IPSASB to consider developing a standard on reporting service performance information at a later stage. Developing a standard would be consistent with the objective of general purpose financial reporting in that it would assist entities to provide information useful for accountability and decision making purposes. Further, the importance of information on service performance is highlighted in the IPSASB's <i>Conceptual Framework</i> (2013), which explains that the primary objective of governments and most public sector entities is to provide services to constituents¹.</p> <p>We broadly support the proposals in the ED. Although we have not responded to the Specific Matters for Comment, we have one comment that we believe is important for the IPSASB to consider before finalising the RPG.</p> <p>We agree that an entity should be able to select the types of performance indicators that it reports. However, we consider that the RPG could provide more guidance on, or examples of, the potential linkages between the types of performance indicators to assist an entity in selecting indicators. The selection of appropriate performance indicators is fundamental to assessing how well an entity has met its objectives.</p>	<p>View that reporting on services is necessary.</p> <p>Support for RPG on SPR.</p> <p>Encourages IPSASB to develop an IPSAS in future.</p> <p>Broad support for ED proposals.</p> <p>RPG should provide more guidance on linkage between types of performance indicators to assist entities' selection of indicators.</p>

¹ IPSASB *Conceptual Framework* (2013), paragraph 2.22

R#	RESPONDENT COMMENTS GENERAL COMMENTS	STAFF COMMENTS
	<p>The RPG would benefit from a clear explanation of how the performance indicators are linked. Our views on the linkages are set out in the following diagram.</p>  <p>The “why” question will get an entity from its inputs via outputs and outcomes to its end goals or objectives; that is, the question will help an entity explain why it uses various inputs to produce certain outputs, to influence certain outcomes, to ultimately achieve its objectives. The “how” question will take an entity from its end goals or objectives via outcomes and outputs back to its inputs; that is, the question will help an entity explain how to achieve its objectives by influencing certain outcomes, by producing certain outputs, by using various inputs.</p> <p><u>Footnote:</u> (1) IPSASB <i>Conceptual Framework</i> (2013), paragraph 2.22</p>	<p>Diagram shows linkage between indicators.</p> <p><i>Staff:</i> Include specific recommendation as part of broader issue re. more guidance in the RPG.</p>
003	<p>Thank you for the opportunity to provide input on the Exposure Draft, <i>Reporting Service Performance Information</i>. We feel that this project is an important initiative as the resulting guidance will assist public sector entities in meeting their responsibility of being publicly accountable and in providing users with information which is useful for decision-making purposes.</p> <p>Overall, PSAB staff is in support of the proposals in the Exposure Draft.</p> <p>General Comments</p> <p>a) <i>Non-authoritative guidance</i></p> <p>PSAB staff agrees with the IPSASB decision to issue non-authoritative guidance. An authoritative standard would also achieve the objectives; however, it could discourage public sector entities that do not have the resources, capacity and experience to prepare a service performance information report from adopting IPSASs. Further, the area of reporting of service performance information is an evolutionary process which builds on research, experimentation, practical experience and consensus and will therefore require time to mature.</p>	<p>Support for RPG on SPR.</p> <p>Support for ED proposals.</p> <p>Important that guidance be non-authoritative.</p> <p><i>Paragraph 4:</i> Issue re. term “compliance”.</p>

R#	RESPONDENT COMMENTS GENERAL COMMENTS	STAFF COMMENTS
	<p>The framework will encourage public sector entities that choose to report service performance information to report on a consistent basis and ensure comparability of service performance information among public sector entities.</p> <p>Given that the Recommended Practice Guideline is non-authoritative, paragraph 4 of the Exposure Draft may be problematic in this regard. It states service performance information should not be described as complying with the Recommended Practice Guideline unless it complies with all the requirements. Although this paragraph is included in both RPG 1, <i>Long term sustainability of public finances</i> and RPG 2, <i>Financial statement discussion and analysis</i>, it may not be appropriate for service performance reporting due to its evolving nature and the diversity of existing practice. This Recommended Practice Guideline is intended to help preparers develop effective methods of reporting on service performance.</p> <p>The RPG could acknowledge that service performance reporting is evolutionary and allow that entities could progress to an outcome reporting model over time as they develop capacity and experience. This would be consistent with the fact that performance reporting practices are an evolutionary process. It also recognizes that some recommended practices require more effort than others to implement and, therefore, full implementation of all of the recommended practices will likely be achieved progressively.</p> <p>Non-authoritative guidance may encourage public sector entities to include the components of the reporting framework and use a standardized terminology proposed in the Recommended Practice Guideline. As entities experiment with applying the principles, it may be the precursor to issuing an IPSAS in the long term. Non-authoritative guidance may encourage public sector service performance reporting to continue evolving over time while enhancing comparability of the service performance information that is reported by those public sector entities that choose to do so.</p> <p><i>b) Best practice guidance</i></p> <p>IPSASB is proposing to issue a Recommended Practice Guideline that sets out principles based framework for the reporting of service performance information by public sector entities. The Recommended Practice Guide is intended to focus on reporting service performance information that meets the needs of users of General Purpose Financial Reports. The Recommended Practice Guideline has been structured to accommodate diverse accountability and decision-making contexts world-wide. It also recognizes the divergent information needs of users arising from the nature of the services provided and the context for their provision. The IPSASB concluded that a Recommended Reporting Guideline should be able to be applied to entities in jurisdictions where service performance reporting requirements already exist.</p> <p>Service performance reporting has historically focused on input and output measures. The performance information was used in assessing how efficiently entities used resources to provide services. The performance information tended to be more quantitative in nature. These indicators have been used in management of operations when comparing actual performance to benchmarks and experience of other entities.</p> <p>More recently, it is generally accepted that one of the main objectives of service performance reporting for public sector entities is to provide information useful for evaluating the effectiveness of the entity in achieving its policy objectives. Those policy objectives may be set out by legislative mandate, budget, speech from the throne or strategic plan are being met. Service performance is reported in order to demonstrate accountability as to how public policy objectives are being met.</p>	<p><i>Staff:</i> Note that issue was discussed by IPSASB during ED development and decision made to use "compliance". But note respondent's arguments in favor or reconsideration.</p> <p>Recommend that RPG acknowledge that SPR is evolutionary, with outcome reporting being the goal.</p> <p>An IPSAS could be issued in the long term.</p>

R#	RESPONDENT COMMENTS GENERAL COMMENTS	STAFF COMMENTS
	<p>This is consistent with the Basis of Conclusion appended to the Recommended Practice Guideline. It states that the recommended reporting practice is underpinned on the principle that public sector entities discharge their obligations to account for, and justify the use of, the resources raised from constituents through service performance reporting. The information in the report should aide users assess the entity's achievement of service delivery objectives. Comparison between service delivery objectives and achievements during the reporting period should also assist in making decisions about the future allocation of resources among competing programs.</p> <p>The closest the Exposure Draft comes to incorporating this conclusion is in paragraph 55 that states, "An entity is encouraged to display information about its intended outcomes and its achievements with respect to those outcomes." This paragraph, however, fails to recognize such reporting as a recommended best practice.</p> <p>Reflecting that the primary objective of a service performance report is accountability, it should describe the strategic direction of the public sector entity. The strategic direction reflects an entity's high-level priorities and long-term goals. The service performance report needs to present time-oriented service performance information that would assist users make periodic assessments of the degree to which progress is being made in the achievement of certain goals and objectives.</p> <p>It is recommended that the Recommended Practice Guide should state upfront that the ultimate goal of a service performance report should be to provide information about the entity's intended outcomes and its achievements with respect to those outcomes. Providing information on outcomes assists users assess whether the entity's service provision is having the intended effect and whether the resources spent on services are producing the intended results. To encourage preparers to adopt the Recommended Practice Guideline, it could acknowledge that initially preparers may not be able to comply with all the requirements of this RPG.</p>	<p>Provide stronger encouragement for outcome reporting as the ultimate goal. Note that paragraph 55 is insufficient.</p> <p><i>Staff:</i> Underlying issue is whether to (a) speak of compliance <i>vis a vis</i> a permissive RPG, or (b) allow for non-compliance <i>vis a vis</i> a more challenging, less permissive RPG.</p>
004	<p>HoTARAC supports the IPSASB's ongoing efforts in developing specific requirements and guidance for public sector issues, such as the planned Recommended Practice Guideline for reporting service performance information. Although the requirements in ED 54 provide a worthwhile foundation, current frameworks within Australian public sector jurisdictions generally contain more detailed requirements.</p> <p>HoTARAC does not have any significant concerns with the proposals in ED 54.</p> <p>General comments</p> <p>HoTARAC commends the IPSASB's efforts in developing a Recommended Practice Guideline for reporting service performance information. HoTARAC supports the IPSASB's strategy to develop specific requirements and guidance on public sector issues.</p> <p>HoTARAC recognises that the primary function of governments and most public sector entities is to provide services to constituents. Users of General Purpose Financial Reports (GPFRs) require information on service performance to hold entities accountable and to make decisions with respect to resource allocation and service provision.</p>	<p>Support for RPG on SPR.</p> <p>Support for ED proposals—"no significant concerns".</p> <p>View that SPR is necessary.</p>
005	<p>We commend the IPSASB on its efforts towards developing Recommended Practice Guideline (RPG) so that guidance on reporting service performance information would be provided to users. Service performance reporting would help ensure that users have the information necessary for assessing the service performance of a public sector entity and comparability would be enhanced.</p>	<p>Support for RPG and for SPR.</p>

R#	RESPONDENT COMMENTS GENERAL COMMENTS	STAFF COMMENTS
006	<p>As an introductory remark, the Council wishes to stress the undeniable interest of the subject of public sector performance, particularly in the current context of crisis in public finance and demand for greater transparency.</p> <p>Nevertheless, the Council, which has had the opportunity on several occasions to comment on the IPSAS Board's Work Program, maintains its point of view that the IPSAS Board should give priority to developing a complete set of accounting standards adapted to the public sector.</p> <p>Performance is a vast subject and two different reporting approaches might possibly be adopted; one of these would be to provide accountability information on the main public service missions, and the other, in addition to providing accountability information would be to make value judgments on, for example, the implementation of the budget or the success of social or health policies, etc. Whilst the Council recognizes, in principle, the need for public entities to be accountable for the policies, missions and actions which they conduct, the Council is opposed to any form of service performance report containing this kind of critical analysis and value judgment.</p> <p>Moreover, the Council wishes to repeat the remarks it made in response to the previous consultation, namely that the IPSAS Board does not have the authority to undertake this kind of exercise. Indeed, the Council believes that the subject of performance is by essence political and cannot readily be dealt with through accounting standards (or Recommended Practice Guidelines) and is therefore outside the terms of reference of the IPSAS Board.</p> <p>No accounting standard setter whatsoever really has the legitimacy necessary to assess the financial and non-financial performance of public policies and services delivered by public entities. Communication assessing the achievement of public policy goals is the sovereign responsibility of national legislative authorities that define the objectives of public policy as well as the expected outcomes and monitoring achievements.</p> <p>As stated in the Council's response of the 4th May 2012 to the previous consultation on this subject, and even supposing a definition of GPFR (General Purpose Financial Reports) existed, the Council would not be in favour of introducing a supplementary performance report, as each jurisdiction is in a position to introduce the mechanisms suited to its own circumstances. The Council is also totally opposed to including this type of service performance information in the financial statements (General Purpose Financial Statements). In order to illustrate these comments, the Council has included an appendix giving an overview of the way France has dealt with the issue of public sector performance, starting with the Central Government and then extending the scope of the measures to other public entities.</p>	<p>Does not support IPSASB work on SPR.</p> <p>IPSASB does not have authority to address SPR.</p> <p>SPR cannot be addressed through accounting—either IPSASs or RPGs.</p> <p>Only “sovereigns” can assess performance against public policy objectives.</p> <p>SPR should be jurisdiction specific. (France’s approach provided.)</p>
007	<p>ACAG supports the Recommended Practice Guideline (RPG) noting it provides a set of principles for a framework for the reporting of service performance information. ACAG notes that the RPG seeks to outline minimum requirements which need to be met for an entity to comply with these guidelines. However, when comparing the principles to more mature frameworks in Australia, ACAG believes that some changes to the RPG will benefit users. In consideration of this view, when addressing the specific matters for comment, ACAG provides additional comments and suggestions for improvement.</p>	<p>Support for RPG on SPR. (Has specifics on RPG improvements.)</p>
008	<p>The Australian Accounting Standards Board (AASB) is pleased to provide comments on the IPSASB Exposure Draft ED 54 <i>Reporting Service Performance Information</i> (the ED). The AASB welcomes the work of the IPSASB in this area and sees it as a positive step towards facilitating improvements to the quality of service performance reporting by public sector entities.</p>	<p>Support for RPG on SPR.</p>

R#	RESPONDENT COMMENTS GENERAL COMMENTS	STAFF COMMENTS
	<p>The AASB notes that the ED is written within the context of the IPSASB's Conceptual Framework and the IPSASB's suite of pronouncements. It is within that context that the AASB expresses its comments.</p> <p>While the AASB broadly agrees with many of the specific proposals, it has a number of suggested improvements. The AASB's main comments on the ED, which are expanded on in the attached Appendix, include:</p> <ul style="list-style-type: none"> the Recommended Practice Guideline (RPG) could usefully make clear that the service performance information an entity should provide should be driven by the entity's objectives; in that regard, it would be useful for the RPG to include guidance on the development of relevant objectives, as this is critical to meaningful outcome assessments. The guidance should also highlight the key attributes of a good objective (i.e., it is assessable, there is a clear nexus between the objective and outcomes); despite the RPG's non-mandatory status, striking a more appropriate balance between improvements to the quality of service performance reporting practices and the costs entities might incur to make such improvements would benefit users of general purpose service performance information; and the RPG should further emphasise the principles for and the circumstances in which 'quantitative measures' or 'qualitative measures' or 'qualitative descriptions' about outputs and outcomes might be most suitable, individually or in combination. 	<p>Broad support for ED proposals.</p> <p>Summary of four suggested improvements.</p> <p><i>Staff:</i> Note suggested specific improvements.</p>
009	<p>General comment</p> <p>This exposure draft is one of a number of initiatives which relate to reporting that goes wider than financial statements, and which has to date resulted in RPG1 <i>Reporting on the Long Term Sustainability of a Public Sector Entity's Finances</i> and RPG2 <i>Financial Discussion and Analysis</i> which IPSASB issued in 2013. The main counterpart of these types of reporting for the private sector is <i>Management Commentary</i> on which the International Accounting Standards Board (IASB) issued a Practice Statement in December 2010.</p> <p>In line with our response to the 2012 Consultation Paper Reporting Service Performance Information, CIPFA supports the issuance of a Recommended Practice Guideline on this important topic.</p> <p>In general, we consider that the ED does a good job of setting out recommended practice of providing information on performance, having regard to the potential subjective aspects and difficulties in measurement.</p> <p>However, performance often benefits from being considered in the context of an overall view of government policy and its aims. The political context within which services are provided is also often relevant. While it may be difficult to provide concrete guidance on how to address these factors, it would be helpful to briefly mention them.</p>	<p>Support for RPG on SPR.</p> <p>Broad support for ED proposals.</p> <p><i>Staff:</i> Note suggested specific improvement.</p>
010	<p>The Institute believes that the proposed recommended practice guideline provides a platform to enhance disclosure of service performance in a manner that will enhance comparability of service performance reports/financial statements. It will also ensure that financial statements are more useful. We support the Board's decision to consider application of the qualitative characteristics to service performance information, thus aligning with those of financial information as contained in the IASB's conceptual framework financial reporting.</p>	<p>Support for RPG on SPR. Broad support for ED proposals.</p>

R#	RESPONDENT COMMENTS GENERAL COMMENTS	STAFF COMMENTS
011	Reporting information on service performance is an important aspect of financial statements, especially in the public sector. We therefore welcome the Board's initiative in developing this Guideline and support the establishment of good practice in this area. We have considered the specific matters for comment in the ED and have some comments on specific issues addressed therein.	Support for RPG on SPR.
012	<p>As mentioned in our comments on the Consultation Paper (CP), in June 2010 the GASB issued a Suggested Guideline for Voluntary Reporting, SEA Performance Information (Suggested Guidelines). The GASB staff responses provided have been influenced by the suggested guidelines on what it believes are the most fundamental issues associated with the reporting of service performance that will assist users in assessing governmental accountability and making economic, social, and political decisions and demonstrating their accountability, including stewardship over public resources.</p> <p>Most of the issues noted in our response to the Consultation Paper have been addressed in the ED. The GASB staff compliments the IPSASB in developing what we believe is a comprehensive approach to the reporting of service performance information.</p>	Support for RPG on SPR. Broad support for ED proposals.
013	<p>We are supportive of the principles of performance reporting set out in the Exposure Draft and agree that it should not be prescriptive or try to give specific examples of KPIs as an organisation is best placed to select those most appropriate. Some specific observations include:</p> <ul style="list-style-type: none"> • Targets need to be credible and stretching, to promote confidence and to avoid the risk of manipulation. Some form of independent benchmarking can support this. • We suggest that the characteristics of effective benchmarking could be communicated e.g. development of a common basis/ formula to ensure consistency and comparability and use of dashboards. Sector bodies can also facilitate access to data sets to support analysis . • We would prefer the term 'balanced' instead of 'neutral' and 'unbiased' (e.g. paragraphs 34 & 57) to encourage organisations to provide an objective assessment of both achievements and areas for further improvement. • A key step to emphasise is to help determine the level and type of performance information to report is to identify the users. A public report is best focused at the strategic level, based on a small number of key indicators (which can be drilled into if required) to minimise information overload. This needs to be clearly differentiated from internal management monitoring and reporting which is likely to operate at a more detailed level. • We suggest greater emphasis is needed to explain the connection between intended outcomes and the measures selected to assess progress. To support effective implementation, we would suggest introducing a middle stage between the objective and KPI, being 'critical success factors'. This can be particularly useful where the intended outcomes will only be achieved over a long time period e.g. outcomes relating to health improvement. This step can help to identify the factors which need to be in place to support the achievement of the objective (what we want to achieve); from there it is easier to identify the KPI to measure progress towards achievement of the objective. • The exposure draft is detailed and comprehensive. To simplify and encourage adoption, we suggest greater use of diagrams. An example could be to explain how a performance management framework works, including how it is based on a hierarchy pyramid which feeds a small number of strategic objectives to help organisations to focus on identifying relevant indicators. 	<p>Support for RPG on SPR. Broad support for ED proposals.</p> <p><i>Staff:</i> Note suggested specific improvement.</p>

R#	RESPONDENT COMMENTS GENERAL COMMENTS	STAFF COMMENTS
	<ul style="list-style-type: none"> It would be helpful if the document is significantly shortened and simplified to ensure key messages and principles are highlighted more clearly. We question whether the volume of detail provided in the paper is necessary. There is some repetition in the document which could be removed (e.g. elements of paragraphs 22 and 30 are repeated later in paragraphs 59 and 60). 	
014	<p>CPA Australia and the Institute consider the reporting of service performance information will be necessary to meet the accountability and decision making purposes of general purpose financial reports, as articulated by the International Public Sector Accounting Standards Board. Nonetheless, we consider it premature to require such reporting and we agree that the development of non-mandatory guidance that represents good practice is appropriate.</p> <p>We do not have any significant concerns with the proposals in the ED. Our detailed response to the specific matters posed for comment is contained in the attached appendix.</p>	<p>View that reporting on services is necessary.</p> <p>Support for RPG on SPR.</p> <p>Broad support for ED proposals.</p>
015	We agree with the Specific Matter for Comments ("SMC") raised in the ED except as set out below.	<i>(Comments relate to SMCs 1 and 5.)</i>
016	We welcome the opportunity to respond to the Exposure Drafts on Reporting Service Performance Information, which address fundamental questions of public sector accounting and financial reporting.	
017	<i>(None.)</i>	
018	<p>SUMMARY</p> <p>ACCA agrees with the principle of public entities reporting service performance information and the proposals set out in the Exposure Draft. In March 2012 we shared with the IPSASB our publications on the topic of 'making outcomes count' and we are pleased to see that there is consistency with what is being proposed in ED54.</p> <p>We would like to make two overarching points. Firstly, the exposure draft may benefit from setting out the specific performance measures in a diagrammatical form to illustrate the links between the different measures. For example, the relationships between economy, efficiency and effectiveness and inputs, outputs and outcomes. Secondly, the exposure draft is light on referencing to new reporting developments, such as integrated reporting and its potential impact on reporting service performance in the future. In order to future proof the document the IPSASB should consider acknowledging these new reporting developments.</p> <p>We are in broad agreement with the proposals in ED54 and have nothing to add in relation to specific comments 6 to 9.</p>	<p>View that reporting on services is necessary.</p> <p>Broad support for ED proposals.</p> <p><i>Staff:</i> Note suggested specific improvements.</p> <p><i>Note:</i> Broad agreement for ED proposals.</p> <p>Nothing to add on SMCs 6–9</p>
019	<p>Overall, we are supportive of the proposal to introduce a principle-based approach to develop a consistent framework for reporting service performance information that will meet user needs. Reporting of information about service delivery activities, achievements and outcomes during the reporting period is necessary for governments to achieve public accountability. We are of the view that this type of reporting is critical to governments and to address users' needs with respect to particular services. Given the importance of this information, we would like to see the IPSASB developing mandatory requirements on reporting service performance information in the future.</p> <p>PART II – GENERAL COMMENTS</p>	<p>Support for RPG on SPR.</p> <p>View that reporting on services is necessary.</p> <p>Recommend IPSAS in future.</p>

R#	RESPONDENT COMMENTS GENERAL COMMENTS	STAFF COMMENTS
	<p><u>Minimum information requirements</u></p> <p>We support the IPSASB's decision to adopt an approach to provide principles and guidance, and recommend minimum requirements for reporting service performance information. During our consultations, there was significant uncertainty about what these minimum requirements are. These minimum requirements have not been clearly set out in the RPG and we are concerned that entities planning to report service performance information in the future, or those with limited knowledge of reporting service performance information, may not be able to make a distinction between the minimum requirements and additional requirements. Also, if the minimum requirements are not clear, then compliance with the RPG is difficult to assess. As an example the reference to the words "should be considered for disclosure" in paragraph 80 does not clearly suggest whether these disclosures are minimum requirements or additional requirements. We suggest that the IPSASB revisits the wording used throughout the RPG to clarify this issue.</p> <p><u>Establishing service performance objectives</u></p> <p>Given the diverse service performance objectives and service delivery contexts, we understand the IPSASB's challenge in developing guidance that would be useful to all public sector entities that elect to apply the RPG. Considering that the RPG will be used by public sector entities, including some with no or limited knowledge on reporting service performance information, we are concerned that the RPG is silent on the importance of implementing a robust performance management framework to assist in setting service delivery objectives. We are of the view that reporting service performance information cannot be separated from the process of performance management. We suggest that the IPSASB considers including a brief discussion on the importance of a credible performance management process to identify service performance objectives which should then be included in the entity's strategic or operational plan.</p>	<p><i>Staff:</i> Note suggested specific improvements.</p>
020	<p>We wish to place on record our sincere admiration for the hard work done by the Board and its staff for enhancing the quality and consistency of practice throughout the world and strengthening the transparency and accountability of public sector finances.</p> <p>We are also pleased to convey our impression of the proposed Recommended Practice Guideline (RPG3). RPGs provide guidance on good practice in preparing general purpose financial reports (GPFRs) that are not financial statements. Unlike IPSASs RPGs do not establish requirements. Currently all pronouncements relating to GPFRs that are not financial statements are RPGs.</p> <p>Our comments are in two parts: responses to specific questions raised in the explanatory memorandum and recommended specific changes to wordings.</p> <p>[Abbreviations: spi = service performance information; p. = para in the proposed RPG3 followed by number (capital "BC" with number refers to the para in the "Basis of Conclusion"), RPG = RPG3 = proposed Recommended Practice Guideline 3, Board = IPSAS International Public Sector Accounting Standards Board, IFAC= International Federation of Accountants].</p> <p>Summary of our Comments:</p> <p>Enlarge the RPG's scope to include public as well as non-public sector entities¹. Provide specific guidance on the selection and reporting of spi. Clearly designate the requirements in bold text². State consistently that the service performance information assists the users to assess the entity's service efficiency and effectiveness³. Define the term "entity" to include a single or multiple activity, program, project, etc. Identify the key personnel of the entity and those engaged in compiling spi. Recognise explicitly</p>	<p><i>Staff:</i> Note suggested specific improvement.</p>

R#	RESPONDENT COMMENTS GENERAL COMMENTS	STAFF COMMENTS
	<p>that the quality of spi is directly dependent on the system of processing transactions in place⁴. Define, identify, measure, record, and report - input and output. Take proper measures for maintaining the integrity of spi; perhaps its time now to acknowledge the natural tendency to present performance indicators that are biased towards reporting positive results⁵. Recognise access to information by the public as a qualitative characteristic of information; also, what's reported should be made user-friendly (e.g., visuals and simple/local non-technical language). Cross-reference the rpg with its basis of conclusion to facilitate readers. Include as specific matter for comments, feedback from commentators on the impact of the ED on the local practices.</p> <p>Footnotes:</p> <p>(1) The entities in non-public sector known as non-governmental organizations (ngo) in many cases compliment, supplement or provide services similar to the public sector entities. The RPG may be equally be applicable to them.</p> <p>(2) The RPG identifies no requirements but asserts in p.5: "Service performance information should not be described as complying with this RPG unless it complies with all the requirements of this RPG." Right next to the title page of this RPG, it asserts: "Unlike IPSASs RPGs do not establish requirements."</p> <p>(3) Whereas the statement in para 1 is tentative and perhaps inaccurate. "Service performance information can also assist users to assess the entity's service efficiency and effectiveness."</p> <p>(4) This is about making available human and material resources. See p.54: "Indicators that involve quantification should be able to be measured reliably."</p> <p>(5) The assertion in p.57 is: "Entities should avoid any tendency to present performance indicators that are biased towards reporting positive results. " It is not entities but key personnel. Also in p.79 it permits the same: "Judgment will be involved in deciding what information needs to be disclosed."</p>	
021	<p>The Cour des comptes (for the Central Government and the social security), and the "chambres regionales des comptes » (for the local authorities) have a legal mission of appreciation of the performances of the policies and of the management of the public entities within their field of competencies.</p> <p>But the Court considers that this specific field is not relevant for the IPSAS Board, whose priorities should be focused on financial statements and accounting standards. This field is different from the appreciation of the performance. The Court is vigilant, for its part, to dissociate, in its own missions, those dealing with the external audit of the financial statements from those looking at the appreciation of the performances of the public entities.</p> <p>One has in fact to observe that reporting on performance deals with a much wider perimeter than the financial statements:</p> <p>Performance has at first to be measured in reference to the objectives of an entity or a policy. It may be measured through many indicators, some of them having no link with the financial statements, such as, for example, indicators of quality of service or physical and non-monetary indicators, or indicators focused on target rates of projects achievement, that have no necessary linkage with elements recognized and measured in the financial statements.</p>	Does not support IPSASB addressing SPR.

R#	RESPONDENT COMMENTS GENERAL COMMENTS	STAFF COMMENTS
	<p>Another point is the difference in nature between the financial statements and the reports on service performance described in the ED 54. The view of the Court is that the financial statements have to follow the periodicity of the fiscal years and annual cycles, when performance measurement may more adequately follow multi-year cycles, depending from the duration and the target dates of achievements of the policies or programs. This point may be illustrated, at least in France, through the reports on multi-years programs or actions, elaborated in support of the budgetary debates for the central state budget, or on the multi-year conventions of objectives monitoring the entities of the Social security or other public sector bodies, all of them including a large numbers of performance indicators assigned on four or five years periods.</p> <p>The Court then dreads that the proposed RPG might bring results opposite to the alleged purposes, through an impoverishment of existing reporting on performance in those entities already practicing it in support of their budgetary debates or through a reduction to a minimum, as mentioned in para 6 of the ED. In spite of its non mandatory qualification, the RPG might in the future become an implicit reference, assimilated to recommended good practices, even if its real nature would be closer to minimal prescriptions. This could contribute to deteriorate existing and more ambitious best practices.</p> <p>More generally, for the Court, appreciation on service performance is a step in the budgetary processes, preparing the decisions of the voting authorities on objectives and resources or reporting to them on the rate of achievement, results and use of resources compared to commitments. The reporting tools on service performance are useful in their range, as well as financial statements in their own field, which is not the same being focused on financial and accounting information for each fiscal year. The IPSAS Board should remain in priority within the boundaries of this specific field.</p>	
022	We generally agree and support the IPSASB's proposal on reporting service performance information support as this guidance fills a gap in this area of reporting by public sector entities.	Support for RPG on SPR.
023	<i>(None.)</i>	
024	<p>In an international context of global economic and financial crisis there is an increased need for transparency in public accounting, as well as for strict control over public finances and the performance of government actions.</p> <p>However, DGFIP believes that public service performance evaluation is outside the scope of accounting and therefore of a standard-setter such as the IPSAS Board. In our view, the development by the IPSASB, of a Recommended Practice Guideline on reporting service performance information is irrelevant. Indeed, service performance is a fundamental principle of the sound and effective management of public resources necessary to optimise the implementation of public policy. It is not therefore an accounting issue.</p> <p>Moreover, the choice and monitoring of public policies and performance evaluation are sovereign prerogatives reflecting the institutional structure of each jurisdiction. The key reasoning underlying the monitoring of service performance, that is the conduct of public policies, objectives, performance indicators, the frequency of monitoring and reporting, are specific to and determined by each jurisdiction. This strategic approach cannot be broken down into accounting concepts. Indeed, the entity reporting service performance, the reporting boundary, the reporting period and the place of the performance report in relation to the financial</p>	<p>Does not support IPSASB addressing SPR.</p> <p>View that SPR is sovereign prerogative, should be kept separate from accounting, and kept jurisdiction specific.</p>

R#	RESPONDENT COMMENTS GENERAL COMMENTS	STAFF COMMENTS
	<p>statements cannot be determined by reference to financial reporting principles. Thus, assimilation of the two approaches ignores the true meaning of performance, which consists of monitoring the quality of the public policies implemented and the efficient use of resources, in order to justify public expenditure.</p> <p>In its generally accepted meaning, service performance in the public sector implies accountability to the user, the taxpayer and the citizen. Indeed, it must be conceived in terms of:</p> <ul style="list-style-type: none"> • socio-economic effectiveness which is of interest to the citizen ; • the quality of service delivered which is of interest to the user ; • management efficiency which is of interest to the taxpayer. <p>Service performance information takes on its full meaning when these three approaches are combined. In the present case, the IPSASB's approach is purely user oriented and does not therefore fully address the issue of service performance.</p>	<p><i>Staff.</i> Note that “users” include citizens and taxpayers (see Conceptual Framework paragraphs 2.3 to 2.6).</p>

Specific Matter for Comment (SMC) 1:

Do you generally agree with the proposals in the ED? If not, please provide reasons.

STAFF ASSESSMENT OF RESPONSES RECEIVED: These are staff views and do not necessarily reflect the views of IPSASB Members

CATEGORY (C #)	RESPONDENTS (R #)	TOTAL
A – AGREE	001, 002, 003, 004, 005, 007, 008, 009, 010, 011, 012, 013, 014, 015, 016, 017, 018, 019, 020, 022	20
B – PARTIALLY AGREE		0
C – DISAGREE	006, 021, 023, 024	4
SUB-TOTAL OF THOSE PROVIDING COMMENTS		24
D – DID NOT COMMENT		0
TOTAL RESPONDENTS		24

R#	C#	RESPONDENT COMMENTS SMC 1	STAFF COMMENTS
001	A	We are pleased that the IPSASB is issuing authoritative guidance that gives public sector entities the option of issuing a service performance report to apply the guidance rather than requiring adherence to the guidance. There are many entities which are not in a position to report on service delivery.	
002	A	<i>(See general comment.)</i>	
003	A	Subject to the General Comments above, we generally agree with the proposals in the Exposure Draft.	
004	A	HoTARAC generally agrees with the proposals in the ED. The reporting of service performance information is necessary to meet the objectives of financial reporting i.e. accountability and decision-making. Reporting of service performance information facilitates transparency, continuous improvement in performance, and greater trust and confidence in public sector service delivery.	
005	A	We do generally agree with the proposed recommended practice guideline, as it would provide guidance on reporting service performance information. Government and Public sector entities should be assessed in the context of the achievement of service delivery objectives, therefore provision of non-financial would enhance the usefulness of the financial information.	

R#	C#	RESPONDENT COMMENTS SMC 1	STAFF COMMENTS
006	C	<p><i>The Council believes that the subject of performance is by essence political and cannot readily be dealt with through accounting standards and is therefore outside the terms of reference of the IPSAS Board. Consequently, the comments made in response to this question should not be interpreted as agreement with ED54.</i></p> <p>The Council generally disagrees with the proposals in the ED because it believes that service performance information can in no circumstances be linked to the financial statements.</p> <p>For this reason, the Council disagrees with certain points in the ED. These points include:</p> <ul style="list-style-type: none"> - the location of disclosures, - and the boundary for reporting entities. <p>The ED proposes that service performance information should be presented as part of a report that includes the financial statements, or in a separately issued report. However, the wording of the ED is ambiguous. Indeed, it does not specifically refer to either “<i>General Purpose Financial Statements</i>” or “<i>General Purpose Financial Reports</i>”. The Council is uncertain whether the IPSAS Board is suggesting a different form of communication. Whatever solution is adopted (report including the financial statements as opposed to GPFS, or GPFR), the Council disagrees with linking service performance information to the financial statements.</p> <p>The ED requires service performance information to be presented by the same reporting entity as for the financial statements. In the Council’s opinion, the definition of the reporting entity for service performance purposes should be adaptable according to the circumstances prevailing in different jurisdictions. Accordingly, service performance reporting should not necessarily be linked to the legal structure of public entities; otherwise it could be distorted by the existing organisational or funding structures. Conversely, reporting information by mission or public service programme may prove more relevant.</p>	<p>Generally disagrees due to fundamental disagreement with application of accounting to SPR.</p> <p><i>Staff:</i> Note two specifics; (a) ED ambiguity with respect to location of SPR, and (b) disagreement with use of same reporting entity. (Also raised under SMCs 3 and 6.)</p>
007	A	ACAG generally agrees with the proposals in the ED. The reporting of service performance information is an important step in assisting users in assessing whether an entity is performing efficiently and effectively against its specified objectives.	
008	A	<p>The AASB considers that the proposals in the ED show the extent of work undertaken by the IPSASB to date with the preceding Consultation Paper and, in general, agrees with many of the proposals. In addition to some specific issues noted in response to later SMCs the AASB has the following comments and suggestions for improvements.</p> <p>Whilst acknowledging the reasons why Government Business Enterprises (GBEs) are scoped out of the proposed Recommended Practice Guideline (RPG), the AASB suggests that perhaps, in due course, the IPSASB could provide guidance for GBEs reporting service performance information about their non-commercial operations, such as their performance in fulfilling community service obligations. In the meantime, perhaps GBEs could be encouraged to consider applying relevant aspects of the RPG on a voluntary basis.</p> <p>The AASB considers that service performance information is potentially broader than what is contemplated in the ED. However, for the purpose of the RPG and therefore General Purpose Financial Reports (GPFRs), the AASB agrees that the RPG should be constrained in the same way as expressed in paragraph 1 (second sentence) of the ED. For clarity, the</p>	<p><i>Staff:</i> Note suggested specific improvements.</p> <p><i>Staff recommendation:</i> No change to RPG. See BC11 which discusses application to GBEs.</p>

R#	C#	RESPONDENT COMMENTS SMC 1	STAFF COMMENTS
		<p>second sentence of paragraph 1 of the ED should be amended to read 'For the purpose of this RPG, service performance information is information ...'</p> <p>Further, because many policy objectives in the public sector will commonly take many years to achieve, it would be helpful for the RPG to state that 'service performance information is information for users on an entity's service performance objectives, its achievement of those objectives or progress towards them', alternatively 'the extent of its achievement of those objectives'. This would be consistent with the wording in paragraph 25 of the ED.</p> <p>Paragraphs 21-22 of the ED appear to suggest a preference for service performance information that can be measured, even though paragraphs 58-59 of the ED acknowledge that qualitative descriptions can also be a valuable source of information for users. The AASB considers that some service performance information is better communicated via qualitative descriptions¹ rather than quantitative or qualitative measures. Further, the ED seems to imply that service performance information should only be presented in either a quantitative or qualitative way. Acknowledging that a combination of such information might be appropriate and would support improved reporting, particularly in complex areas.</p> <p>The RPG could usefully make clear that service performance information an entity should provide should be driven by that entity's objectives. In that regard, it would also be useful to include guidance on the development of relevant objectives, as relevance of objectives is critical in meaningful output and outcome assessments. The guidance should also highlight the key attributes of a good objective (i.e., it is assessable, there is a clear nexus between the objective and outputs and outcomes).</p> <p>Where information about aspects of service performance (example., obtaining resources, achieving outcomes, disaggregation of costs, and progress towards long-term objectives) is relevant to users for assessing an entity's achievements of its objectives, then the AASB suggests that the RPG more strongly recommend (rather than merely encourage) disclosure.</p> <p>The AASB is aware that there is a variety of funding and governance arrangements for public sector entities, and that in some cases such entities might be responsible for generating all or a substantial proportion of their funding, rather than relying on government appropriations; and in some cases disaggregated cost information is relevant to accountability. The comments provided below should be read in this context.</p> <p>(a) The AASB notes that the ED does not address information regarding an entity's performance in obtaining resources, (although paragraph 38 of the ED alludes to it by referring to "service performance objectives related to increasing ... inputs ..."). The AASB considers that 'obtaining resources' is a fundamental aspect to be considered for service performance reporting for some entities that would be subject to the RPG and should be addressed in the final RPG, particularly as the ED discusses the impact of resource availability on achieving service performance objectives. In addition, the AASB acknowledges that it may be argued by some that this information could be provided through IPSASB RPG 1 <i>Reporting on Long-Term Sustainability of an Entity's Finances</i>, but given that RPG 1 is not mandatory, there is no guarantee that this information would be provided. Furthermore, RPG 1's references to obtaining resources tend to focus on resources from, for example, recognised revenue. However, in a service performance reporting context, information about, for example, volunteer services is also pertinent.</p>	<p><i>Staff recommendation:</i> No change to RPG. (Note that "for the purposes" is implicit in the context. Other documents (e.g. RPG 1) do not qualify definitions in this way.</p> <p>Paragraphs 21-22: <i>Staff recommendation:</i> Add sentence to address this point.</p> <p><i>Staff view:</i> RPG already makes clear that SPI is driven by objectives.</p> <p><u>Note:</u> Extra guidance suggested.</p> <p><u>Staff:</u> Agree. Suggest change to address.</p> <p>Staff: Check IPSASB intent. Include within Definitions issue.</p>

R#	C#	RESPONDENT COMMENTS SMC 1	STAFF COMMENTS
		<p>(b) Paragraph 55 of the ED encourages the display of information about an entity's intended outcomes and its achievements with respect to those outcomes. Consistent with the comments above, the AASB considers that information about an entity's performance against its intended outcomes is a relevant component of service performance and thinks its importance may outweigh the arguments put forward in paragraph BC38 of the ED regarding difficulty for entities to provide outcome information. Although this information may be difficult to obtain, it is likely to be at least as useful as information about outputs, as it provides, for example, information on the impacts on society, and therefore would give an indication as to whether the service provided by the entity is of value to the community. The AASB is particularly of the view that if an entity has made its intended outcomes public then that entity should report its achievements with respect to those outcomes. The AASB explains later in this appendix (see SMC 9) that the use of proxy measures, or indirect measures, of performance might be suitable where more direct outcome measures are unable to be identified or are too costly to obtain and outcome descriptions are not sufficient.</p> <p>(c) The AASB considers that paragraphs 65 and 80(g) of the ED should go further than encouraging the reporting of disaggregated cost information. Disaggregated costs should be disclosed on a basis that is relevant to users for their understanding – for example, disclosed on the same basis that management use for the organisation and running of projects. Should the IPSASB choose not to adopt the stronger requirements suggested by the AASB, the AASB recommends that the RPG at least explicitly encourages a distinction between direct and indirect costs – and a functional classification of indirect costs, distinguishing between, for example, administration and fundraising costs (where relevant). Despite the absence of universally agreed definitions of different categories of costs, this information is useful to users in a service performance reporting context because resource providers may be particularly interested in what percentage of obtained resources are consumed by administration or by obtaining resources and therefore are not available to be used directly to provide services. Given the issues inherent in classifying costs between entities, the AASB believes that it may be inappropriate for the IPSASB to specify consistent aggregate measures that an entity should disclose, for example, an administration cost ratio. An alternative focus for the RPG would be to facilitate that provision of information from which users can calculate their own ratios for their particular needs for the purposes of, for example, comparing budget to actual information, or for assessing the same entity over time.</p> <p>The AASB also considers that an illustrative example or a best practice guide should accompany the RPG, to illustrate what a service performance report might look like. Preparers would also benefit from the availability of a checklist to assist implementation.</p> <p><u>Footnote:</u> (1) The AASB considers that the term 'qualitative descriptions' is preferable to 'qualitative discussions' as the latter term is more suited to the context of Management Discussion and Analysis rather than Service Performance Reporting.</p>	<p>Recommends requiring outcome reporting, particularly where the entity makes public its intended outcomes. <u>Staff:</u> Include as part of Outcomes issue.</p> <p>Recommends requiring disaggregated cost information. (<u>Staff:</u> Include in Issues Paper.)</p> <p>More guidance recommended: Illustrative example or best practice guide; and checklist. (<u>Staff:</u> Include in Issues Paper.) <u>Staff:</u> Noted.</p>
009	A	CIPFA generally agrees with the proposals in the ED.	
010	A	Yes. We agree with the proposals. The proposals will enhance disclosures that will provide useful information to the users of the financial statements/service performance reports.	

R#	C#	RESPONDENT COMMENTS SMC 1	STAFF COMMENTS
011	A	<p>We agree with the overall approach and content of the ED. However, we consider that it would be useful if the ED were to give more details on the following areas.</p> <ul style="list-style-type: none"> The ED clearly and helpfully makes a distinction between outputs and outcomes. However, it would be helpful to make a similar distinction between outcomes and impacts. Outcomes are the results – short-term and long-term – of an activity or programme. Impacts identify the difference between what happened with the activity or programme and what would have happened without it. <p>For example, a programme encouraging hygiene in health centres may have:</p> <ol style="list-style-type: none"> short-term outcomes, such as: rules and guidelines on hygienic practices; long-term outcomes, such as: integration of these practices into everyday behaviour at health centres (and more widely); and impacts, such as: improvement in public health caused by that programme, as opposed to arising from other causes. <ul style="list-style-type: none"> We note that the aim of RPG 3 is to develop reporting rather than to establish a specific framework for reporting. This could be a concern since one cannot develop without the other and a mixture of concepts may therefore be required. We therefore suggest that a “Key Considerations” section be incorporated into the Guideline. Most impacts and many outcomes are long-term and/or inherently difficult to measure (e.g. a programme targeting a reduction in incidence of HIV will need to assess and measure a negative outcome – how many people did not become HIV positive). We therefore recommend that the Guideline addresses the use of alternative and proxy measures to help monitor such outcomes and impacts. <p>In addition, we agree that the concept of reporting information on service performance is difficult to encapsulate in a single guidance document and note that jurisdictions will have to supplement this Guideline with specific guidance to allow for the effective discharge of reporting responsibilities in line with potentially varying expectations.</p>	<p><i>Staff:</i> Note suggested specific improvements:</p> <p>Distinguish between outcomes and impacts (<i>Staff:</i> Include in Definitions issue.)</p> <p><i>Staff:</i> Conceptual Framework has addressed applicable concepts. No change.</p> <p><i>Staff:</i> Consider RPG revision on use of alternative and proxy measures.</p> <p>Note support for guidance <i>outside</i> of the RPG.</p>
012	A	The GASB staff generally agrees with most of the proposals in the ED. Most of the comments provided will be GASB staff suggestions on how sections of the ED could be further strengthened or clarified.	
013	A	(See general comment.)	
014	A	One purpose of the ED proposals is to represent good practice. The exposure draft also contains an overarching position of encouraging entities to follow its good practice guidance. We agree that the ED provides appropriate encouragement to entities to follow the proposed guidance. We also agree that the guidance proposals generally represent an appropriate baseline as the guidance is written so as to ensure that entities in jurisdictions that have a well-developed approach to reporting service performance information are not constrained by RPG 3 in what they report.	<p><i>Staff:</i> Note recommendation to remove word “encouragement”. (Include in Issues</p>

R#	C#	RESPONDENT COMMENTS SMC 1	STAFF COMMENTS
		However, we do have concerns that some parts of the guidance itself are expressed in the form of encouragement (e.g., the display of information about outcomes and the reporting of disaggregated cost information). We do not agree with that approach. We believe that once an entity has decided to use RPG 3 it should then be using all of that guidance as we consider it is the reporting against all guidelines that is useful to users in a service performance reporting context. Therefore, we suggest that in articulating the different parts of the guidance that represent good practice, all references to “encouragement” be removed.	Paper as part of Authority issue.)
015	A	<p>We generally agree with the proposals in the ED. However, we would like to propose that the requirement of paragraph 79 to be expanded to include that when an entity decides what information needs to be disclosed, such information should be based on how the entity views and determines its service performance. This is done by using the information provided internally to key management personnel of the entity as defined in IPSAS 20, <i>Related Party Transactions</i>.</p> <p>We believe such approach would:</p> <ul style="list-style-type: none"> a) provide useful insight into how the entity views and determines its service performance; b) prevent an entity to only select those information that they wish to disclose in the report (maybe favourable information) rather than its actual service performance information (which may include both favourable and unfavourable information); and c) have practical advantages for preparers of financial statements where they need to disclose the information that is already available. 	<p>Recommends that information relate to how the entity manages, using information provided to key personnel.</p> <p><i>Staff:</i> Consider. But what if entity needs to improve its internal management?</p>
016	A	We agree with the proposals of the IPSAS Board and propose that this RPG should be enhanced to be made a full IPSAS Standard instead of an RPG. This is because the proposals in this ED is very much applicable to countries and International Organisations operating especially in and elsewhere Africa. This is due to the various interventions supported by Development Partners in this region. Including service performance information in the General Purpose Financial Reports (GPFR) would improve accountability and decision-making, helping to assess the sound use of resources and efficient delivery of services in the public sector.	<p>Recommend developing an IPSAS.</p> <p>(<i>Staff:</i> IPSASB decided this issue; March 2013 minutes.)</p>
017	A	<p>We generally agree with the proposals in this ED.</p> <p>We think the pursuit of earning profit should not be the primary objective of public sector entities. Their primary objective should be providing constituents with various services efficiently and effectively. In addition to the information in the financial statements, we believe it is important for those entities to provide information on the actual performance results of their services. We also believe that developing guidelines for service performance reporting is an important role of IPSASB to improve international comparability on the basis that there are various formats and styles for service performance reporting.</p>	
018	A	ACCA generally agrees with the principle of public entities reporting service performance information and the proposals set out in the Exposure Draft. In March 2012 we shared with the IPSASB our publications on the topic of ‘making outcomes count’ and we are pleased to see that there is consistency with what is being proposed in ED54.	

R#	C#	RESPONDENT COMMENTS SMC 1	STAFF COMMENTS
019	A	We support the proposals outlined in the Recommended Practice Guideline (RPG). The reporting of service performance information is topical and relevant and will provide jurisdictions, especially those in developing countries, with a good base to report their service performance information.	
020	A	<p>We compliment the Board for picking up an important topic for deliberation. We like the manner in which the contents of this RPG have been laid out along with Basis of Conclusion. We generally agree with the principle-based proposals⁶; it is certainly a step forward⁷.</p> <p>We find the RPG to be light on two fundamentals principles: selection of performance indicators⁸ and reporting of spi⁹.</p> <p>In the first instance, “the IPSASB considered whether the RPG should require entities to report all five types of performance indicators— inputs, outputs, outcomes, efficiency and effectiveness—for the services that they provide”¹⁰, but do not; instead it provides guidance on how an entity should choose the types of performance indicators that it reports.</p> <p>Furthermore, “the IPSASB also considered whether the RPG should require entities to report outcome indicators. Outcome information is important to users, because it focuses on the ultimate reason for service provision, which is the impact that services have on the community”¹¹.</p> <p>We do not agree with your approach on both. The Board should not leave the most critical matter of selecting of performance indicators at the discretion. It should not shy from requiring reporting of spi on these lines. Permit exceptions with supporting explanation.</p> <p>Similarly, there are two different approaches to the reporting of spi¹² (or a hybrid, combining the two). “A more outputs focused approach reports information about the services provided”¹³. A more outcome focused approach “explains how well the entity is doing in terms of achieving its objectives, where those objectives are described in terms of outcomes”¹⁴. “The IPSASB considered whether the RPG should include guidance specifically tailored for each approach, but decided against this”¹⁵.</p> <p>We call upon the Board to reconsider its stand and provide specific guidance.</p> <p>Also, the Board should recognise two additional principles to enrich the RPG and link it to the point it all originates and ends: a reference to the quality of system of transaction processing in place and public access to the reported information, respectively.</p> <p>The principle that the quality of information relates directly to the quality of transaction processing system (tps) in place in terms of human power, procedures, hardware and software, is well established. Those responsible for the spi should be made aware of this responsibility. Unless provided for specifically in a tps that is effective and functional, the spi is not possible.</p> <p>Similarly, the end-point of spi in public sector entities is when a user is empowered to make use of such information. Hence, access to information by general public assumes the most important qualitative characteristic for public sector entities.</p> <p>The strength of this RPG is its proper emphasis on non-financial indicator¹⁶.</p>	<p><i>Staff:</i> Note suggested specific improvements.</p> <p>Performance indicators: RPG should direct entities as to choice. (Staff: fundamental issue of balance between requirements and permissiveness.)</p> <p>Provide specific guidance on the two models (output and outcomes).</p> <p>Include two additional principles: quality of systems and public access to information.</p>

R#	C#	RESPONDENT COMMENTS SMC 1	STAFF COMMENTS
		<p><u>Footnotes:</u></p> <p>(6) See BC6: "this RPG sets out principles based guidance for the reporting of service performance information by public sector entities."</p> <p>(7) We agree with BC9: "Service performance information is a developing area, which means that the RPG should not be overly prescriptive."</p> <p>(8) See BC-37 & 38.</p> <p>(9) See BC-39 & 40.</p> <p>(10) BC-37</p> <p>(11) BC-38</p> <p>(12) See BC-39: "In developing this RPG the IPSASB acknowledged that there are differing approaches to reporting service performance information, including approaches that are more output focused and approaches that are more outcome focused."</p> <p>(13) BC-39</p> <p>(14) Ibid</p> <p>(15) BC-40</p> <p>(16) Our favourite statement is: "Reporting non-financial as well as financial information about service delivery activities, achievements and/or outcomes during the reporting period is necessary for a government or other public sector entity to discharge its obligation to be accountable—that is, to account for, and justify the use of, the resources raised from, or on behalf of, constituents." See BC5</p>	
021	C	<p>The Court takes note of the dual concepts of "output" and "outcome" in order to characterize the achievements of a public policy. Without challenging the theoretical basis of this dichotomy, one can wonder if its academic coloration will really contribute to help public managers in charge of reporting on the concrete results of their action. The Court also recalls that this distinction is not usual among many of the member states within the EU which have already built and used service performance reporting tools.</p>	No recommended change.
022	A	<p>We generally agree and support the IPSASB's proposal on reporting service performance information as this guidance fills a gap in this area of reporting that has been lacking guidance. However, we note the following for the Board's consideration:</p> <ul style="list-style-type: none"> ► We agree that this guidance be issued as an RPG for now, but we urge the Board to revisit this decision at a later stage, i.e. elevating this to a standard. Although service performance information is not part of financial reporting, as mentioned in BC 5, the primary function of governments and most public sector entities is to provide services to constituents; hence we believe that their financial results need to be assessed in the context of the achievement of service delivery objectives. ► The required information under paragraph 43 (information required when service performance is reported separately from financial statements) is based on the assumption that the entity reporting service performance information is required to prepare GPFS. Instances where an entity is not required to prepare GPFS, but elects to prepare a service performance 	<p><i>Staff:</i> Note suggested specific improvements.</p> <p>Consider moving to an IPSAS on SPR in the future.</p>

R#	C#	RESPONDENT COMMENTS SMC 1	STAFF COMMENTS
		<p>report in accordance with this RPG, should be required to provide relevant financial data to help users understand the service performance report.</p> <p>► The guidance in paragraph 55 seems contradictory to the objective in paragraph 31.</p> <p>Paragraph 31 states that</p> <p>“An entity should report service performance information that is useful for accountability and decision making. It should enable users to assess the entity’s:</p> <p style="padding-left: 40px;">(a) Service delivery activities and achievements during the reporting period ...”</p> <p>In order to meet the objectives as described in paragraph 31, the information described in paragraph 55 should be required, and not just ‘encouraged’ to be displayed. Moreover, the last sentence of paragraph 55 rightly reinforces and justifies the importance of such disclosure – “By reporting outcomes in relation to inputs and outputs an entity most directly addresses the question of whether the entity’s service provision is having the intended effect and whether the resources spent on services are producing the intended results.”</p> <p>► Paragraphs 45, 47 and 49 discuss the level of detail that is appropriate when displaying relevant service performance information without linking it back to meeting the users’ needs as described in paragraph 31. We think the level of detail provided needs to meet the objectives in paragraph 31 as well.</p>	<p><i>Staff.</i> Paragraph 43: Entity does not publish its financial statements. <i>Staff.</i> Suggest revision to address.</p> <p>Recommends that reporting of outcomes be required.</p> <p>Paragraphs 45, 47 and 49: <i>Staff.</i> All the principles in the principles section apply. Recommend additional paragraph to make this explicit.</p>
023	C	<p>The SRS-CSPCP is of the opinion that the general line of approach of this paper is correct. It is more comprehensible that its predecessor, the CP. However, it lacks a framework that would justify the requirements of service performance reporting. The Committee believes that in the ED too many details are dealt with, without discussing how this level of detail could be achieved. Not only is the ED too detailed but it is also too comprehensive and too ambitious.</p> <p>Service performance reporting is a difficult undertaking, because the analyses are very complex. Performance analysis is a much more complex undertaking than drawing up financial reports. It demands skills and expertise that are different from those required by public bookkeeping and accounting. To treat them in an ED is an enormous challenge. There is a great deal of professional literature on this subject. It would be wrong and certainly counter-productive to want to make another manual out of this ED. For this reason the SRS-CSPCP is of the opinion that the ED should outline the main thrust of its concern and avoid getting lost in details, which do not provide the reader with a solution.</p> <p>Although this ED is not an “IPSAS” Standard, but only an RPG, and although the SRS-CSPCP clearly understands that it is not an auditing standard, the question nonetheless arises how a performance report can be audited by a Supreme Audit Institution.</p>	ED is too detailed and lacks a framework.
024	C	<p>As stated by DGFIP in its response to the CP of October 2011, a performance report is outside the scope of accounting. As a result, general accounting principles are not applicable to it. Consequently, DGFIP does not agree with the exposure draft’s proposal to include a performance report in the GPFS (statements within general accounting scope), or even as part of additional information that could be included in the GPFR.</p>	Fundamental issues of scope and competence.

Staff Summary of Responses to Exposure Draft 54
IPSASB Meeting (September 2014)

R#	C#	RESPONDENT COMMENTS SMC 1	STAFF COMMENTS
		The scope of IPSASs is limited to accounting matters, and only covers the financial statements (balance sheet, income statement and notes) of public sector entities. Individual national governments in liaison with European institutions are competent with regard to setting standards for other kinds of reporting, including service performance and budget sustainability.	

Specific Matter for Comment (SMC) 2:

Do you agree with the definitions in paragraph 8? If not, how would you modify them?

STAFF ASSESSMENT OF RESPONSES RECEIVED: These are staff views and do not necessarily reflect the views of IPSASB Members

CATEGORY (C #)	RESPONDENTS (R #)	TOTAL
A – AGREE	003, 004, 005, 007, 009, 010, 011, 012, 014, 015, 016, 017, 018, 020	14
B – PARTIAL AGREEMENT	001, 008, 019, 023	4
C – DOES NOT AGREE	006, 021, 022, 024	4
SUB-TOTAL OF THOSE PROVIDING COMMENTS		22
D – DID NOT COMMENT	002, 013	2
TOTAL RESPONDENTS		24

R#	C #	RESPONDENT COMMENTS SMC 2	STAFF COMMENTS
001	B	<p>Suggested modifications are shown below:</p> <p>(1) We would prefer the term “public service delivery” rather than “service performance”. Then it is possible to talk about the level of performance in delivering public services. Public services are those services provided by governments (local, municipal, or larger-scale) to the public. The need for services that no individual can or will pay for, but that benefit all by their presence, is one of the justifications for taxation. Examples of such services are sewage, trash disposal, and street cleaning. On a larger scale, public education and public health services are also public services. Public service delivery is the implementation of those services and making sure they reach those people and places when and where intended.</p> <p>(2) We would like to see the term “value for money” used as this embraces both efficiency and effectiveness. This is a term used to assess whether or not an organization has obtained the maximum benefit from the goods and services it both acquires and provides, within the resources available to it.</p>	<p><i>Staff:</i> Recommend no change. Service performance is well-established term. Efficiency and effectiveness provide more precision than value for money</p>
002	D	(No comment)	
003	A	<p>PSAB staff generally agrees with the seven terms and working definitions. They are representative of essential elements within the service performance reporting framework proposed by IPSASB. They achieve the objective of providing a standardized service performance information terminology with associated working definitions.</p> <p>However, we would make the following observations.</p>	<p>Suggested specific improvements:</p>

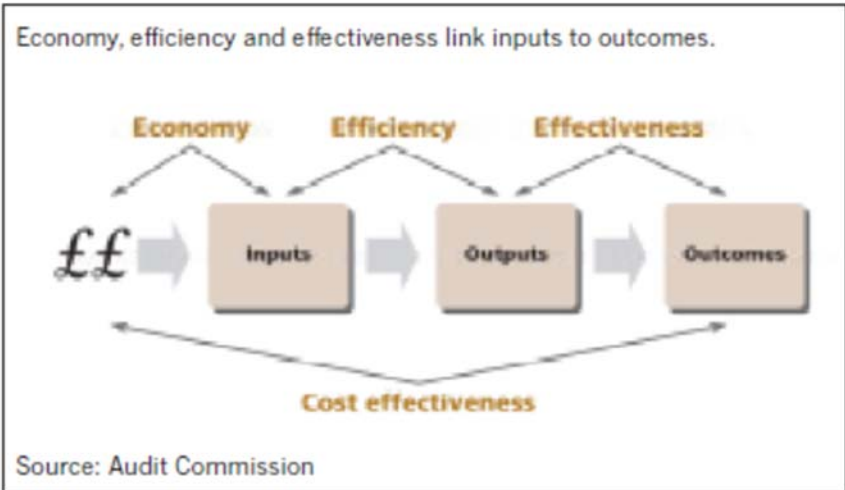
R#	C #	RESPONDENT COMMENTS SMC 2	STAFF COMMENTS
		<p>a) <i>Outcomes</i></p> <p>The Exposure Draft proposes the definition, “Outcomes are the impacts on society, which occur as a result of the entity’s outputs, its existence and operations.” We suggest that the definition exclude the terms “existence and operations”. Inclusion of the impacts that result from an entity’s existence and operations suggests that performance can be passive.</p> <p>While public sector entities exist to carry out public policy objectives as set out by legislation or other mandate, well managed entities operate in accordance with a budget, strategic, operational or other plan. The plan establishes the specific performance goals by interpreting the broad policy objectives set out in legislation or mandate. They also determine how resources get allocated among an entity’s programs, operations and activities. Public sector performance is reported against the plan in order to demonstrate accountability as to how public policy objectives are being met. Publicly reporting on what was accomplished against what was planned explains significant differences and identifies areas where changes to performance expectations, targets or strategies may be necessary.</p> <p>We would also suggest that the definition include reference to the fact that an outcome must be reasonably attributable to outputs.</p> <p>b) <i>Efficiency/Effectiveness</i></p> <p>These are performance indicators by definition. That is, they are quantitative measures, qualitative measures, and/or qualitative discussions of the nature and extent to which an entity is using resources, providing services, and achieving its service performance objectives. Incorporating these concepts in the definitions and guidance is inconsistent with IPSASB’s stated intention in the consultation paper. It stated that IPSASB did not intend to identify specific indicators of service performance within the framework developed.</p> <p>Similarly, paragraph .53 and .54 indicate that judgment is needed to determine the most suitable set of performance indicators to be reported. Performance indicators selected should be related in such a way that users can ascertain how efficiently and effectively the entity has used its resources to deliver services and achieve its service performance objectives. As well, paragraph BC.35 states that “the presentation of service performance information will vary between entities depending on (a) the services that the entity provides, (b) the nature of the entity, and (c) the regulatory environment or other context within which the entity operates.</p> <p>Because services provided, service performance objectives, and applicable service performance indicators depend on these different factors, the IPSASB decided that the RPG should not identify specific performance indicators that must be presented. Instead, it should identify broad types of information that should be reported and provide guidance on achievement of the qualitative characteristics when selecting service performance information.</p> <p>As stated in paragraph BC37, the Recommended Practice Guideline should provide guidance on how an entity should choose the types of performance indicators that it reports. The principle is captured in paragraph BC36. A report should facilitate users’ assessment of an entity’s service performance, including both (a) its achievement of objectives and (b) the extent to which it has used resources efficiently and effectively to deliver outputs and achieve outcomes.</p>	<p><u>Outcomes:</u> Remove idea that an entity’s existence and operations could result in outcomes. <i>Staff</i> recommendation: No change.</p> <p>Add the idea that an outcome must be reasonably attributable to outputs.</p> <p><u>Efficiency/effectiveness:</u> Comments indicate concern that the RPG requires entities to report efficiency and effectiveness indicators when that is not the case: <i>Staff:</i> Recommend no change to RPG, but clarify BC discussion of <i>non-specification of “specific indicators”</i> and include additional discussion on how reporting of outputs and inputs allows users to consider an entity’s efficiency and/or effectiveness.</p>

R#	C #	RESPONDENT COMMENTS SMC 2	STAFF COMMENTS
		<p>c) <i>Outcomes/Effectiveness</i></p> <p>There may be confusion between outcomes and the performance indicator of effectiveness. The Exposure Draft proposes that outcomes are the impacts on society which occur as a result of the entity's outputs. Effectiveness is the relationship between actual results and service performance objectives in terms of outputs or outcomes. Both definitions suggest that outcomes and effectiveness may be interchangeable concepts. Both terms imply the target that the entity's activities are intended to accomplish.</p> <p>To illustrate the potential for confusion, paragraph .14 states that "The "percentage reductions in infants contracting measles" would be one possible outcome indicator..." Similarly, paragraph .10 provides the example of an effectiveness indicator as the percentage reduction in the number of infants contracting measles.</p> <p>To avoid confusion, we suggest that one or the other definition be deleted. The definition of effectiveness in GASB Concepts Statement 2 may be considered. It defines effectiveness "as an ends-oriented concept that measures the degree to which predetermined goals and objectives for a particular activity or program are achieved."</p> <p>d) <i>Service Performance Objective/Effectiveness</i></p> <p>A service performance objective is defined as "a description of the planned result(s) that an entity is aiming to achieve expressed in terms of inputs, outputs, outcomes, efficiency or effectiveness." This reflects that IPSASB's desire is that a service performance report could be based on either attainment of planned inputs, outputs, outcomes, efficiency or effectiveness.</p> <p>If this is the intent of IPSASB, the suggested definition of effectiveness is not inclusive when it states that efficiency is the relationship between actual results and service performance objectives in terms of outputs or outcomes. Effectiveness could also be the attainment of planned inputs. We suggest that the phrase "in terms of outputs or outcomes" be eliminated to be consistent with the definition of service performance objectives.</p> <p>e) <i>Objectives/Goals</i></p> <p>The Recommended Practice Guideline does not include a definition of goal. While it is true that both objectives and goals are used interchangeably, there are some differences in the context of performance reporting that may warrant reconsideration of the decision not to include a reference to goals. This may be important when one of the stated objectives of the Recommended Practice Guideline is the provision of a standardized service performance information terminology with associated working definitions.</p> <p>Inclusion will reinforce the perspective of a time element to the accomplishment of goals to the service performance report. As stated in Consultation Paper paragraph 4.17, users may benefit from service performance indicators that allow them to assess the extent to which (a) progress is being made towards the end result, and (b) that a service is likely to achieve that desired end result.</p> <p>Objectives and goals imply the target that an entity's activities are intended to accomplish. What sets them apart is the time frame. A goal is a statement of what an entity desires to achieve. An objective is what it expects to achieve within a specific period of time.</p>	<p>Respondent recommends deletion of either outcomes or effectiveness on basis that they have the same meaning: <i>Staff recommendation:</i> Revise to distinguish between the two terms and amend the example.</p> <p>Change to definition of effectiveness: <i>Staff:</i> Recommend revision: "...in terms of outputs, outcomes <u>or inputs</u>". Include example to illustrate each type of effectiveness. (But does the IPSASB accept that effectiveness can relate to inputs?)</p> <p>Distinguish between objectives and goals: <i>Staff:</i> Consider this with other views that objectives should be better described. E.g. objectives should be S.M.A.R.T. which includes idea of timeframe.</p>

R#	C #	RESPONDENT COMMENTS SMC 2	STAFF COMMENTS
		<p>A goal is a measurable statement of the desired long-term impact of an entity's programs and activities. Goals generally address change. Public policy goals are generally achieved over a long period. Objectives are how you will achieve a goal. An objective is a specific, measurable statement of the desired immediate or direct outcomes of the program that support the accomplishment of a goal.</p> <p>In addition, goals may be achieved as a result of multiple objectives. For example, a goal to improve road safety could be achieved by an objective of improving road design (an activity may be extending on and off ramps on major highways) and an objective of reducing speed (an activity may be installation of traffic calming devices in neighborhoods).</p> <p>While both goals and objectives should be tangible and measurable, goals by their nature may or may not be quantitatively measurable. In most cases objectives are measurable.</p>	Note similarity between R003's description of goals and outcomes. One underlying issue is expected causality.
004	A	<p>HoTARAC considers the development of standard service performance information terminology for reporting purposes is appropriate to facilitate consistency in interpretation across public sector entities in different jurisdictions. HoTARAC agrees with the definitions in paragraph 8.</p> <p>HoTARAC notes, (also raised in Specific Matter for Comment 5), that paragraph 31 has introduced new terms that have not been defined. The terms are 'service delivery', 'service delivery objectives', 'service delivery activities' and 'service delivery achievements'. HoTARAC recommends the Recommended Practice Guideline define what these terms mean and how they affect the reporting of service performance information.</p>	<p>Agrees with para. 8.</p> <p>Define four more terms: <i>Staff recommendation:</i> No change. These terms are clear enough applying normal usage.</p>
005	A	<p>We do agree with the proposed definitions (Effectiveness, Efficiency, Inputs, Outcomes, Outputs, Performance indicators and a service performance objective) in paragraph 8. Standardization of these vital (seven terms) service performance terminology would enhance comparability of service performance information to be reported by the reporting entity.</p>	
006	C	<p><i>The Council believes that the subject of performance is by essence political and cannot readily be dealt with through accounting standards and is therefore outside the terms of reference of the IPSAS Board. Consequently, the comments made in response to this question should not be interpreted as agreement with ED54.</i></p> <p>The Council wishes to draw the attention of the IPSAS Board to the fact that "inputs" may be easily obtained from accounting or budgetary data because they are often quantifiable. On the other hand, "outputs" and "outcomes" are harder to quantify and cannot be systematically expressed as standard monetary units of measurement.</p> <p>Moreover, it should be noted that the qualitative effects of services such as justice, education, or defence are difficult to assess. This is an illustration of the fact that, whilst a rigorous definition of performance indicators is required there is also need for pragmatism to ensure that they are appropriate in the circumstances.</p> <p>The Council also notes that performance is often evaluated by reference to the three E's: economy, efficiency, effectiveness. The term economy suggests a prudent use of resources with the objective of minimising costs (expense, time spent, efforts made, etc.) without any negative effects on the expected results. The Council believes that the economic use of resources is a particularly important objective of the public sector. The Council believes that it is a</p>	<p>Notes that inputs are generally easier to ascertain than outputs or outcomes. Pragmatism also needed.</p> <p>Recommends inclusion of "economy":</p>

R#	C #	RESPONDENT COMMENTS SMC 2	STAFF COMMENTS
		significant weakness of the ED not to identify this objective specifically as a major aspect of the performance of policies, missions and actions conducted by public entities.	<i>Staff:</i> Recommend revision to address this concern.
007	A	ACAG agrees with the proposed definitions in paragraph 8.	
008	B	<p>In general, the AASB agrees with the definitions provided in paragraph 8 of the ED, except as noted in the following comments.</p> <p>The AASB considers that the definition of 'effectiveness' is tautological because 'actual results' and 'outputs or outcomes' are the same. The AASB suggests this definition be amended to 'effectiveness is the relationship between service performance objectives and outputs or outcomes', which also has the benefit of directly linking service performance objectives to outputs and outcomes.</p> <p>The proposed definition of 'outcomes' states that the mere existence of an entity can be an outcome for that entity. The AASB considers that the existence of an entity controlled by a government should only be regarded as an outcome from a whole of government perspective rather than the entity's own perspective. This is because it is the activities of an entity that leads to that entity's performance – an entity's impact from its existence as separate from its activities should not be attributed to the entity itself. This difference should be reflected in the definitions.</p> <p>In relation to the proposed definition of 'outcomes', the AASB considers that the term 'society' should be explained in a way that it is more than a collective term and that it encapsulates individual and/or individual groups and is not exclusively society as a whole.</p> <p>The AASB thinks that the term 'performance indicators' has acquired a narrow meaning in practice due to the pervasive use of the term 'key performance indicators', which has a quantitative measurement connotation. Because the ED's definition refers to quantitative and qualitative measures and qualitative discussions (which the AASB thinks would be better described as qualitative descriptions – see footnote 1 to the AASB's response to SMC 1 above) a broader term, such as 'indicators of performance', may better capture these principles.</p>	<p>Recommended specific improvements relate to:</p> <p>(1) Effectiveness. <i>Staff:</i> Recommend revision.</p> <p>(2) Outcomes: Revisions related to existence and society: <i>Staff</i> Recommend clarification of "society"</p> <p>(3) "Indicators of performance."</p> <p><i>Staff:</i> Recommend no change. (RPG clarifies that PI term is wider than quantitative measures.)</p>
009	A	<p>CIPFA generally agrees with the definitions in paragraph 8.</p> <p>In our view the definition of 'effectiveness' would be clearer and more easily understandable if it used the adjective 'planned' to explicitly acknowledge that this is a comparison between actual results and planned results. We appreciate that this is implicit in the current definition, which refers to service performance objectives, which in a later definition are characterised in terms of planned results. For example</p> <p><i>Effectiveness is the relationship between actual results and service performance objectives in terms of planned outputs or outcomes.</i></p>	<i>Staff:</i> Note suggested specific improvements.
010	A	We agree with the definitions.	

R#	C #	RESPONDENT COMMENTS SMC 2	STAFF COMMENTS
011	A	<p>We generally agree with the definitions in paragraph 8. As indicated in our response to item 1 above, we would add a definition for impacts.</p> <p>In addition, we consider that:</p> <ul style="list-style-type: none"> the definition of outputs should not be limited to services “to recipients external to the entity”, as this could exclude services to entities within a reporting group; the definitions should include “cost” (used in paragraph 50); and the definition of Service Performance Objective should include a reference to an overall Strategic Plan to ensure that the objectives are relevant to the entity. 	<p><i>Staff:</i> Note suggested specific improvements: impacts, outputs, cost, and service performance objective.</p>
012	A	<p>The GASB staff generally agrees with the definitions provided in paragraph 8 of the ED. However, the GASB staff believes that the explanatory paragraphs could be enhanced by following a consistent format in the discussions. The GASB staff proposes a consistent format similar to that used in paragraphs 9–10 for the discussion of effectiveness including: (1) the definition, (2) an expanded discussion of the definition, (3) a discussion of what they are intended to measure, and (4) an example of each term. The GASB staff further suggests that the IPSASB consider the following recommendations.</p> <p>The GASB staff recommends that:</p> <ul style="list-style-type: none"> Paragraph 18 include mention of certain services such as water, sewer, solid waste collection and disposal that are important types of services provided by many general purpose and some special purpose governmental entities; Paragraph 18 (d) typo should be corrected to eliminate the duplication of (d); Paragraph 20 would be clearer if it stated that performance information “measures” inputs, outputs, outcomes, efficiency and effectiveness rather than that they “relate to” them; Paragraph 21 would be enhanced by recognizing that performance indicators may include measures of the ratings of service quality by recipients or citizens; and In paragraph 22, “qualitatives” in the plural should be “qualitative.” The GASB staff also believes that an example of a qualitative discussion would be helpful in this paragraph. 	<p>Agrees with definitions.</p> <p>Note suggestion of consistent order for definitions. <i>Staff:</i> Review and revise as necessary.</p> <p>Five specific changes to explanatory paragraphs: <i>Staff:</i> Recommends all changes except for that related to paragraph 20.</p>
013	D	(No comment)	
014	A	<p>We consider the development of standard definitions is a necessary step to improving the quality of reported service performance information within jurisdictions and assists in comparison between jurisdictions.</p> <p>We agree with the proposed definitions and their explanations.</p>	
015	A	(See general comment. No further comment.)	

R#	C #	RESPONDENT COMMENTS SMC 2	STAFF COMMENTS
016	A	Yes. These definitions form the broad framework and coupled with the examples from paragraph nine to nineteen, users would have better understanding of the application of the various terms described in this RPG. It is worth noting that efficiency and effectiveness indicators are already being used by a number of IPSAS preparers in order to report on their activities and create a clear link between their operations and their financial reporting. However, the link between strategic planning and reporting of delivered activities is often not optimised.	<i>Staff:</i> No specific change suggested but note comment. (Optimize link to strategic planning.)
017	A	<p>The descriptions in ED 54 are arranged alphabetically as follows, consistent with the current order of definitions in paragraph 8: “Effectiveness,” “Efficiency,” “Input,” “Outcome,” and “Output.” Considering IPSASB’s definition approach for ED 54 (for example, “output” is included in the definition of “input,” and “output” is included in the definition of “outcome”) and typical activities in the public sector, we believe that it would be appropriate to re-order the descriptions as follows (same as BC37): “Input,” “Output,” “Outcome,” “Efficiency,” and “Effectiveness.”</p> <p>According to the definition in ED 54, “Economy indicators” are included in “Efficiency.” However, entities in Japan typically disaggregate information into the aspects of economy and efficiency, and analyze and disclose them. We therefore propose that the text in the second sentence in paragraph 6 should be revised from “This RPG does not preclude the presentation of additional information” to “This RPG does not preclude the presentation of additional information <u>or the presentation of disaggregated information.</u>”</p>	<i>Staff:</i> Recommend no change for either point, but note first comment within context of reordering and diagram. Disaggregated information; note comment within the context of “economy” issue.
018	A	<p>We agree with the definitions set out in paragraph 8. However, the ED may benefit from setting out the specific performance measures in a diagrammatical form to illustrate the linkage between the measures. A suggested model published by the Audit Commission (UK) is outlined below.</p> 	<i>Staff:</i> Recommend include diagram (or one similar to this one) in an Appendix with more illustrative examples of the different performance indicators.

R#	C #	RESPONDENT COMMENTS SMC 2	STAFF COMMENTS
		<p>During our consultation process, stakeholders questioned why the IPSASB has not identified “performance targets” in the RPG. As entities will establish periodic targets to support and measure the achievement of their objectives, we are of the view that reporting should be both against targets and objectives. As a result, we propose that performance targets should also be included in the working definitions for service performance information.</p> <p>The proposed definition is:</p> <p><i>Performance targets express a specific level of performance that the entity is aiming to achieve within a given time period.</i></p> <p><i>Service</i></p> <p>We question why the term “services”, as envisaged in the Conceptual Framework, has not been defined or explained in the RPG. We are concerned that not all jurisdictions are aware that “services” encompass goods and services. We suggest that the term be clearly explained for those jurisdictions that may be not be well versed with the IPSASB’s terminology.</p>	
020	A	<p>Yes, we do.</p> <p>The concept of “materiality”¹⁷ is sufficiently important to be included as a definition.</p> <p>Also, define an “entity”¹⁸ to mean a specific project, program or activity etc.</p> <p>Related to above, define the terms “controlling entities”¹⁹ and “controlled entities”²⁰.</p> <p><u>Footnotes:</u></p> <p>(17) P 38: “Materiality is a key issue to consider when selecting service performance information for presentation. Information is material if its omission or misstatement could influence the discharge of accountability by the entity, or the decisions that users make on the basis of the entity’s reported service performance information prepared for that reporting period. Materiality depends on both the nature and amount of the item judged in the particular circumstances of each entity”.</p> <p>(18) As in p.1, 2, 4, 8, 9, 10, 15, 17, 21, 23, 24, 25, 28, 29, 31, 32, 34, 36, 37, 38, 39, 40, 43, 46, 47, 48, 50,51,54,55, 57, 60, 68, 81.</p> <p>(19) As in p.29, 43, 48, 63.</p> <p>(20) As in p.43, 63.</p>	<p><i>Staff: Recommend no change on the basis that these four terms are more appropriately described or defined in other IPSASB documents, e.g. materiality in the Conceptual Framework, controlling entity and controlled entity in the IPSAS related to consolidation.</i></p>
021	C	<p>The Court regrets that the IPSAS Board has decided to ignore the "economy" indicator, and is not persuaded by the explanations given in BC 17. Considering that the economy indicator aims at the measurement of the link between <u>allocated</u> resources and goals assigned to an entity or a policy; it should-play a major f()le in the processes of decision making in the public sector, especially during the budgetary debates, which focuses mainly on allocation of scarce resources between various objectives. Furthermost, not to consider the economy indicator seems not to be in</p>	<p><i>Staff: Note issue of including “economy”.</i></p>

R#	C #	RESPONDENT COMMENTS SMC 2	STAFF COMMENTS
		<p>► In summary, we suggest deleting paragraph 15, modifying the definition of outcomes as follows and adding an explanatory paragraph on possible impact that's wider than identifiable recipients and beneficiaries:</p> <ul style="list-style-type: none"> ► "Outcomes are the impacts on <u>identifiable recipients and beneficiaries</u> society, which occur <u>directly</u> as a result of the entity's outputs, its existence and operations. ► <u>In circumstances where an entity is able to assess the outcomes of its outputs and operations wider than identifiable recipients and beneficiaries, it should assess its effectiveness and efficiency on that wider basis.</u>" 	outcomes may be complex with outcomes not fully under the entity's control and other factors also being important.
023	B	<p>The SRS-CSPCP is in agreement with the proposed discussions. It finds that only the definition of <i>outcomes</i> is inadequately developed. In this ED, no distinction is made between <i>impacts</i> and <i>outcomes</i>. The lack of distinction is somehow understandable since some consider outcomes to be impacts while others consider impacts to be outcomes. However, it is important to recognise openly that the expression <i>outcomes</i> can include various facts:</p> <ul style="list-style-type: none"> • Relatively direct impacts of public sector activity on individuals, organisations, the target group (in the measles inoculation example, it would be the positive (and possibly negative) impact on the health of the persons inoculated). • Rather subsequent impacts on society as a whole as part of a public policy performed by the public sector (in the measles inoculation example it would be the impacts on the spread of the disease to the whole population, incl. persons not inoculated). <p>The SRS-CSPCP therefore would appreciate that the definition of <i>outcomes</i> is refined and extended.</p> <p>Further, the question arises of the order of the definitions. They are arranged in alphabetical order (in the English language). However, this order is not consistent with the chronological order as one might have expected. If this were so, input would have to be first. From that perspective, the chosen order is rather counter-intuitive. The SRS-CSPCP therefore proposes that, in addition to the definitions, a diagram is offered, from which the relationship in which they stand to one another, is made clear.</p> <p>In Paragraphs 18 (a) to (c) it is requested that in addition to individuals and institutions, <i>collectives</i> are also added to the list.</p> <p>In Paragraph 18 (c) it is also requested that in addition to the above request the following addition is included „Transfers to individuals, institutions and <i>collectives</i>, for example, cash transfers and the provision of economic incentives such as tax incentives and grants;..</p>	<p><i>Staff recommendation:</i> Consider recommended clarifications to "outcome".</p> <p>Note issue re. order of definitions.</p> <p><i>Staff recommendation:</i> Consider revising to include "collectives" or similar term.</p>
024	C	<p>Whilst the harmonisation of definitions is a factor that contributes to an improved comparability of outcomes, DGFIP notes that the definitions adopted in paragraph 8 of the exposure draft differ from the usual meaning of these terms.</p> <p>Greater effort could have been put into the search for consensus on the terms and definitions as a first step towards the harmonisation of terminology. Indeed, even if the definitions proposed in the exposure draft are of a fairly general</p>	Note: Disagrees in broad terms with definitions. No specific revisions suggested.

R#	C #	RESPONDENT COMMENTS SMC 2	STAFF COMMENTS
		<p>nature, certain items are difficult to quantify. A standardised approach using numerical measurement criteria will not always give a proper account of service performance in the public sector.</p> <p>In addition, service performance implies efficiency, defined as the attainment of a pre-determined objective taking into account the resources required to achieve it. Monitoring effectiveness, defined as the attainment of objectives, does not take account of the socio-economic aspect of managing public services, which is all the more unfortunate considering the current requirement to reduce and justify public expenditure.</p>	

Specific Matter for Comment (SMC) 3:

Do you agree that the ED adequately addresses reporting of service performance information by entities at different levels within government, including situations where a controlling entity reports service performance information that encompasses that provided by controlled entities? If not, how would you modify the ED's coverage of this?

STAFF ASSESSMENT OF RESPONSES RECEIVED: These are staff views and do not necessarily reflect the views of IPSASB Members

CATEGORY (C #)	RESPONDENTS (R #)	TOTAL
A – AGREE	003, 004, 005, 007, 008, 009, 010, 011, 012, 014, 015, 016, 017, 018, 019, 023	16
B – PARTIALLY AGREE		0
C – DISAGREE	006, 021, 022, 024	4
SUB-TOTAL OF THOSE PROVIDING COMMENTS		20
D – DID NOT COMMENT	001, 002, 013, 020	4
TOTAL RESPONDENTS		24

R#	C #	RESPONDENT COMMENTS SMC 3	STAFF COMMENTS
001	D	<p>In general, we believe this proposed RPG is not specific enough to be of much value. It seems to us that the RPG should refer to those service delivery indicators that currently exist so that the reader can better relate to them. If a decision is made not to use real-world examples, the reasoning should be included in the Basis for Conclusions. Some examples are given below:</p> <p>(1) In paragraphs 10 and 23, we would prefer to see real-world examples used by the UNDP with their Millennium Development Goals (MDGs).</p> <p>(2) In paragraph 12, another example could be cost per student educated. The more students in a class, the more <u>efficient</u> the teacher since the cost per student is reduced; however, the teacher is less <u>effective</u> in getting their points across as the class sizes become larger. Thus, a balance between efficiency and effectiveness is necessary.</p> <p>(3) In paragraph 48, the website reference for those performance indicators required for the Health and Education Ministries should be provided.</p> <p>(4) Paragraphs 67 and 73 mention trend analysis; however, no examples are given. We suggest the following be added to paragraph 73 to make it public sector specific: "For example, ten-year trend information on progress toward achieving the MDGs, improving the ranking on Corruption Perception Index (CPI), lessening the debt to Gross Domestic Product (GDP), or reducing the level of deficit relative to the overall GDP would be especially beneficial." A reference to</p>	<p><i>Staff:</i> No comment on SMC issue.</p> <p><i>Staff:</i> Note suggested specific improvements, which relate to:</p> <ul style="list-style-type: none"> - Use of examples for performance indicators; and - Basis for Conclusions (explain decision not to use real world examples)

R#	C #	RESPONDENT COMMENTS SMC 3	STAFF COMMENTS
		the Transparency International website for the CPI or to the European Union website for those GDP indicators used within their jurisdiction would be beneficial. (5) In paragraphs 50 and 80, illustrations are needed.	
002	D	(No comment)	
003	A	<p>PSAB staff generally agrees that the Exposure Draft adequately addresses reporting at different levels within government. PSAB staff agrees that the service performance information included in General Purpose Financial Reports should be prepared for the same reporting entity as for General Purpose Financial Statements for the following reasons:</p> <p>a) Links all of the information provided for an entity in the General Purpose Financial Report, whether financial and non-financial in nature.</p> <p>b) Users are able to identify the relationships between the financial information (resources) and the service performance information for decision making.</p> <p>There may be situations when it is not practical to provide service performance information for the same reporting entity because the information is either not available or not available on a timely basis for reporting purposes. This could be prevalent when entities are first developing the capacity to prepare performance reports. In these situations, it may be appropriate to provide service performance information covering the key objectives of the entity as available. Such information could still be useful to the users of service performance information and preferable to not providing any information at all. The ultimate objective would remain the reporting service performance information for the reporting entity as a whole.</p> <p>This reporting strategy may be problematic in light of paragraph .05 that states that “Service performance information should not be described as complying with this RPG unless it complies with all the requirements of this RPG.” This may discourage entities from preparing service performance reports.</p> <p>The Recommended Reporting Practice does not reflect the comments of many respondents to the Consultation Paper. They commented that it may be necessary to report for a different reporting entity than for the General Purpose Financial Statements because:</p> <p>a) GBEs have their own performance measures as applied in the private sector;</p> <p>b) several entities, both within and outside the reporting entity, may contribute jointly to one service;</p> <p>c) public sector entities may be reporting on their service performance within a service area; and</p> <p>d) service performance information is generally reported within a budget framework.</p> <p>These respondents felt that the reporting boundaries should be left up to the discretion of the reporting entity and not prescribed by IPSASB.</p>	<p>Situations where may not be practical and how to address such exceptions. <i>Staff:</i> Recommend no change.</p> <p>“Requirements” issue.</p> <p><i>Staff:</i> Note issue of flexibility with respect to reporting entity, which links to the cross-boundary reporting issue.</p>

R#	C #	RESPONDENT COMMENTS SMC 3	STAFF COMMENTS
004	A	<p>HoTARAC supports the aim of the Recommended Practice Guideline to provide users with sufficient and understandable service performance information to ensure public sector entities are accountable and transparent regarding their use of scarce resources.</p> <p>In determining the scope of service performance information reported, the same reporting boundaries as those used for an entity's financial statements should be used.</p> <p>Where separate reporting entities exist within an economic entity such as a Whole of Government, service performance information should be reported at the individual reporting entity level as well as at the economic entity level.</p> <p>HoTARAC recommends including the option to allow reporting by economic entities to use cross-referencing to lower-level reporting entities' service performance information (rather than restating it) based on the grounds of cost-efficiency and readability.</p> <p>HoTARAC acknowledges that there may be certain circumstances where it may be more appropriate to consolidate service performance information rather than simple cross referencing e.g. where a program to achieve an outcome is delivered by more than one entity.</p>	<p>Note recommendation that cross-referencing be used: <i>Staff</i> will consider whether RPG needs revision to make this clear.</p> <p>Situations where appropriate to consolidate: <i>Staff</i> notes issue of program reporting.</p>
005	A	<p>We feel that the ED has adequately addressed reporting of service performance information by entities at different levels within government, including situations where a controlling entity reports service performance information that encompasses that provided by controlled entities.</p>	
006	C	<p><i>The Council believes that the subject of performance is by essence political and cannot readily be dealt with through accounting standards and is therefore outside the terms of reference of the IPSAS Board. Consequently, the comments made in response to this question should not be interpreted as agreement with ED54.</i></p> <p>As stated in the reply to Question 1, the Council is of the opinion that the choice of which entities are required to publish service performance information should be totally flexible.</p> <p>Based on French practice, the Council stresses that the boundaries for reporting service performance information are not necessarily similar or related to the concept of control.</p>	<p>Recommendation that reporting entity be flexible, since boundaries may not align with control. (Cross-boundary issue.)</p>
007	A	<p>ACAG generally agrees that the ED adequately addresses reporting of service performance information at different levels within government. However, it is noted that the ED's guidance on aggregation addresses controlled entities only and not situations where the delivery of programs involve multiple non-controlled entities. As noted in our submission to the IPSASB's CP on this subject, ACAG suggests that the ED should explicitly accommodate consistent measurement and reporting of service performance information for programs that involve multiple entities within the same jurisdiction.</p> <p>ACAG also supports the proposal for entities to report against original and revised objectives where the accountability for services is transferred during the reporting period.</p>	<p>Cross-boundary issue: Provide guidance.</p> <p>Report against original and revised objectives.</p>
008	A	<p>The AASB agrees that the issue of reporting of service performance information by entities at different levels within government has been dealt with sufficiently and does not suggest any modifications to the proposals in the ED.</p>	

R#	C #	RESPONDENT COMMENTS SMC 3	STAFF COMMENTS
009	A	CIPFA agrees that the ED adequately addresses reporting of service performance information by entities at different levels within government.	
010	A	Yes. The ED adequately addresses the reporting of service performance information at different levels within government.	
011	A	We agree with the approach taken in the ED.	
012	A	The GASB staff agrees that the ED adequately addresses the reporting of service performance information by entities at different levels within the government, including situations where a controlled entity reports service performance information that encompasses that provided by controlled entities.	
013	D	<i>(No comment)</i>	
014	A	Yes, we agree that the issues of reporting at different levels of government are adequately addressed. We note the increasing use of cross-entity programs in some jurisdictions. Therefore, we believe the guide should be able to inform the consistent development and reporting of service performance for programs that involve multiple entities in the same jurisdiction.	Cross-boundary issue: Provide guidance.
015	A	<i>(See general comment. No further comment.)</i>	
016	A	Yes. Most Government budgets are now based on the Medium Term Expenditure Framework (MTEF). This requires involving stakeholders and all the various sub-units within government in the objective setting and budgeting process for at least three years. Most Governments in Africa have also started implementing decentralisation programs and it is therefore appropriate to measure performance at the various levels to assist Government and Public Sector entities in decision making.	
017	A	The following passage in paragraph 28 is rather difficult to fully understand: "Service performance information may be reported by different reporting entities within an economic entity." We recommend a more specific explanation, such as the following: "Different reporting entities within an economic entity may report their own service performance information on a consolidated basis while controlled entities may concurrently report their service performance information on a narrower consolidated basis."	Paragraph 28: Improve to make clearer.
018	A	We agree that the ED adequately addresses reporting of service performance information.	
019	A	We agree that the RPG has addressed the reporting of service performance information by entities at different levels within government. However, the discussion in paragraphs 27 and 28 does not clearly indicate that the entity that is accountable for the service performance objectives should ultimately be responsible for reporting service performance information.	Paragraphs 27- 28: Revise.

R#	C #	RESPONDENT COMMENTS SMC 3	STAFF COMMENTS
		<p>From a South African perspective, there is currently no requirement for the provision of consolidated service performance information. We are of the view that it may not be appropriate for the controlling entities to report service performance information for the following reasons:</p> <ul style="list-style-type: none"> • It would not be necessary to report performance information of controlled entities as this information would be reported by these individual entities. • It may not be appropriate to report performance information for the economic entity unless specific performance indicators have been established for the economic entity as a whole. <p>We suggest that a principle be established, much like the principle applied in IPSAS 24 on Presentation of Budget Information in Financial Statements, which requires entities to present a comparison of actual to budget information only if budgets are made publicly available. If such a requirement is included in the RPG, then economic entities will only report performance information when that information and those specific indicators have been made publicly available.</p> <p>We question why the term reporting boundary has not been defined or explained. We suggest that the term be clearly explained for those jurisdictions that may not be well versed with the IPSASB's terminology.</p>	<p>Controlling entity may not need to report on services.</p> <p>Use IPSAS 24 approach: Report when objectives are made public.</p> <p>Explain or define "reporting boundary".</p>
020	D	<p>The situation appears to be more complicated as many critical matters have been left at the discretion of practitioners, as mentioned in our response to Q1.</p> <p>We would consider entities to report all five types of performance indicators— inputs, outputs, outcomes, efficiency and effectiveness—for the services that they provide, along with the outcome indicators.</p> <p>We would also consider providing reasonable guidance on when to use output or outcome focused method of reporting spi, or a combination.</p> <p>What's the point of this RPG if such critical matters are to be left at the discretion of the practitioners?</p>	<p>Comments relate to SMC 1.</p>
021	C	<p>The Court dreads the effects of reporting overload in groups, if, at the mother entity level, compilations of reports coming from the controlled entities have all to be presented. This approach emphasizes consolidation in its accounting definition. This seems too rigid when dealing with service performance reporting, and should be adapted to the real user needs of those reports on service performance, where selectivity and users' priorities should also be taken into consideration.</p> <p>The Court however acknowledges that the comments in BC 18 bring some nuances compared to the main text, where para 27 and 28 ("reporting boundary") look imperative and should be amended. Moreover, the recurrent question of the application of the present proposals to the GBEs is still and again pending here.</p>	<p>Concern about information overload when reporting services for group: Amend paragraph 27-28.</p> <p>GBE issue.</p>
022	C	<p>We believe that it is important to link service performance reporting different levels of entity within government, to the concepts and principles in IPSAS 24 <i>Presentation of Budget Information in Financial Statements</i> on reporting budget information. There is a logical connection between the resources that are reported on in IPSAS 24, and the activities those resources are used in and reported on in terms of this proposed RPG. Without the corresponding budget information as context, it may be difficult to adequately assess entity performance.</p>	<p>Link to IPSAS 24 approach; reporting should follow budgeting.</p> <p>Public availability important.</p>

R#	C #	<p align="center">RESPONDENT COMMENTS</p> <p align="center">SMC 3</p>	STAFF COMMENTS
		<p>More specifically, we recommend that the principle of public availability / accountability be included as a guiding principle for determining when and what service performance information should be reported.</p>	
023	A	<p>The SRS-CSPCP is in agreement with this statement.</p>	
024	C	<p>It is neither useful nor relevant to base the evaluation of service performance on accounting criteria.</p> <p>Indeed, service performance, that reflects a global cross-sectoral approach, must enable both assessment and improvement of the effectiveness (attainment of objectives) and efficiency (at the lowest cost) of public spending within the limits of the budget. These objectives are related to a strategy of rationalising public spending and not to accounting issues (fairness, completeness, accounting policy...).</p> <p>However, the definition of a “controlling entity” and its reporting boundary are accounting notions based on the control criterion. Thus, if the entity reporting service performance is the entity responsible for managing the implementation of public policy, it may not necessarily be required, from a purely accounting standpoint, to consolidate the accounts of those entities involved in implementing the public policy.</p> <p>Consequently, the notions of “controlling entity” and “performance reporting entity” are two different notions which may coincide but which more often than not are distinct. In the same way, the boundaries of the public policy mission being evaluated and that of the consolidated accounts may be similar, overlap or divergent.</p> <p>In addition, the balance between benefit and cost must be considered in preparing a service performance report, particularly for small entities. This is why it seems to make more sense to prepare a service performance report for a “public policy” rather than for a “public entity”</p> <p>In conclusion, the notions of “controlling entity” and “service performance reporting entity” do not appear to be adequately dealt with in the exposure draft. Indeed, in our view, the assimilation of these two points of view in the exposure draft, mixing accounting and non-accounting data, does not seem to make sense.</p>	<p>Cross-boundary issue.</p> <p>Note clear explanation of the problem.</p> <p>Cost-benefit issue.</p>

Specific Matter for Comment (SMC) 4:

Do you agree that service performance information should:

- (a) Be reported annually; and,
- (b) Use the same reporting period as that for the financial statements?

If not how would you modify the ED's provisions on these two matters?

STAFF ASSESSMENT OF RESPONSES RECEIVED: These are staff views and do not necessarily reflect the views of IPSASB Members

CATEGORY (C #)	RESPONDENTS (R #)	TOTAL
A – AGREE	001, 003, 004, 005, 007, 008, 009, 010, 011, 012, 014, 015, 016, 017, 018, 019, 020, 022	18
B – PARTIAL AGREEMENT	006, 023	2
C – DISAGREE	021, 024	2
SUB-TOTAL OF THOSE PROVIDING COMMENTS		22
D – DID NOT COMMENT	002, 013	2
TOTAL RESPONDENTS		24

R#	C #	RESPONDENT COMMENTS SMC 4	STAFF COMMENTS
001	A	Agree.	
002	D	(No comment)	
003	A	PSAB staff generally agrees that service performance information should be reported annually and for the same reporting period as that for financial statements. However, given the complexity of some outcomes, it may not be practical to report annually. For example, to assess performance, more sophisticated data and analyses may be required such as completion of a program evaluation. Due to the complexity and expense of doing a these types of assessments, it may not be practical to complete it annually. The guidance should recognize that in order to report annually, it may be necessary to extrapolate performance based on analysis from previous reports updated for inputs and outputs achieved during a period.	Suggests: Multi-year objectives–Use extrapolated measures.

R#	C #	RESPONDENT COMMENTS SMC 4	STAFF COMMENTS
004	A	<p>(a) HoTARAC agrees with the proposal that service performance information be reported, at a minimum, on an annual basis. HoTARAC further suggests that where entities provide half-yearly financial statements, service performance information should also be encouraged to be provided, albeit at a less detailed level than annually, where the costs justify the benefits. It should be emphasised that multi-year service performance objectives should be included, regardless of the frequency of reporting; the extended timeframe of such objectives should not be a deterrent to disclosing progress with their achievement. Progressive updates in respect of multi-year objectives, with a focus on current period achievements, should be reported.</p> <p>(b) HoTARAC agrees that service performance information should be reported in respect of the same reporting period as that used for the general purpose financial statements, to ensure users understand the financial context to that information. HoTARAC believes that if the two sets of information are not aligned, the meaningfulness of the service performance information is severely diminished.</p>	<p>More frequently should be acceptable i.e. half yearly.</p> <p>Require reporting against multi-year objectives.</p> <p>Reasons for same reporting period.</p>
005	A	We are of the view that, service performance information should be reported annually and use the same reporting period as that for the financial statements, except under exceptional circumstances.	
006	B	<p><i>The Council believes that the subject of performance is by essence political and cannot readily be dealt with through accounting standards and is therefore outside the terms of reference of the IPSAS Board. Consequently, the comments made in response to this question should not be interpreted as agreement with ED54.</i></p> <p>a) The Council notes that, in practice, communication on service performance is generally annual but the reporting period could be adapted to suit requirements.</p> <p>b) The Council is not opposed to an annual reporting period provided the choice of a different period is allowed if required. The Council stresses that communication on service performance and the financial statements should be disconnected.</p>	<p>Flexibility on frequency:</p> <p>Flexibility on reporting period:</p> <p>Supports annual and scope for different period if necessary.</p>
007	A	ACAG agrees that service performance information should be reported annually using the same reporting period as the financial statements and be reported at the same time. In addition, ACAG believes that where users require entities to prepare half-yearly financial statements, and the benefits outweigh the costs, the ED should encourage the half-yearly reporting of service performance information.	More frequently should be acceptable i.e. half yearly.
008	A	<p><u>SMC 4(a)</u></p> <p>The AASB agrees that service performance information should be reported annually. When performance objectives are likely to require periods longer than one year to achieve, the AASB considers paragraph 72 of ED 54 should also require entities to provide information about progress towards achieving those objectives. Consistent with the AASB's comments in the 4th paragraph of its response to SMC 1, the AASB considers that this information is useful to users to assist in decision-making and recommends that the RPG be definitive and require entities to provide information regarding any progress towards achieving those objectives.</p> <p><u>SMC 4(b)</u></p> <p>The AASB agrees that, where practicable, service performance information should be presented using the same period as that for the financial statements. The AASB notes that paragraph BC23 of ED 54 suggests that where this is not the case, this</p>	<p>Recommend requirement to report against multi-year objectives:.</p> <p><i>Staff:</i> Recommend revision.</p> <p>Require additional disclosures where reporting period is not aligned. <i>Staff:</i></p>

R#	C #	RESPONDENT COMMENTS SMC 4	STAFF COMMENTS
		situation could be addressed through additional disclosures. However, it does not appear that this recommendation has been included in the RPG explicitly. The AASB suggests that the RPG states that when the reporting periods for service performance information and financial statements do not align, additional disclosure should be made.	Recommend revision.
009	A	CIPFA agrees that (a) and (b) represent good practice, and it is therefore appropriate that the RPG represent these as what should occur.	
010	A	We agree with the proposals.	
011	A	We agree with the approach taken in the ED. We would add that, if a reporting entity is including a comparison of the budget amounts for which it is held publicly accountable and the actual amounts in its financial statements, then it should also include a comparison of its actual results with the relevant output, outcome and impact targets.	
012	A	The GASB staff agrees that service performance information should be reported annually and should use the same reporting period as that for the financial statements.	
013	D	<i>(No comment)</i>	
014	A	<p>Yes, we agree with the proposal that service performance information be reported annually. Further, we agree with the ED that the provision of information on progress towards multi-year service performance objectives would benefit users. In addition, subject to the benefits outweighing the costs, we agree that the reporting of service performance information should be for the same period as that used for financial reporting. When this is not the case we consider it important that additional disclosures be made. When users require half-yearly financial reporting we consider progressive reporting of service performance information would be beneficial, provided costs do not outweigh benefits.</p> <p>The ED at paragraph 66 proposes that wherever possible, entities should report against the indicators established before the start of the reporting period using the same methodology and parameters for their computation. While supporting this approach we note this proposal for reporting on service performance is not identical to the approach to reporting on financial performance as articulated in IPSAS 24 <i>Presentation of Budget Information in Financial Statements</i> where entities have the option to report actual performance against either published original or final budget. We think there is a risk that users may be confused if the same entity reports its actual service performance against original performance indicators and its actual financial performance against the final budget. However, on balance we support the paragraph 66 proposition as it removes an opportunity for governments to alter performance targets.</p>	<p>Require additional disclosures where reporting period is not aligned.</p> <p>Half yearly reporting envisaged.</p> <p>Paragraph 66: Issue re. reporting against original or revised target, linked to IPSAS 24.</p>
015	A	<i>(See general comment. No further comment.)</i>	
016	A	Yes. This is relevant to ensure that the information can be reviewed on a comparable basis. The guidance provided by paragraph 29, which provides guidance on considering the cost and benefit as well as users' needs for controlling entities that use different reporting period is appropriate. This is because in some cases, donor reporting requirements for some Public sector entities may be different from the financial reporting calendar of the reporting entity and these factors need to be assessed.	Note donor funding report requirements as reason in favor of scope for a different reporting period.

R#	C #	RESPONDENT COMMENTS SMC 4	STAFF COMMENTS
		For Auditors and other evaluators, this is useful for review and opinions issued on financial statements that includes reported service performance indicators.	
017	A	We agree with the proposals in the ED. We believe that paragraph 30 of ED 54 should retain the descriptions of the service performance objectives requiring periods longer than one year to achieve.	Support for paragraph 30.
018	A	We agree that service performance information should be reported on an annual basis to co-inside with the production of the financial statements. However, this should not preclude public entities from reporting more frequently, if they choose to do so.	<i>Note:</i> Support for more frequent
019	A	We support the proposal for service performance information to be reported annually using the same reporting period as that for the financial statements. We are of the view that this will enable users to link budget information to the cost of services delivered with the financial statements and service performance information.	
020	A	4a. As a minimum annual reporting of spi appears to be reasonable. This may also be true for inactive or dormant entities. However, as in commercial enterprises, monthly closure and reporting should be a norm. Where required for understanding, information aggregated for a number of accounting periods may be more appropriate. 4b. We also agree with the rationale of BC23. This should not be necessary. However, we rate timeliness to be on top of qualitative characteristics and would like to see some kind of limit. This may be up to a year at the most.	Support for more frequent Agree with allowance of different periods but establish limits.
021	C	As mentioned above, the Court is not in favor of a guideline establishing that financial statements and service performance reports should be delivered at the same date and within the same reporting periods that the financial statements. This refers to the fact that performance objectives and related resources assignments are often based on multi-years programs and measured by multi-year series of indicators. The Court would prefer to propose to take into account the priorities of the budgetary agendas and decision process cycles among the public entities.	<i>Note</i> reasons against both points.
022	A	We agree that service performance information should at least be reported annually, and use the same reporting period as that for the financial statements. In cases where the reports are not the same reporting period, there should be reconciliation disclosures and additional comparative cut-off disclosures to enhance users' understanding of the service performance report.	Support for more frequent; Require disclosures, etc. where period is not aligned.
023	B	The SRS-CSPCP agrees that service performance information should be reported annually. Exceptions should however be permissible; above all for evaluations extending over a longer period. The requirement of annual service performance reporting is relatively easy to implement for the inputs and the outputs, but incomparably more difficult to do for the outcomes. The reporting may become one-sided with respect to efficiency and effectiveness, for although a link between input and output can easily be constructed annually, in many areas it is almost impossible to establish a link, let alone a connection, between inputs and outcomes. In general, it is scarcely possible to report on outcomes annually, because the necessary quantified results are not available, especially in the case of subsequent impacts (see above, definition of outcomes). In the best case the reporting would be	Exceptions for annual reporting needed to address multi-year objectives.

R#	C #	RESPONDENT COMMENTS SMC 4	STAFF COMMENTS
		limited to some description. However, it will be difficult to prove that any significant and causal link exists between the input and the outcomes. Therefore, the danger exists of putting forward a spurious correlation.	Outcomes are very difficult to report annually.
024	C	<p>As stated by DGFIP in its response to the CP of October 2011, performance is a fundamental aspect of monitoring public policy implemented. However, as stated in the reply to question 3 above, it does not seem relevant to adopt the same reporting period for service performance as for the financial statements.</p> <p>Indeed, the service performance reporting period may vary according to objectives and the economic, social and financial context. The period may be annual, or for more or less than a year.</p> <p>In this respect, monitoring performance using indicators for periods shorter than a year encourages management dialogue between all those involved in the evaluated public policy mission and improves the management process by increasing the accountability of the public manager. Multi-year indicators are used for defining medium and long term strategy and shaping policy. Thus, the evaluation of service performance in respect of health and education is based on age categories or is carried out over several years. Annual reporting may, in some cases, be misleading when evaluating the performance of public policy missions.</p> <p>In France, since the introduction of the LOLF en 2001, a part of the annual Budget Act is dedicated to performance, as is a part of the Pluriannual Public Finance Policy Acts, which is the basis for the public finance strategy implemented by the government. In this respect, Article 34 of the French Constitution provides that “the multiannual guidelines for public finances shall be established by Programming Acts. They shall be part of the objective of balanced accounts for public administrations. Hence, “Programming Acts fix the objectives for the action of central government”, they are “specified and completed by Constitutional Bylaws”. Thus, under the Constitutional Bylaw relating to the governance and programming of public finances of the 17 December 2012, the multiannual guidelines for public finances, within the Programming Acts, are defined for, at least, a three years period.</p> <p>In parallel, the High Council on Public finances is responsible for assessing whether the government’s macro-economic forecasts are realistic and checking that the path towards a balanced budget is consistent with France’s European commitments. Consequently, in France, service performance is assessed on an annual basis for each public policy mission conducted by the government, in compliance with the multi-annual trajectories defined. Performance is also monitored during the year as part of the budget procedure in liaison with the different public managers.</p> <p>In our opinion, service performance cannot be monitored in the same way as accounting information, which is by nature annual.</p>	Make reporting period flexible; could be less or more than one year.

Specific Matter for Comment (SMC) 5:

Do you agree with the ED's proposed principles for presentation of service performance information (see paragraphs 31 to 39)? If not how would you modify them?

STAFF ASSESSMENT OF RESPONSES RECEIVED: These are staff views and do not necessarily reflect the views of IPSASB Members

CATEGORY (C #)	RESPONDENTS (R #)	TOTAL
A – AGREE	001, 003, 004, 008, 009, 010, 011, 012, 014, 015, 016, 018, 019, 022	14
B – PARTIAL AGREEMENT	005, 007, 017	3
C – DISAGREE	020, 023, 024	3
SUB-TOTAL OF THOSE PROVIDING COMMENTS		20
D – DID NOT COMMENT	002, 006, 013, 021	4
TOTAL RESPONDENTS		24

R#	C #	RESPONDENT COMMENTS SMC 5	STAFF COMMENTS
001	A	Agree	
002	D	(No comment)	
003	A	PSAB staff generally agrees with the proposed principles for presentation.	
004	A	<p>HoTARAC agrees with the principles outlined in paragraphs 31 to 39, in particular the inclusion of qualitative characteristics for service performance information. It is recognised that the principles-based (rather than rules-based) approach in ED 54 provides entities greater flexibility to report service performance information that is relevant and appropriate to their specific objectives and circumstances.</p> <p>ED 54 should further emphasise the need for preparers of service performance information to determine the appropriateness and relevance of information to be provided each year to ensure the entity effectively discharges its accountability and transparency obligations in the context of changing internal and external operating environments.</p> <p>In that regard, HoTARAC supports the concept of materiality being an important factor for preparers to consider in assessing what and how information should be presented. However, HoTARAC recommends that the IPSASB provide examples to guide preparers in applying the concept of materiality to service performance information.</p>	<p>Emphasizes appropriateness and relevance.</p> <p>Provide examples to illustrate materiality.</p> <p>Paragraph 31: Provide meanings for new terms. <i>Staff</i>. See SMC 2.</p>

R#	C #	RESPONDENT COMMENTS SMC 5	STAFF COMMENTS
		As previously outlined in Specific Matter for Comment 2, HoTARAC notes that paragraph 31 has introduced new terms that have not been defined. The terms are 'service delivery', 'service delivery objectives', 'service delivery activities' and 'service delivery achievements'. HoTARAC recommends the Recommended Practice Guideline define what these terms mean and how they affect the reporting of service performance information.	
005	B	We propose that the qualitative characteristics of service performance information should be categorized between fundamental and enhance qualitative characteristics. The proposal is in line with the IASB's terminologies in their proposed conceptual framework.	Staff: Conflicts with IPSASB Conceptual Framework
006	D	<i>The Council believes that the subject of performance is by essence political and cannot readily be dealt with through accounting standards and is therefore outside the terms of reference of the IPSAS Board. Consequently, the comments made in response to this question should not be interpreted as agreement with ED54.</i> The Council has no particular comments on the principles set out in paragraphs 31 to 39. Nevertheless, the Council has reservations about the wording of paragraph 31 which places too much emphasis on the publication of financial results. As mentioned in the answer to question 2, service performance in the public sector cannot be systematically measured by reference to financial results. The Council would stress that performance should be assessed from the point of view of the three primary users who are the citizen, the service recipient and the taxpayer.	Staff: Check concerns against paragraph 31.
007	B	ACAG generally agrees with the proposed principles for the presentation of service performance information. However, ACAG considers that the ED could further emphasise the need for a well-defined balanced set of performance indicators. A full understanding of performance can only be obtained with a complete set of balanced performance measures. For example, an efficiency measure may show an entity has not achieved any productivity gain, however a complementary measure may show that the quality of the service has improved or the backlog has reduced. Similarly when looking at building projects, it is not sufficient to only track whether the project is on time and on budget. If approved quality standards are not adhered to, the entity could deliver (or accept) a sub-standard piece of infrastructure which will incur higher maintenance costs in the future and might not achieve the desired outcomes. There are inherent trade-offs in allocating resources and dangers in analysing only some aspects of outcomes. Further, ACAG believes that the ED could more clearly articulate that externally reported performance information should be derived from the performance information an entity's executive uses on a regular basis to manage the business. Ideally, the external and internal performance measures should be aligned and cascaded down to business units or divisions. ACAG believes that for service performance information to be relevant (paragraph 34), it is critical for performance indicators to link directly with the objective of the service. When considering the relevance of service performance information, performance indicators should also "measure the extent to which the entity has achieved objectives" for the purpose of "holding the entity accountable..." and "users' decision making". Relevant indicators should explain what is happening and why, and show whether performance is improving or declining over time. ACAG believes the use of materiality in paragraph 36 to select service performance information for presentation conflicts with materiality's inclusion in paragraph 35 as a pervasive constraint. ACAG would like to repeat the view expressed in its	Needs further emphasis on balanced set of performance indicators (PIs). Staff: Helpful examples to illustrate need for complete set of PIs. Emphasize link between management and reporting. PIs driven by objectives: relevance. Materiality: Para. 36 conflicts with para. 35.

R#	C #	RESPONDENT COMMENTS SMC 5	STAFF COMMENTS
		<p>submissions on CF-ED 1 and the CP that ACAG considers materiality to be an aspect of relevant and sufficient information instead of a reporting constraint.</p> <p>ACAG notes paragraph 37 states that “Assessing whether the benefits of providing information justify the related costs is often a matter of judgment”, which could be construed to allow an entity to not report service performance information. Costs should be considered when determining the extent and nature of the performance measures used, but should not cause information to not be reported.</p>	<p>Paragraph 37: Cost-benefits: Suggest amend to ensure that entity does not have excuse to not report.</p>
008	A	<p>In general, the AASB agrees with the proposed principles for presentation of service performance information. The AASB has the following specific comments regarding paragraphs 37 and 39 of the ED.</p> <p>(a) Paragraph 37 could be read as giving an entity relief from applying aspects of the RPG due to the entity's own cost/benefit assessment, and still be able to claim compliance with the RPG. In terms of compliance with standards, costs vs benefits is not generally applied as an entity-level assessment tool, as it is usually used as a standard-setting criterion. Where information is considered material, a preparer should not be able to exclude the material information on the basis that the cost to it of providing that information is too great in relation to the benefit to the users. Where judgment is involved, there should be transparency about this application disclosed. The AASB notes that in paragraph BC3.33 of <i>The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities</i> the IPSASB expresses a view that an entity should not be able to use the cost/benefit constraint to justify not applying an International Public Sector Accounting Standard (IPSAS) and still claim compliance with IPSASs – the AASB thinks that the same principle should apply here. Accordingly, the AASB is of the view that paragraph 37 needs amending to address this matter, but in a way that continues to be cognisant of the RPG not containing requirements that are a disincentive to its adoption.</p> <p>(b) Regarding paragraph 39, the AASB suggests the IPSASB considers how to re-express that paragraph to convey an integrated relationship between the RPG and jurisdictional requirements. One suggestion would be to adopt an approach similar to what was adopted in Australian Accounting Standard AAS 27 <i>Local Governments</i> (albeit now superseded) paragraph 15, which stated:</p> <p>Local governments may be subject to detailed financial reporting requirements set out in legislation. In addition, some users of local government financial reports, such as councillors and regulators, may impose requirements for reporting of information about particular transactions or Funds of the local government, or for reporting of detailed information demonstrating the compliance of the local government with particular legislation. To the extent that these requirements differ from the requirements of this Standard, the foregoing requirements would apply in addition to, not in lieu of, the requirements of this Standard.</p>	<p>Paragraph 37: Same concern as for R007 on cost/benefits.</p> <p>Paragraph 39: Suggested revision.</p>
009	A	CIPFA agrees with these principles. In particular, we note that the descriptions at paragraph 34 are followed by important explanations on how these can be applied intelligently and proportionately, and having regard to specifics of jurisdictional reporting requirements.	
010	A	<p>Under paragraph 34, consider adding the statements below:</p> <p>‘The information should be complete, neutral and free from errors’.</p>	Add explanation, consistent with CF.

R#	C #	RESPONDENT COMMENTS SMC 5	STAFF COMMENTS
011	A	We agree with the overall approach taken in the ED. However, we would also consider including “appropriateness” in the quantitative characteristics in paragraph 34.	Appropriateness not a QC.
012	A	The GASB staff generally agrees with the ED’s proposed principles for presentation of service performance information but offers one suggestion to improve this discussion. The GASB staff believes that paragraph 38 appropriately states that performance objectives may change. However, the GASB staff believes that it also is important that the reasons for changes in performance objectives be included in the discussion.	Paragraph 38: Recommend that reasons for change are discussed. (<i>Staff</i> : Agree. And disclosed?)
013	D	(No comment)	
014	A	Yes, we agree with the proposed principles. We think the paragraph 39 messaging is important as it ensures that entities in jurisdictions that have a well-developed approach to reporting service performance information are not constrained by the good practice guidance of RPG 3 as to what they report.	
015	A	We agree with the ED’s proposed principles for presentation of service performance information. However, we believe paragraph 37 should be limited to the following: “The benefits of reporting service performance information should justify the costs imposed by such reporting. The preparation and reporting of service performance information is expected to benefit both users of the information and the entity, as a result of better decision making by management.” We propose to remove the rest of the discussion from the paragraph as these have been discussed in Chapter 3: Qualitative Characteristics of the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities.	Paragraph 37: Place limits on cost-benefit. Delete discussion given repetition with CF Chapter 3. <i>Staff</i> : Note proposed revision.
016	A	We broadly agree with the principles outlined. However with respect to the qualitative verifiability as defined in paragraph 34, this should be further expanded to disclose whether the reported service performance has been independently verified by a qualified body or expert in the relevant performance field. This information is relevant to ensure that users are not left to interpret performance results but can gain comfort on the fact that the information presented has been ‘audited’ or certified by an independent or qualified body. The effective performance management must optimise the link between strategic planning, the subsequent delivery of services, and measurement against budget. This can be supported by an integrated ERP. Moreover, the correct identification of master data, the adequate level of granularity of the information are crucial to enable timely and transparent reporting.	Add further stipulation on verifiability. (?) Not clear whether revisions are suggested.
017	B	The requirements should be amended so that the relationship between the descriptions of the principles in paragraph 31 and the descriptions in paragraph 40 and thereafter are clarified.	<i>Note</i> : Check relationship between paras 31 & 40.

R#	C #	RESPONDENT COMMENTS SMC 5	STAFF COMMENTS
018	A	We agree with the principles set out for presentation of service performance. However, as stated in our March 2012 response, comparing service performance is not as straightforward as the ED makes out. In many cases a public sector entity cannot draw conclusions about its services when compared to another without having regard to the context, service priorities, resources and the way services are delivered. Therefore it is important to stress in the ED that performance indicators can only be used as starting point for understanding differences and drawing conclusions.	Emphasize limits on comparisons.
019	A	<p>We agree with the proposed principles for presentation of service performance information.</p> <p>We are of the view that it is “appropriate information” and not “useful information” that enables users to make the assessments listed in paragraph 31, as “useful” is highly subjective. We suggest the use of the “appropriate” rather than “useful” in this paragraph, and in other sections of the RPG, where necessary.</p> <p>We are concerned how adherence to the proposed principles will be assessed or measured. As it is the qualitative characteristics that are likely to assist in applying these principles, we suggest that the discussion on the qualitative characteristics be enhanced to include more specific discussions about how these should be applied in the context of service performance information. These suggestions are set out below:</p> <p><u>Relevance</u></p> <p>We suggest that the relevance of service performance information be measured against, or in relation to, the mandate of the entity, i.e. the services for which the entity is accountable.</p> <p><u>Faithful representation</u></p> <p>We suggest that the principle be explained fully that, in addition to being unbiased, service performance information should be complete, neutral and free from material error for it to be faithfully represented. All three of these aspects should be explained in their application to service performance information.</p> <p><u>Comparability</u></p> <p>During our consultations, stakeholders indicated that it may be difficult to demonstrate this principle for both inter-entity and inter-period comparability, in all instances. To make provision for this limitation, we suggest the following amendment: “service performance should provide users with a basis and context to compare an entity’s service performance over time, against targets, and to other entities, <u>where possible</u>.”</p> <p>We also suggest that the explanation of comparability be extended to emphasise that consistent reporting of service performance information will assist and provide users with a basis to compare an entity’s service performance over time and to other entities.</p> <p><u>Timeliness</u></p> <p>We understand that this qualitative characteristic is important especially when the IPSASB considered whether to stipulate that service performance information should be issued at the same time as the financial statements. We are concerned about the IPSASB’s decision not to stipulate this in the RPG. We suggest that the discussion on timeliness should be linked with the considerations provided in paragraphs 41 and 42. If, for example, the service performance information is used to inform assessments of resource allocation decisions (as outlined in paragraph 42), then the timeliness of the information</p>	<p>Use “appropriate” rather than “relevant”.</p> <p>Suggestions on ways to improve QCs when applying them to SPR. <i>Staff:</i> Note suggested specific improvements.</p> <p>Link timeliness to the use made of the information.</p>

R#	C #	RESPONDENT COMMENTS SMC 5	STAFF COMMENTS
		<p>should be linked to the publication of the financial statements and comparison with budget information. Similarly, if the information is used to inform the assessment of policy and strategy decisions, then the entity should consider timeliness in this context.</p> <p><u>Pervasive constraints</u></p> <p>We agree that the pervasive constraints should be applied to service performance information.</p> <p>During our consultation process, stakeholders indicated their reservations with paragraphs 36 and 37 dealing with materiality that require entities to consider materiality when selecting service performance information for presentation. It was noted that in the absence of guidance, this requirement will be difficult to apply as materiality depends on both the nature and amount of the information to be presented in relation to the entity's specific circumstances. We suggest that IPSASB considers providing more guidance on how materiality is applied to reporting service performance information.</p>	<p>Provide more guidance on "materiality" in this context.</p>
020	C	<p>The principles stated appear to be incomplete without explicit recognition of importance of transaction processing system in place for compiling spi. This implies the responsibility on the part of stakeholders to make resources available. Furthermore, unless access is granted to the general public, the purpose of undertaking reporting of spi remains incomplete.</p> <p>We find the materiality principle to be sufficiently important to recommend including its definition in p.8.</p> <p>In addition to above, the practice of disclosing proper explanation for supporting each of the calculations of quantitative spi should be explicitly mentioned²¹.</p> <p><u>Footnote:</u> (21) See p.79: "There should be sufficient information for users to understand the basis of the displayed service performance information."</p>	<p>Importance of transaction processing system.</p> <p>Include definition of materiality.</p> <p>Explain calculations applicable to quantitative measures.</p>
021	D	No specific comment.	
022	A	We agree.	
023	C	<p>Performance must be treated in its entirety, otherwise there is a risk of imbalance. The criterion of <i>materiality</i> must not be seen as an absolute or decisive criterion, as is suggested in the ED. As a matter of fact, this criterion is the only one to be designated as "a key issue". This criterion must be balanced with others from the beginning, because in practice the confrontation of gains and winners frequently results in only a limited measure of the performance being considered. This is even more the case when this ED indicates that the "benefits of reporting service performance information should justify the costs imposed by such reporting" and when it includes as a cost "the costs imposed by omission of useful information" and the costs stemming from the risk of a possibly wrong decision. The SRS-CSPCP can understand that the IPSASB would like to establish a kind of parallelism between the criteria for the GPFR and those for service performance reporting. However, one must be aware that these criteria are hardly applicable for performance analysis, especially if the reporting must take place annually and if it must include outcomes and effectiveness.</p>	<p>Materiality is over-emphasized as the only "key issue".</p>

R#	C #	RESPONDENT COMMENTS SMC 5	STAFF COMMENTS
024	C	<p>The presentation principles proposed in the exposure draft focus on the qualitative aspects of service performance. However, in the public sector, performance must meet the requirements of:</p> <ul style="list-style-type: none"> • citizens, via socio-economic effectiveness which guides public policy in the construction of the society of today and tomorrow by the measurement of the outcome of a given public policy (based for example on the indicator : “Increasing the employment of young graduates ”) ; • users of public services, by the quality of the service delivered (for example “Speeding up decision-taking in the courts”) ; and • the taxpayer, watchful of the efficient management of public funds which relates the output to an input (for example “Reducing tax administration costs”). <p>However, the exposure draft only considers performance from the point of view of the user. In our view, service performance is more than just a matter of effectiveness and the quality of service for the user.</p> <p>Indeed, socio-economic effectiveness and management efficiency are fundamental aspects of service performance in the public sector. It is therefore unfortunate that these specific aspects of government action are not dealt with in the IPSAS Board’s discussions.</p>	<p><i>Staff:</i> Review document in terms of meaning of “users” and link to services, where users’ needs should embrace citizens and taxpayers and not inadvertently imply <i>only</i> the service recipients.</p>

Specific Matter for Comment (SMC) 6:

Do you agree with:

- (a) The factors identified for consideration when deciding whether to present service performance information as part of a report that includes the financial statements or in a separately issued report (see paragraphs 41 to 42); and
- (b) The additional information to present when reporting service performance information in a separately issued report (see paragraph 43)?

If not how would you modify them?

STAFF ASSESSMENT OF RESPONSES RECEIVED: These are staff views and do not necessarily reflect the views of IPSASB Members

CATEGORY (C #)	RESPONDENTS (R #)	TOTAL
A – AGREE	003, 004, 005, 007, 008, 009, 010, 011, 012, 014, 015, 016, 017, 018, 019, 020	16
B – PARTIAL AGREEMENT	022, 023	2
C – DISAGREE	001, 006, 024	3
SUB-TOTAL OF THOSE PROVIDING COMMENTS		21
D – DID NOT COMMENT	002, 013, 021	3
TOTAL RESPONDENTS		24

R#	C #	RESPONDENT COMMENTS SMC 6	STAFF COMMENTS
001	C	We would have a strong preference to present service delivery information as part of the financial statements since this enables inputs to be linked to outputs. In paragraph 43, an illustration should be included.	Include with financial statements. (Provide guidance—illustration.)
002	D	<i>(No comment)</i>	
003	A	PSAB staff generally agrees with the factors for consideration in deciding whether to present service performance information as part of a report that includes the financial statements or in a separately issued report. PSAB staff generally agrees with the additional information to present when reporting service performance information in a separately issued report.	<i>Note:</i> Make clear that financial and non-financial information should be linked.

R#	C #	RESPONDENT COMMENTS SMC 6	STAFF COMMENTS
		Regardless of the decision, the guidance should make it clear that it is important to link financial and non-financial performance information. When financial and non-financial performance information is linked, results and resources are aligned, and the relationship between them described and demonstrated. This information will assist users in assessing the accountability of the entity for the use of the resources.	
004	A	<p>(a) HoTARAC supports the options to provide service performance information as either part of the report that includes the financial statements (e.g. an annual report) or in another report. However, HoTARAC believes it is most useful if the information is included in the same report as the financial statements. Further, HoTARAC recommends that –</p> <ul style="list-style-type: none"> the service performance information be linked to any associated disaggregated information contained in those financial statements; the financial statements refer to the location of the service performance information to enable easy access by users; and the entity clearly states that the service performance information has not been audited. <p>It should be noted that HoTARAC does not support the inclusion of service performance information <u>within</u> the financial statements, due to the impracticalities of auditing such information.</p> <p>(b) HoTARAC agrees with the additional information listed in paragraph 43. An additional requirement HoTARAC recommends is that the separately issued report explain where to locate the financial statements for that reporting period. This would assist in cross-checking and promote a greater context in which to understand the service performance information.</p>	<p><i>Staff:</i> Note suggested specific improvements.</p> <p>Paragraph 43: Add information on where to find the financial statements.</p>
005	A	We do agree with the proposed presentation, service performance information should either be presented as part of a report that includes the financial statements or in a separately issued report. RPG should not restrict entities to reporting service performance information either in a separate report or in the same report as the financial statement. There should be flexibility in order to allow for jurisdictional differences and also give an opportunity to a reporting entity to consider the cost implications. Further, we do support the proposed factors to be considered when making such assessment.	
006	C	<p><i>The Council believes that the subject of performance is by essence political and cannot readily be dealt with through accounting standards and is therefore outside the terms of reference of the IPSAS Board. Consequently, the comments made in response to this question should not be interpreted as agreement with ED54.</i></p> <p>a) The Council is opposed to including service performance information in the financial statements or even in a report including financial statements. As stated in the reply to question 1, the Council considers the expression “as part of a report that includes the financial statements” to be ambiguous.</p> <p>b) The Council believes service performance information should not be systematically linked to the financial statements. For this reason the Council disagrees with the requirement, set out in paragraph 43(e) of the ED, to identify and locate the financial statements to which the service performance information relates, when the latter information is presented in a separate report.</p>	Disagrees with linking SPR to financial statements.

R#	C #	RESPONDENT COMMENTS SMC 6	STAFF COMMENTS
		Because of the different reservations expressed by the Council in its reply to the exposure draft on consolidation, it also believes that the additional disclosures required in paragraphs 43(b) and (c) are not relevant.	
007	A	<p>ACAG agrees with the factors identified for consideration when deciding whether to present service performance information as part of a report that includes the financial statements, or in a separate report. However, ACAG's preference is for service performance information to be presented as part of a report that includes the financial statements, as this approach is considered more useful to users. ACAG also agrees with the additional information to be presented when issued in a separate report. In ACAG's experience in Australia, jurisdiction-specific guidance or legislation will also determine the reporting presentation format. However, authoritative guidance from the IPSASB will assist in ensuring jurisdictional guidance or legislation is based on a commonly accepted framework with minimal variation.</p> <p>ACAG also recommends that where service performance information is presented as part of a report that includes the financial statements, an explicit statement be made that the information does not form part of the audited financial statements. While the service performance information may not be subject to audit, it would still fall within the scope of IAS 720 <i>The Auditor's Responsibility Relating to Other information in Documents Containing Audited Financial Statements</i>. ACAG believes that the placement of information is a decision for governments and parliaments and allows them the ability to elect to have the information audited, reviewed or not subject to specific assurance procedures.</p>	<p>Recommends that explicit statement be included to effect that SPR is not audited.</p> <p>Jurisdiction specific whether audited, or something else.</p>
008	A	<p><u>SMC 6(a)</u></p> <p>The AASB agrees with the factors identified for consideration when deciding whether to present service performance information as part of a report that includes the financial statements or in a separately issued report.</p> <p>The AASB notes there is an apparent assumption made in paragraph 41(c) of ED 54 that when service performance information is provided in the same report as the financial statements it will cost more than if the information were provided in a separate report. However, it is not evident why this assumption is made. The AASB recommends that if there is evidence supporting this assumption, it be explained in the Basis for Conclusions.</p> <p><u>SMC 6(b)</u></p> <p>The AASB agrees with this additional information and is unaware of anything else that should be presented if the service performance information and financial statements are presented separately. However, the AASB suggests that the IPSASB provide an explanation in the Basis for Conclusions of the differences from the corresponding requirements in paragraph 63 of IPSAS 1 Presentation of Financial Statements.</p>	<p>Questions assumption that there are higher costs when including SPR with the financial statements. If evidence exists discuss in Basis for Conclusions.</p> <p>Explain why list differs from IPSAS 1 in Basis for Conclusions.</p>
009	A	In line with our comments in our 2012 response, CIPFA considers that the option of separate presentation is addressed. CIPFA broadly agrees with the material at 41 to 43 and we have no suggested modifications to propose.	
010	A	We agree with the proposals.	
011	A	We agree with the approach taken in the ED.	

R#	C #	RESPONDENT COMMENTS SMC 6	STAFF COMMENTS
012	A	<p>The GASB staff generally agrees with the factors identified for consideration when deciding whether to present service performance information as part of a report that includes the financial statements or in a separately issued report, and the additional information to present when reporting service performance information in a separately issued report. However, the GASB staff offers a few suggestions to improve this discussion.</p> <p>The GASB staff believes that paragraph 41(a) could be clarified by stating, “the extent to which the service performance information needs to be reviewed within the context of information in the financial statements.” The GASB staff believes that this is the appropriate factor to consider when making the decision of whether to report service performance information in the financial report or in a separate report. The GASB staff believes that the discussion that follows does not reflect that this factor should be considered when making this decision.</p> <p>The GASB staff also believes that the discussion in paragraph 41 appears to omit important issues such as the impact of including service performance information in the financial report on timeliness, audit costs, and effect of gathering and preparing the information. These impacts are discussed in the Basis for Conclusions; however, the GASB staff believes that these important issues should be included in this section of the RPG.</p> <p>The GASB staff also believes that it is important to encourage the inclusion of a discussion that identifies the significant services not included with the service performance information and the reasons why the significant services were not included. The GASB staff believes that this information would assist users in assessing whether information that is necessary to represent results has been omitted.</p>	<p><i>Staff:</i> Note suggested specific improvements.</p> <p>Paragraph 41(a): Recommend revision.</p> <p>Paragraph 41: Include <i>factors</i>—impact on timeliness, audit costs, effects of gathering and preparing information.</p> <p><i>Disclosure:</i> Provide discussion of significant services not included.</p>
013	D	(No comment)	
014	A	We believe it appropriate that an entity has the right to choose between presenting service performance information as part of a report that includes the financial statement or in a separately issued report. We agree that the identified factors are likely to be relevant to that choice and the inclusion of additional information within the separately issued report. In our response to Specific Matter for Comment 4 above, we noted our support for the reporting of service performance information for the same period of time as that used for financial reporting. We believe it would be beneficial to users if service performance information and financial information was released at the same time and covers the same period.	
015	A	(See general comment. No further comment.)	
016	A	We agree with the factors and additional information with respect to items (a) and (b). Paragraph 41 (b) which considers whether users’ needs and qualitative characteristics taken into account is critical as Public sector may have several stakeholders with varied needs and expectations which need to be accounted for.	
017	A	We agree with the proposals in the ED 54.	
018	A	(See general comment. No further comment.)	
019	A	We agree with the considerations provided in paragraphs 41 to 43. We are of the view that reporting service performance information is more useful when included with the financial statements in a single report to provide the users with a holistic	Factor: There may be additional costs to

R#	C #	RESPONDENT COMMENTS SMC 6	STAFF COMMENTS
		<p>view of the entity's objectives. One of the factors which our constituents highlighted was the potential cost of preparing separate reports. This might be useful in making the decision as to whether to publish a single or multiple reports.</p> <p>During the consultation process, stakeholders indicated that consideration should be made to the proximity of service performance information to actual and budget comparisons as this will enable the users to link the service performance information to the budget and cost of services delivered in the financial statements.</p> <p>From a South African perspective, entities prepare an annual report which includes the financial statements, service performance information and various others reports which are required by our Code on Corporate Governance.</p>	<p>having the SPR separate.</p> <p>Consider linkage to budget-actual information.</p>
020	A	<p>We completely agree with the wisdom in BC-30²² & 31²³.</p> <p>Where something has been prescribed by the law, it should be followed in the spirit.</p> <p>The spi should be disclosed separately even when bundled with the financial statements as a package as an annexure, if there's a choice. It will be appropriate to link the two documents through cross-referencing and reconciliation of amounts where necessary.</p> <p>When there's a choice whether to make spi an integral part of the financial statements or to disclose it separately, the choice should be for the later. The financial statements are general in nature and should not distract the user.</p> <p>The spi requires comparison with the planned results. Its main focus is on matters such as effectiveness, efficiency, input, output, and outcomes. Whereas the information in the financial statements is more general in nature. In our opinion, a user is likely to be distracted when spi is disclosed along with the GPFS. Also, a sense of proportion is lost.</p> <p>For example, if an entity is managing a number of hospitals offering similar services in its jurisdiction, including spi on consolidated basis may be possible to a certain extent within the financial statements. However, where spi is to be provided with reference to each hospital, consolidated information may be even misleading.</p> <p>We are not recommending total black out of spi from the financial statements. Indeed, consolidated information may be stated therein with cross-reference to the presence of a separate report which may or may not be a part of the financial statement.</p> <p>What we are suggesting is that the spi should be released with the financial statements and should be a placed separately.</p> <p>We are also recommending that proper cross-references should link the two statements.</p> <p>To para-phase, the question is whether financial statements and spi be released and placed in the same document? If placed in the same document, should the spi be an integral part of the financial statements; or should spi be disclosed and designated as a separate document?</p> <p>In our opinion, the spi and financial statements are mutually exclusive. They should not be bound with each other. Yes, at some level, there's a link between the two which should be highlighted. However, one should not be tied with the other. The two documents may be released separately.</p> <p>Where the two are released together, our recommendation is for the spi to be designated separately,</p> <p>6(b) The condition is that the user should be informed of the existence of the other through a proper disclosure.</p>	<p>Link financial with non-financial information via cross-referencing and reconciliation.</p> <p>Disclosure to provide link to other report/statements.</p> <p>Recommends having SPI separate from financial statements.</p>

R#	C #	RESPONDENT COMMENTS SMC 6	STAFF COMMENTS
		<p><u>Footnotes:</u></p> <p>(22) "The IPSASB considered whether service performance information should be located in the same report as the financial statements or in a separate report. It noted that while many national jurisdictions treat service performance information as distinctly different and therefore separate from information provided with the financial statements..."</p> <p>(23) "The IPSASB noted that there may be some implications for the audit of the financial statements, if service performance information is included in the same report as the financial statements".</p>	
021	D	Preference for option B, separate reports from financial statements.	
022	B	<p>a) We suggest that Paragraph 41 include discussion of audit considerations as one of the factors when deciding whether to provide service performance information as part of a report that includes the financial statements or separately, i.e. if the information in the service performance report does not need to be audited, but the rest of the report containing the financial statements has to be audited, presenting the service performance report in that report might not be feasible.</p> <p>b) Paragraph 43: If the service performance report is prepared in accordance with this RPG and other legislative requirements, the name and other relevant details of the legislation should also be disclosed.</p>	Recommends: Add factor–audit considerations; and disclose applicable legislation.
023	B	<p>The SRS-CSPCP is of the opinion that ideally the service performance reporting should be presented as part of the financial report and not issued separately. It is, however, conceivable that both forms be used: compressed reporting in the annual report, which provides information about the easily measurable aspects of the performance (inputs and outputs) and detailed reporting for selected topics in special reports, where this is possible (in particular for the outcomes). Although allowing for this would lead to some imbalance in the way the information is brought to the users, with the risk that users' attention concentrate on the easily measurable aspects of the performance because they are part of the GFFR. Therefore, the risk of oversimplification exists.</p> <p>The SRS-CSPCP is in agreement with the requirements for separate reports in Paragraph 43.</p>	<p>Note third option: SPI in both financial statements report and a separate, more detailed report.</p> <p>Agrees with the disclosures.</p>
024	C	As stated in our general remarks, DGFIP believes that the performance report is outside the scope of accounting. Consequently, service performance information for the public sector cannot be regulated by an accounting standard-setter, or set out in a more comprehensive report such as a "GPFR", including additional information to the financial statements.	Keep SPI outside of GPFRs.

Specific Matter for Comment (SMC) 7:

Do you agree with the ED's proposed approach to presentation of service performance information within a report, which:

- (a) Provides scope for entities or jurisdictions to decide how to present the information, applying the presentation principles in the ED and further considerations applicable to this decision, and
- (b) Does not specify one particular style of presentation such as, for example, a statement of service performance?

If not how would you modify this approach?

STAFF ASSESSMENT OF RESPONSES RECEIVED: These are staff views and do not necessarily reflect the views of IPSASB Members

CATEGORY (C #)	RESPONDENTS (R #)	TOTAL
A – AGREE	003, 004, 005, 006, 007, 008, 009, 011, 012, 014, 015, 016, 017, 018, 019, 021, 022	17
B – PARTIAL AGREEMENT	020	1
C – DISAGREE	010, 023, 024	3
SUB-TOTAL OF THOSE PROVIDING COMMENTS		21
D – DID NOT COMMENT	001, 002, 013	3
TOTAL RESPONDENTS		24

R#	C #	RESPONDENT COMMENTS SMC 7	STAFF COMMENTS
001	D	As far as feasible, service delivery information should be linked to the financial inputs related to the provision of the services. Without this linkage it is impossible to assess value for money.	<i>Staff:</i> Response difficult to classify.
002	D	<i>(No comment)</i>	
003	A	PSAB staff generally agrees with the proposed approach to presentation.	
004	A	(a) HoTARAC agrees with the principles-based (rather than rules-based) approach to the presentation of service performance information. This allows each entity to adapt the principles to best meet the varying needs of their users of service performance information, according to the identity and objectives of those users.	<i>Staff:</i> Review ED's wording to ensure that it makes clear that a statement of service performance (SSP) is

R#	C #	RESPONDENT COMMENTS SMC 7	STAFF COMMENTS
		<p>(b) Consistent with the above preference, HoTARAC recommends that the preparation of a “Statement of Service Performance” only be optional, as the alignment of traditional financial statements with the proposed statement may be unable to be accomplished in a useful and meaningful way.</p> <p>HoTARAC notes that, although the ED does not specify a particular reporting format, the ED is structured to imply a preference for reporting service performance information as a ‘Statement of Service Performance’. If that is not IPSASB’s intention, HoTARAC recommends that the discussion of a ‘Statement of Service Performance’ as ‘one way to present service performance information ...’ (paragraphs 44-45) be included in the section ‘Information for Display’ because the statement is merely one way of displaying information.</p>	<p>optional, which already to ED’s intention.</p> <p>Consider recommended revision (paragraphs 44-45).</p>
005	A	We support the IPSASB view, the principle-based approach is the modern and best practice. The focus should be on principles rather than stipulating a standard reporting structure, the information should be tailored according to the nature of the services, needs of users and the regulatory environment.	
006	A	<p><i>The Council believes that the subject of performance is by essence political and cannot readily be dealt with through accounting standards and is therefore outside the terms of reference of the IPSAS Board. Consequently, the comments made in response to this question should not be interpreted as agreement with ED54.</i></p> <p>a) The Council notes the factors, set out in paragraphs 40 to 41 of the ED, which are to be considered when deciding where to locate service performance information (as part of a report that includes the financial statements or in a separate report). The Council is of the opinion that the choice of entities required to present service performance information should be totally flexible. Indeed, the Council considers that there is no strict correlation between the scope of the financial statements and that of service performance reporting (see reply to question 1).</p> <p>b) The Council agrees that the ED should not provide a presentation model for service performance reporting.</p>	<p>Comments related to SMC 6 and more fundamental scope issue.</p> <p>Agreement on SMC7 issue.</p>
007	A	ACAG agrees with the proposed flexible approach to presenting service performance information. However, as discussed in Specific Matter for Comment (SMC) 5, ACAG believes it is important that a balanced set of measures is developed and reported on. Similarly, in relation to cross-entity programs or output delivery as noted under SMC 3, the need for consistency in presentation and evaluation is important for long-term trend analysis.	Comments re. SMC 3 and SMC 5.
008	A	<p><u>SMC 7(a)</u></p> <p>The AASB agrees with the proposed approach for presentation of service performance information in that the approach provides scope for entities or jurisdictions to decide how best to present that information. However, the AASB queries the use of the term ‘important services’ in paragraph 46 of ED 54 as no context or definition of ‘important’ is provided or broadly adopted within the public sector. If an entity is to identify its ‘important services’, consistency would be promoted through guidance on how it is to determine which of its services are important and which are not. The AASB recommends that the term ‘important services’ be amended to something along the lines of ‘services that are key in achieving or delivering an entity’s objectives’.</p>	<p>Staff: Note recommended revision of “important services” in paragraph 46.</p>

Staff Summary of Responses to Exposure Draft 54
IPSASB Meeting (September 2014)

R#	C #	RESPONDENT COMMENTS SMC 7	STAFF COMMENTS
		<u>SMC 7(b)</u> The AASB agrees that the RPG should not specify one particular style of presentation as it is likely to be the type of service provided that will determine how best to present the service performance information relating to that service.	
009	A	CIPFA agrees with (a) and (b) which provide essential flexibility.	
010	C	The ED should be more prescriptive to provide the particular parameters that should be reported on.	More prescriptive.
011	A	We agree with the approach taken in the ED.	
012	A	The GASB staff generally agrees with the ED's proposed approach to presentation of service performance information within a report. However, the GASB staff offers a few suggestions to improve this discussion. The GASB staff believes that paragraph 45 should state that "high level summaries of information should be" presented as well as "supported." The GASB staff is uncertain what it means in paragraph 48 when it states that "there may be scope to refer users to service performance information reported." The GASB staff believes that there should be a more descriptive word than "scope" that can be used to clarify the IPSASB's position. The GASB staff also believes that "factor" should be "factors" in paragraph 49.	<i>Staff:</i> Note suggested specific improvements. Paragraph 45. Paragraph 48. Paragraph 49.
013	D	<i>(No comment)</i>	
014	A	Yes, we agree with the proposals as they are flexible enough to allow an entity to tailor the presentation of information to accord with the particular service provided.	
015	A	<i>(See general comment. No further comment.)</i>	
016	A	Yes. This is relevant because most donors or development partners prescribe different reporting formats for Public sector entities and NGOs implementing various projects or interventions and therefore placing restrictions would not achieve the needs of users and preparers of the service performance information.	
017	A	We agree with the proposals in the ED 54. As stated in paragraph 6, this proposed RPG outlines the minimum information levels to be presented and should not impede any practices currently implemented by entities or jurisdictions.	
018	A	<i>(See general comment. No further comment.)</i>	
019	A	We agree with the RPG's proposed approach that acknowledges that in some jurisdictions presentation requirements may be legislated and thus the guidance should not specify a particular style of presentation. The discussion in paragraph 46 points out that service performance information should identify an entity's important services which is likely to be found in the entity's planning documents. As important may be subjective to apply without	<i>Staff:</i> Note recommended revision to paragraph 46 which aims to address the

R#	C #	RESPONDENT COMMENTS SMC 7	STAFF COMMENTS
		<p>context, we suggest the following amendment to this paragraph: “Service performance information should identify an entity’s important services <u>that are core to an entity’s mandate</u>, relevant performance indicators and other information relevant to those services...”</p> <p>Considering that there may be entities applying this RPG with no or limited knowledge of reporting service performance information, we suggest that the IPSASB considers issuing supplementary guidance that illustrates various presentation styles applied in different jurisdictions. As an alternative, the IPSASB could consider including references to reports issued by jurisdictions that were consulted during the development of the RPG for more guidance.</p>	<p>same point as that raised by R8.</p> <p>Note recommendation for references to guidance.</p>
020	B	<p>7(a) No. We do not agree with ED’s proposed approach which provides discretion to the practitioners to decide how to present the information.</p> <p>7(b) We agree that the RPG should not specify a particular style of presentation. However, we believe that all disaggregated information should be enclosed separately in a statement titled “Statement of Service Performance”.</p>	<p><i>Staff:</i> Agrees with RPG not specifying style of presentation.</p>
021	A	<p>RPGs should only mention "recommended good practices" and not advocate ruling ways relevant only of standards. The Court is not in favor of directive options on service performance reporting, and, prefers to leave to the entities a large ability to adapt their rules of reporting in that field.</p>	<p>Supports no prescription but disagrees with “directive options”.</p>
022	A	<p>We agree.</p>	
023	C	<p>The SRS-CSPCP finds that Paragraphs 44 – 49 and above all Paragraph 46 require many details; but they are scarcely achievable. In Paragraph 45 in-depth analyses are required. But they require a great deal of time and highly-developed analysis methods, such as Data Envelopment Analysis (DEA) or Free Disposal Hull (FDH) to obtain robust results. The SRS-CSPCP wonders if these methodological issues and obstacles were considered when drawing up the ED. The SRS-CSPCP is of the opinion that the requirements are described in less detail.</p>	<p>View: Paragraphs 44-49 require too much detailed information.</p>
024	C	<p>As stated above, DGFIP believes that service performance information for the public sector cannot be regulated by an accounting standard-setter.</p> <p>The assessment of service performance and the way in which the information is reported to users, citizens and taxpayers are matters of national sovereignty decided in each jurisdiction. Public policy choices, their objectives and the method of reporting service performance information are defined by each national government. Under no circumstances can the appraisal of service performance in the public sector be approached in the same way as accounting analysis. Therefore, it is not the role of an accounting standard-setter to propose the presentation or the content of service performance information to be reported.</p>	<p>Fundamental: View that IPSASB should not regulate this area.</p>

Specific Matter for Comment (SMC) 8:

Do you agree with the ED's identification of service performance information that:

- (a) Should be "displayed", where information selected for display should communicate the key messages in a general purpose financial report, (see paragraphs 50 to 51);
- (b) Should be disclosed as part of narrative discussion and analysis (see paragraphs 70 to 77); and,
- (c) Should be considered for disclosure as part of the basis of the service performance information reported (see paragraph 80).

If not, how would you modify the ED's identification of information for display and for disclosure?

STAFF ASSESSMENT OF RESPONSES RECEIVED: These are staff views and do not necessarily reflect the views of IPSASB Members

CATEGORY (C #)	RESPONDENTS (R #)	TOTAL
A – AGREE	001, 003, 004, 007, 008, 009, 010, 011, 012, 014, 015, 016, 017, 018, 019, 020	16
B – PARTIAL AGREEMENT		0
C – DISAGREE	006, 022, 023, 024	4
SUB-TOTAL OF THOSE PROVIDING COMMENTS		20
D – DID NOT COMMENT	002, 005, 013, 021	4
TOTAL RESPONDENTS		24

R#	C #	RESPONDENT COMMENTS SMC 8	STAFF COMMENTS
001	A	Agree.	
002	D	(No comment)	
003	A	PSAB staff generally agrees with the proposed identification of service performance information. However, narrative discussion and analysis should include information on significant lessons learned during the reporting period and a plan of how the issues will be addressed in the future. Users are interested in knowing that lessons learned are being addressed. It may also identify areas requiring further study or evaluation that requires changes to strategies or refining the performance measures.	Staff: Note suggested specific improvements. Narrative discussion: Include lessons learnt etc.

R#	C #	RESPONDENT COMMENTS SMC 8	STAFF COMMENTS
		<p>PSAB staff does not support inclusion of the discussion in paragraph .76 and .77 related to risk assessment and risk tolerance. It is not clear how the extensive discussion of the parameters around the risk of “false positives” and “false negatives” would assist preparers of service performance reports. The discussion deals with technical issues more related to specific program design and do not have a place in a principles based Recommended Practice Guideline on service performance reporting.</p> <p>PSAB staff recommends that the principle should be as follows:</p> <p><i>The public performance report should include information about the significant risks critical to understanding performance. This information includes the nature of the impact that these risks have had on the decisions made and strategies adopted. This information contributes to explaining and understanding the results that have been achieved.</i></p> <p><i>Risk refers to factors that may affect the achievement of service performance objectives either adversely or positively. A strategic plan would generally describe the significant risks and opportunities identified and discuss what the plan is to manage those risks. The discussion of risk would focus on those risks that had a significant impact on performance. Such disclosures will provide users with a better appreciation of the challenges that were faced and will help clarify why certain results proved more difficult to achieve than expected or others were better than expected. Examples of such risks include public health and safety issues, significant political changes, significant unexpected economic changes and significant demographic trends impacting the delivery of an activity.</i></p>	<p>Paragraphs 76 and 77: Delete and replace with suggested wording.</p>
004	A	<p>(a) HoTARAC supports the suggestions in paragraphs 50 to 51. However, HoTARAC recommends that the IPSASB provide further clarity in paragraph 51 regarding the basis for the “planned” and “actual” information for the reporting period. In particular, HoTARAC recommends that both these sets of information be sourced from publicly-released information where available, so that users have a consistent reference point.</p> <p>HoTARAC also believes the proposed RPG should more strongly emphasise that ‘Information for Display’ covers both positive and negative aspects of service performance. This is as important for the ‘Information for Display’ as for the ‘Information for Disclosure’ (paragraph 70). It also helps ensure any service performance information reported complies with the principles of ‘faithful representation’ (paragraph 34).</p> <p>(b) HoTARAC supports the suggestions in paragraphs 70 to 77.</p> <p>(c) HoTARAC supports the suggestions in paragraph 80.</p>	<p>Staff: Note suggested specific improvements.</p> <p>Paragraph 51</p> <p>Paragraphs 34 and 70.</p> <p>Include both positives and negatives.</p> <p>Note support for these paragraphs.</p>
005	D	We have no comment.	
006	C	<p><i>The Council believes that the subject of performance is by essence political and cannot readily be dealt with through accounting standards and is therefore outside the terms of reference of the IPSAS Board. Consequently, the comments made in response to this question should not be interpreted as agreement with ED54.</i></p> <p>The Council is not in favour of the IPSAS Board developing standards for “General Purpose Financial Reports”. It is against the location of service performance information being determined by a pronouncement, even if the latter takes the form of a recommendation.</p>	<p>Fundamental issue—mandate.</p>

R#	C #	RESPONDENT COMMENTS SMC 8	STAFF COMMENTS
		The Council is against the inclusion of service performance information in the financial statements, either in narrative form or in more detailed form with figures referenced to supporting detail in the notes.	
007	A	<p>ACAG generally agrees with the proposed service performance information that should be displayed and disclosed for reporting purposes. However, ACAG notes paragraph 55 states that “An entity is encouraged to display information” about its intended outcomes and achievement of its outcomes. ACAG believes that outcome measurement is very important to public sector entities and their stakeholders and is not convinced by the explanation in BC38 that because outcome information is difficult the decision was only to “encourage” its reporting. Therefore, ACAG suggests a change in the wording to require outcome reporting unless there are valid reasons for not doing so.</p> <p>Similarly, paragraph 80 requires certain information to be “considered” for disclosure. ACAG believes that as the information assists users to better understand and interpret service performance information it should be disclosed. ACAG also believes that the disclosures should include an explanation about an entity’s outcomes, the relationships between services and outcomes, and how outcome performance indicators measure the extent to which outcomes have been achieved.</p> <p>As outlined in SMC 3, cross-entity disclosures should also be encompassed within the guidance for Presentation of Service Performance Information.</p>	<p><i>Staff:</i> Note suggested specific improvements.</p> <p>Paragraphs 55 and 80: Make requirements.</p> <p>Address cross-entity disclosures.</p>
008	A	<p><u>SMC 8(a)</u></p> <p>The AASB agrees with the information that should be displayed as proposed in ED 54 paragraphs 50–51.</p> <p><u>SMC 8(b)</u></p> <p>Subject to the AASB’s comments in response to SMC 1 above about outcomes and disaggregation of costs between direct and indirect costs, the AASB generally agrees with the service performance information that should be disclosed as part of a narrative discussion and analysis. The AASB suggests that the RPG clarify that this list is not exhaustive and there may be other information that could be included to help provide an overview of service performance results (having regard to any concerns about ‘disclosure overload’). The RPG should provide more clarity around the boundary of any risk trade-off discussion (see paragraph 76 of ED 54) – for example, the type of information that is expected to be disclosed. The AASB thinks risk trade-off disclosures are complex and potentially burdensome if left too broad.</p> <p><u>SMC 8(c)</u></p> <p>The AASB considers that the information listed in paragraph 80 of the ED should be disclosed, not just considered for disclosure, but, as noted in AASB response to SMC 8(b) immediately above, preparers would need to be conscious not to provide so much detail that it clutters the service performance information being provided.</p>	<p><i>Staff:</i> Note suggested specific improvements.</p> <p>Narrative discussion and analysis: State that list is not exhaustive.</p> <p>Paragraph 76: Revise.</p> <p>Paragraph 80: Make a requirement. (But do not overload with detail.)</p>
009	A	CIPFA generally agrees with these proposals.	
010	A	We are in agreement with the proposals.	
011	A	We agree with the approach taken in the ED.	

R#	C #	RESPONDENT COMMENTS SMC 8	STAFF COMMENTS
012	A	<p>The GASB staff generally agrees with the ED's identification of service performance information. However, the GASB staff offers a few suggestions to improve this discussion.</p> <p>The GASB staff believes that paragraph 52 should be clarified to convey the point that IPSASB is trying to make. The GASB staff believes that the IPSASB is trying to convey that when service performance information is already reported in the financial report, rather than duplicate this information in a separate service performance report, it would be appropriate to simply make a cross reference to this information already reported. If this is what IPSASB is trying to convey in this paragraph, then the GASB staff believes that paragraph 52 needs to be clarified.</p> <p>The GASB staff believes that the discussion of using several levels of reporting in paragraph 62 should be further enhanced with the addition of an example. For example, a government might consider providing "plain language" or graphical representations of performance results, not only in a time series but also by comparing planned and actual performance (in addition to a more detailed report with descriptions of performance goals with quantitative and qualitative information about results).</p> <p>The GASB staff believes that the order of paragraphs 67 and 68 should be reversed so that planned performance is discussed prior to actual performance. Further, the GASB staff believes that the reasons for, and the impacts of, the changes in actual performance should be recommended to be discussed in paragraph 67, similarly to what is recommended in paragraph 68.</p> <p>The GASB staff also believes that "leading" should be changed to "contributing" in paragraph 74.</p> <p>The GASB staff does not believe that the example presented in paragraph 77 assists in the understanding of risk factors discussed in paragraph 76 sufficient to warrant inclusion. Further, the GASB staff notes that examples are not consistently provided throughout the RPG.</p> <p>The GASB staff also believes that paragraph 80 (c-d) should be clarified. In (c), the GASB staff is uncertain as to what the IPSASB means by "services affected." If the intent is to disclose information about the services "reported," the GASB staff believes this would be duplicative of the proposal in (b). In (d) the GASB staff believes that "for a particular service" should be inserted after "An explanation of the relationship between different performance indicators."</p> <p>Finally, the GASB staff believes that paragraph 80 (f) also should include "disaggregation" as well as "aggregation."</p>	<p>Staff: Note suggested specific improvements.</p> <p>Paragraph 52</p> <p>Paragraph 62</p> <p>Reverse paragraphs 67/68.</p> <p>Paragraph 67</p> <p>Paragraph 74</p> <p>Paragraph 77: Delete. (Issue re. consistent examples.)</p> <p>Paragraph 80: Clarify and add disaggregation to 80(f)...</p>
013	D	<i>(No comment)</i>	
014	A	Yes, we agree with proposals (a) and (b). We believe that ED 54 paragraph 80 lists information that would be useful to users in understanding service performance. Consequently, we suggest this information should be disclosed and not just considered for disclosure.	Paragraph 80: Make a requirement.
015	A	<i>(See general comment. No further comment.)</i>	
016	A	a) We agree. The presentation of planned and actual information together with the actual information for the previous period is useful to allow users have a basis for comparison of the information reported to users. Auditors and other	

R#	C #	RESPONDENT COMMENTS SMC 8	STAFF COMMENTS
		<p>reviewers of the reported service performance are also able to confirm these information based on previous signed or audited information.</p> <p>b) We agree with the proposed analysis and discussions by the IPSASB. The identification and discussion of the risks associated with delivery of the service is key in developing countries and this need to be reflected appropriately. Most developing countries are still heavily dependent on donor funds and foreign aids to support national budgets. The inability to access these funds on a timely basis impacts on the service performance of most governments across the region.</p> <p>c) We agree. The objectives and performance expectations as well as the roles and responsibilities at each level of the chain of responsibilities need to be clearly explained and understood.</p>	Note: Roles and responsibilities information.
017	A	We agree with the proposals in ED 54.	
018	A	<i>(See general comment. No further comment.)</i>	
019	A	<p>We generally agree with the proposals set out in the RPG.</p> <p>During the consultation process, stakeholders indicated the difficulty that may be experienced in providing information on the cost of services in accordance with paragraph 50(c). In practice, entities may only be able to link the cost of the services to inputs rather than outputs. It was also noted that it may not be possible to provide the comparison of services to costs as this information is dependent on how the entities' cost structures have been established. For instance, if costs are not structured per programme then it may not be possible to extract the relevant information for these comparisons.</p> <p>From a South African perspective, activity based costing is not widely applied and it therefore may not be possible to provide a comparison of costs at an activity-level. As similar countries may be in a similar position, we suggest deleting paragraph 50(c) from the information required for display. This will require rewording to the later paragraphs that discuss the provision of cost information.</p> <p>We agree with the disclosures to be provided for narrative discussion and analysis. We are of the view that there should be stronger emphasis on the fact that narrative discussion and analysis should be concise and focus on issues that are critical to the user's understanding of service performance information reported. We suggest the following amendment to paragraph 69: "Narrative discussion and analysis should be <u>concise and focus on issues that are critical</u> to support users' assessments of the efficiency and effectiveness of services..."</p> <p>We are of the view that the matters discussed in paragraph 79 and 81 are closely linked. We suggest the two paragraphs should follow each other and precede the disclosures in paragraph 80.</p> <p>During the consultation process, stakeholders indicated that paragraph 80 (d) and (g) may be problematic to apply in practice. For paragraph 80(d), it may not be possible to explain the relationship to different performance indicators as they may relate to different objectives. We suggest that the relationship should rather be expressed in terms service performance objectives and not performance indicators. Consistent with the comment made above about the difficulty of providing cost</p>	<p><i>Staff:</i> Note suggested specific improvements.</p> <p>Paragraph 50(c): Delete, and make consequential deletions. (Cost information is too difficult.)</p> <p>Paragraph 69: Revise.</p> <p>Paragraphs 79 & 80: Change order/location.</p> <p>Paragraph 80: Revise.</p>

R#	C #	RESPONDENT COMMENTS SMC 8	STAFF COMMENTS
		<p>information, entities are likely to find the requirement in paragraph 80 (g) equally challenging due to unavailability of information.</p> <p>If the definition of “performance targets” is accepted, we suggest that these targets should be displayed for each relevant service reported in accordance with paragraph 50. For service performance objectives that span more than one reporting period, entities are likely to have set performance targets on which they report results at each reporting period.</p>	Paragraph 50 related revision. (Check location.)
020	A	<p>8(a) We agree.</p> <p>8(b) We agree but do not find the contents of p.76. Also, we would like to see the example in p.77 replaced with a better one as in case of situations in a hospital or law enforcement.</p> <p>8(c) We agree.</p>	<p>Paragraph 76 Unclear?</p> <p>Paragraph 77 Change example.</p>
021	D	The Court has no specific comment here, but notes that the dichotomy « display/disclose » is not easy to import in other languages, point already mentioned in the consultation on "conceptual framework, presentation of the financial statements".	Display/disclosure translation difficulty
022	C	<p>a) It is not apparent that the requirement in paragraphs 50 & 51 is drafted on the basis of communicating key messages in a GPFR. If that is the Board's intention, it needs to be spelt out in paragraphs 50 & 51. However, we are not sure how preparers would be able to display information on that basis, in particular, planned (emphasis added) information with respect to performance indicators and service costs (as required in para 51a).</p> <p>Additionally, we believe it would be more useful to present performance information relating to inputs and outcomes in detail since these are directly attributable to the entity's performance, and to provide more high-level, narrative information about impacts which may have been partially influenced by the entity's performance, in a separate section.</p>	<p>Paragraph 50 & 51: Link to key messages.</p> <p>Recommends separate out performance attributable to entity versus partially influenced by entity.</p>
023	C	<p>The SRS-CSPCP is of the opinion that this part of the ED is far too comprehensive. The Committee was astounded at, according to this RPG, how much information the service performance reporting should contain. The result is that its application is too complicated. The entire chapter in this part should be shortened. Furthermore, the competent authorities should have enough scope in the design of the service performance reporting. For this reason the SRS-CSPCP is of the opinion that in this RPG, only minimum requirements should be set for service performance reporting.</p> <p>Regarding Paragraph 50, the SRS-CSPCP suggests that Section (c) <i>Information of the cost of services</i> should be deleted. SRS-CSPCP can understand that the IPSASB would like to include this point in order to establish a link between the service performance reporting and the GPFR. The <i>costs of services</i> are, however, part of the performance indicators and should <i>not</i> be mentioned separately. Furthermore, in contrast to the <i>performance indicators</i> and the <i>objectives</i> the <i>costs of services</i> were not defined (see Paragraph 8). Therefore, Paragraphs 64 and 65 should not form their own section. They should be included in the previous section. And subsequently, the title “costs of services” should be cancelled.</p>	<p>Too much detail required. Suggested breakdown between minimum requirements and other information.</p> <p>Paragraph 50(c): Delete.</p> <p>Paragraph 51</p>

R#	C #	RESPONDENT COMMENTS SMC 8	STAFF COMMENTS
		<p>Following from that, Paragraph 51 should be changed as follows: “<i>With respect to performance indicators the entity should display...</i>,” the expression <i>service costs</i> should be deleted.</p> <p>The SRS-CSPCP is of the opinion that Paragraph 69 goes too far with its demand for disclosure of discussions and analyses. The guidelines should contain only minimum requirements. Paragraphs 70 (b), 70 (c) and 70 (d) go too far and should be deleted without replacement.</p> <p>Only a little information should be disclosed about service performance reporting. The following information is essential:</p> <ul style="list-style-type: none"> • The entity responsible for service performance reporting • Clarity about the public control and the model applied (basic information about the definition, the control and the measurement of objectives, and about the evaluation of the results); but not for all areas. • Scope of application (Scope of consolidation) • Change in the reference period for specific objectives • Information about the resources allocated (in broad terms or in detail) • Law applied <p>It would, however, be an exaggeration to supply the following information:</p> <ul style="list-style-type: none"> • An explanation of the choice of what information is to be disclosed, because often this is a political decision • The information sources. It must be indicated only so that the user can understand the quality of the disclosed information. It must be absolutely avoided that the public sector must cite a host of information sources. It seems logical that for internal figures or figures that derive from international or national statistics or figures that are captured regularly and in a standardised manner no source has to be cited. It is different for information that derives from external, non-official sources and selective, non-standardised analyses. These sources should be identified and mentioned accordingly. • The basis for the cost determination, which explains the policy of the cost allocation including the treatment of direct and indirect service costs 	<p>Paragraphs 69 and 70: Some information that should <u>not</u> be included in minimum requirements.</p> <p>List of <u>essential</u> information.</p> <p>List of information that should <u>not</u> be required.</p>
024	C	<p>Further to the above response, the level of detail and format of service performance reporting for the public sector are outside the terms of reference of the accounting standard-setter.</p> <p>The level of detail of reporting and the choices underlying the strategic approach reflected in service performance are matters for national governments.</p> <p>The accounting terms “information for display” and “information for disclosure” refer to levels of data aggregation in reporting which seem irrelevant.</p> <p>Moreover, the objectives of reporting accounting information are different to those of service performance. Similarly, the strategic reasoning behind service performance is not based on accrual accounting concepts. Quite the opposite, the attempt to superimpose accounting concepts on a strategic approach to performance is confusing and impedes our</p>	<p>Do not stipulate what information is reported: Jurisdiction specific.</p>

Staff Summary of Responses to Exposure Draft 54
IPSASB Meeting (September 2014)

R#	C #	RESPONDENT COMMENTS SMC 8	STAFF COMMENTS
		understanding of the key issues of service performance, which put emphasis on achieving the goals of public policy in a budgetary constraint context.	

Specific Matter for Comment (SMC) 9:

Do you agree with:

- (a) The ED's approach of providing principles and guidance on the identification of the type of performance indicators that entities present, rather than requiring entities to report on particular types of performance indicators, for example outcomes or outputs; and
- (b) The guidance and principles that the ED provides with respect to choice of performance indicators?

If not, how would you modify the description of performance indicators that should be presented and/or the guidance on selection of performance indicators?

STAFF ASSESSMENT OF RESPONSES RECEIVED: These are staff views and do not necessarily reflect the views of IPSASB Members

CATEGORY (C #)	RESPONDENTS (R #)	TOTAL
A – AGREE	001, 003, 004, 005, 006, 007, 008, 009, 010, 011, 012, 014, 015, 016, 017, 018, 019, 022	18
B – PARTIAL AGREEMENT		0
C – DISAGREE	020, 021, 023, 024	4
SUB-TOTAL OF THOSE PROVIDING COMMENTS		22
D – DID NOT COMMENT	002, 013	2
TOTAL RESPONDENTS		24

R#	C #	RESPONDENT COMMENTS SMC 9	STAFF COMMENTS
001	A	Agree.	
002	D	(No comment)	
003	A	PSAB staff generally agrees with the approach of providing principles and guidance on the identification of the type of performance indicators that entities present. PSAB staff does not believe the guidance should require entities to report on particular types of performance indicators.	
004	A	(a) HoTARAC supports the development of a reporting framework that facilitates comprehensive and balanced reporting of service performance information. HoTARAC agrees that the requirements should not identify specific	

R#	C #	RESPONDENT COMMENTS SMC 9	STAFF COMMENTS
		<p>performance indicators, as the nature of activities undertaken by individual public sector entities globally would vary widely. The content of service performance information reported by an individual entity needs to be relevant and tailored to that entity's activities and objectives.</p> <p>(b) HoTARAC agrees with the level of guidance and principles contained within the ED with respect to the choice of performance indicators.</p> <p>The proposed Recommended Practice Guideline specifies that the overriding principle is that performance indicators 'should be selected on the basis of their importance to users and their usefulness ...' (paragraph 53). This principle ensures each indicator selected is appropriate.</p> <p>In addition, the Basis for Conclusions says 'the set of performance indicators presented should form a holistic system such that they communicate a coherent, integrated view of the entity's service performance' (paragraphs BC36 and BC40). HoTARAC believes this principle expressed in the Basis for Conclusion should be incorporated into the proposed RPG to ensure that the set of indicators, as well as each indicator, is appropriate, coherent and internally consistent.</p>	<p><i>Staff:</i> Note suggested specific improvements: Move BC36 and BC40 into the RPG.</p>
005	A	We do agree with the proposed principle-based approach.	
006	A	<p><i>The Council believes that the subject of performance is by essence political and cannot readily be dealt with through accounting standards and is therefore outside the terms of reference of the IPSAS Board. Consequently, the comments made in response to this question should not be interpreted as agreement with ED54.</i></p> <p>The Council agrees with the ED's approach which does not define the performance indicators to be published.</p> <p>The general nature of the terms used in the ED (inputs, outputs, outcomes, etc.) leaves enough flexibility.</p>	
007	A	ACAG agrees with the approach of providing a principles based framework as guidance for good practice. However, ACAG believes that to achieve this, the guidance and principles require further refinement as reflected in earlier comments such as requiring a balanced set of measures (SMC3) and requiring, rather than just encouraging, certain disclosures (SMC8).	<p><i>Staff:</i> Note suggested specific improvement re. refine the balance.</p>
008	A	<p>The AASB responses to SMC 9(a) and (b) below are made subject to its comments in the fifth paragraph of its response to SMC 2.</p> <p><u>SMC 9(a)</u></p> <p>The AASB agrees with the approach of providing principles and guidance on the identification of types of performance indicators, rather than requiring entities to report on particular types of performance indicators. However, the last sentence of paragraph 22 of the ED implies that a qualitative discussion should only be provided where service performance cannot be meaningfully represented through quantitative and qualitative measures. Consistent with its comment in the fifth paragraph of its response to SMC 1 above (including footnote 1 of that response) the AASB considers qualitative descriptions could usefully complement quantitative and qualitative measures. In relation to quantitative measures the AASB suggests that paragraph 22 could be amended to suggest that proxy measures (indirect measures) of performance might be suitable where more direct outcome measures are unable to be identified or are too costly to obtain.</p>	<p><i>Staff:</i> Note suggested specific improvements.</p> <p>Paragraph 22.</p> <p>Address qualitative discussions instead of <i>and</i> in addition to quantitative measures.</p> <p>Paragraph 22.</p>

R#	C #	RESPONDENT COMMENTS SMC 9	STAFF COMMENTS
		<p>The AASB also sees some merit in the examples (e.g. in paragraph 23 of the ED) being amended to deal with some of the more challenging measurement issues. Therefore, the AASB suggests, for example, that paragraph 23 of the ED be extended along the lines of 'alternatively, a national government may set an objective of decreasing the incidence of measles by X% by 20yy'.</p> <p>In addition, the AASB notes that the ED states that only output performance indicators should be reported and that outcome performance indicators are only encouraged to be reported. As noted in the AASB's response to SMC 1 (see subparagraph (b)), the AASB disagrees that outcome performance indicators should be accorded a lower emphasis than output performance indicators.</p> <p><u>SMC 9(b)</u></p> <p>The AASB generally agrees with the guidance and principles that the ED provides with respect to choice of performance indicators. However, as noted in the AASB's comments to SMC 1 (and SMC 9(a)) the AASB disagrees that an entity should only be encouraged to display information about its intended outcomes and its achievements with respect to those outcomes (paragraph 55 of the ED), as the AASB believes information about intended outcomes and achievements/outputs are both relevant components of service performance information. Entities seek funds based on their plans, thus their plans and achievements against those plans are vital information for maintaining public trust. Accordingly, the AASB is of the view that they should both be mandated rather than encouraged. Although the AASB understands that outcomes can be difficult to quantify, the AASB thinks that the RPG should accord information about outcomes at least the same level of importance as information about outputs. Therefore, where an entity makes its intended outcomes public, it should display information about its achievements with respect to those outcomes.</p>	<p>Paragraph 23</p> <p>Revise to ensure that outcomes are given at least equal importance to that of outputs.</p> <p>Paragraph 55: Outcomes should be mandated rather than encouraged. Outcome reporting is linked to making information about planned outcomes public.</p>
009	A	CIPFA agrees with this approach and with the guidance and principles provided.	
010	A	We agree with the proposals.	
011	A	We agree with the approach taken in the ED.	
012	A	<p>The GASB staff generally agrees with the ED's approach of providing principles and guidance on the identification of the type of performance indicators that entities present, rather than requiring entities to report on particular types of performance indicators and the guidance and principles that the ED provides with respect to choice of performance indicators.</p> <p>However, the GASB staff believes that the reporting of outcome measures should be specifically encouraged in the RPG because those types of measures are most closely related to the achievement of results that affect those receiving the services. Further, the GASB staff believes that the reporting of service performance information is most effective when it includes all types of performance indicators. Including performance indicators from only one or two types may not provide users with sufficient information to assess performance.</p> <p>Basis for Conclusions</p>	<p>Encourage outcome reporting and be clear that ideally all five indicators should be reported upon.</p>

Staff Summary of Responses to Exposure Draft 54
IPSASB Meeting (September 2014)

R#	C #	RESPONDENT COMMENTS SMC 9	STAFF COMMENTS
		The GASB staff is uncertain how the “holistic system” discussed in paragraph BC40 can be achieved without proposing the reporting of all types of performance indicators, especially without including outcome indicators.	Note that all PIs needed to achieve holistic system.
013	D	<i>(No comment)</i>	
014	A	Yes, subject to our concerns expressed in our response to Specific Matter for Comment 1 above that some of the guidance itself is expressed in the form of encouragement we agree with the approach and the guidance and principles provided.	Some encouraged items should be mandated.
015	A	<i>(See general comment. No further comment.)</i>	
016	A	a) We agree with comments and as recommended practice, a limited number of performance indicators must be defined and reported against, but these should be relevant for stakeholders and governments in reviewing their performances. b) The guidance and principles proposed are clear.	
017	A	We agree with the proposals in ED 54.	
018	A	<i>(See general comment. No further comment.)</i>	
019	A	We agree with the RPG’s proposed approach not to identify specific indicators to be reported for service performance information. The guidance and principles on the selection of performance indicators is not definitive and can be broadly applied in practice.	
020	C	9(a) No, we don’t. We would consider entities to report all five types of performance indicators— inputs, outputs, outcomes, efficiency and effectiveness—for the services that they provide, along with the outcome indicators. 9(b) To Apply only when there is an exception to our statement in 9(a).	Report all five indicators.
021	C	See above, cover letter and SMC 1 & 2.	
022	A	(a) & (b): We agree.	
023	C	As already mentioned under Comment 8, the SRS-CSPCP finds the ED to be too comprehensive and too ambitious. Too many details are required without specific solutions proposed. Either the volume of this ED must be drastically reduced or examples must be provided in order to improve comprehensibility and enforceability of the requirements. This could be provided in an Appendix, or alternatively a reference could be made by means of a link to the internet portal of the IPSAS Board to already existing examples and good indicators.	Too detailed, too complex. More examples could help, e.g. in Appendix or through references.
024	C	As stated above, the issue of service performance is outside the scope of the accounting standard setter. The choice of public policies implemented, performance objectives, and the reporting of service performance information are matters decided by national governments.	Jurisdiction specific.

Other Comments

R#	OTHER COMMENTS	STAFF COMMENTS
001	<p>4. Other observations are as follows:</p> <p>a. We realize that all public sector organizations have not identified their vision, mission, objectives and goals but they may still have service delivery measures that can be evaluated. It would be beneficial to the readers of the RPG if they could see where the level of performance for the service deliveries fit in the overall management structure for the public sector entity.</p> <p>b. Paragraph 5 refers to requirements in the ED. The ED is <u>recommended</u> guidance and there are no requirements! If there are requirements, they need to be clearly identified.</p> <p>c. The following should be added to paragraph 56: "Typically, performance indicators meet the following criteria—<u>S</u>pecific, <u>M</u>easurable, <u>A</u>ttainable, <u>R</u>elevant, and <u>T</u>ime-bound (SMART)."</p> <p>d. In BC2, the fiscal statistics published by the IMF is not mentioned even though the IMF compiles these statistics from the GFS reports submitted by all countries.</p>	<p><i>Staff:</i> Note suggested specific improvements.</p> <p>Describe how fit into management structure.</p> <p>Paragraph 5.</p> <p>Paragraph 56.</p> <p>Paragraph BC2.</p>
002	(None)	
003	(None)	
004	<p>Editorial suggestions</p> <p><i>Paragraph 18(d):</i> There is an additional letter 'd' at the beginning of the sentence.</p> <p><i>Paragraph 42:</i> Reference is made to paragraph 44, whereas the actual paragraph reference should read paragraph 41.</p>	<p><i>Staff:</i> Note suggested specific improvements.</p>
005	(None)	
006	<p>APPENDIX</p> <p>PRESENTATION OF THE FRENCH EXPERIENCE</p> <p>1. The experience of the State: the model introduced by the Constitutional Bylaw on Budget Acts ("LOLF") of the 1st August 2001</p> <p>The profound budgetary reform of the State, initiated in the years 1998-2000, enacted in the Constitutional Bylaw on Budget Acts, originated in Parliament. This demonstrates the interest of the legislature for these matters. The Parliament was convinced, as the President of the National Assembly recently remarked, "<i>of the need to carry out an in-depth reform of our budgetary and accounting rules in order to make better use of public money and improve the quality of service provided to citizens</i>".</p> <p>The LOLF can be considered as the financial constitution of France. It officially recognized the integration of budgetary and accounting matters by incorporating general accounting and audit provisions for the Central Government's accounts into the body of budgetary law.</p>	<p>Note the experience of France.</p>

R#	OTHER COMMENTS	STAFF COMMENTS
	<p>The LOLF has two fundamental objectives¹:</p> <ul style="list-style-type: none"> - "Increase the involvement of Parliament, both in approving the initial budget and in the process of assessment and control: o As a result of the LOLF, France has moved from an approach based on quantities of resources employed (in particular on the practice of approved services²) to accountability starting with the first euro spent: each euro paid by the taxpayer must be useful. It is no longer the quantity of resources allocated to a project which is important, but the effectiveness and efficiency of public spending. - Modernising public management, comprising two pillars: o Making the management of public policies result-oriented, o Improving accounting in order to make it an instrument for modernisation. <p>A long process of maturation, discussion and sharing experience led to the development of a model of performance management, and especially management "by performance", now an integral part of the budgetary process and practice in most departments working for the State.</p> <p>2. Performance at the heart of the LOLF model</p> <p>a) A model based on transparency and accountability</p> <p>The first guides to the LOLF defined performance as the "capacity to achieve pre-defined objectives, expressed in terms of socio economic effectiveness, of quality of service or management efficiency". These three types of objectives correspond respectively to the point of view of the citizen, of the service recipient and of the taxpayer.</p> <p>The LOLF placed performance at the heart of the budgetary debate with the ambition of introducing performance-oriented management. The aim is to achieve convergence between the preparation of the budget and the analysis of the performance of public policies, with a view to optimizing resources and ensuring the relevance of the objectives of public action and the results obtained.</p> <p>Thus, whereas the budget was previously presented by nature of expense, since the entry into force of the LOLF, it is presented by large public policy in the form of "missions" broken down into "programmes" which are sub-divided into "actions".</p> <p>Each programme is associated with a strategy, precise objectives, expected results and performance indicators. A programme manager is named with responsibility for presenting:</p> <ul style="list-style-type: none"> - Annual performance projects (PAP) appended to the initial Draft Budget Bill, - Annual performance reports (RAP) appended to the Budget Review Act. <p>For each indicator there are two target amounts: a medium term target amount and a target amount for the period covered by the Budget Bill. In this way the legislature can ascertain the projected progress of the programme it has approved.</p> <p>b) Greater transparency and more faithful representation in the accounts</p> <p>As stated above, the LOLF includes general accounting and audit provisions for Central Government.</p>	

R#	OTHER COMMENTS	STAFF COMMENTS
	<p>The LOLF makes provision for accounts with three dimensions, budgetary, accounting and the analysis of the cost of actions. The General Account of Central Government is appended to the Budget Review Act (which reports on the implementation of the Budget Act).</p> <p>By making the issues at stake and the corresponding resources visible, according to a matrix presentation which links the programme to the related budget envelopes, these measures increase significantly the powers of decision and assessment of Parliament.</p> <p>As a framework for transforming public management, the LOLF has introduced greater transparency and clarity into public action and created a performance culture, with clearly identified managers who are accountable for their actions within the framework of budgetary procedures.</p> <p>3. The LOLF model applied to Social Security</p> <p>The quest for performance has also had an impact on social security organisations. Hence, the Agreements on Objectives and Management (“COG”) which are intended to enable users to benefit from reliable and modern services whilst striving for constantly improved efficiency. The approach linking objectives and results applied to social security policies is derived from the LOLF model.</p> <p>Thus the quality and efficiency programme (PQE), appended to the draft Social Security Finance Bill provides an insight into the performance of Social Security policies.</p> <p>4. The extension of the LOLF model to other public entities?</p> <p>Discussion and experimentation have now begun with a view to defining a coherent model for local governments, since the latter implement many public policies. The participants in these discussions often attempt to adopt a LOLF type approach with three main characteristics:</p> <ul style="list-style-type: none"> - The structural link between performance and the corresponding credit envelopes; o Public action comprises missions, divided up into programmes and actions. Credit envelopes are allocated to the programmes under the responsibility of programme managers. The related indicators are used to verify that the results are achieved. - Modernisation of accounting, improving the quality of the accounts and making them an instrument for monitoring performance, - The re-appropriation of the budget by those responsible (Parliament, governing body...). <p><u>Footnotes:</u></p> <p>(1) Source : Fabrice Robert “Local Finance” (« Les finances locales » La documentation française)</p> <p>(2) Prior to the LOLF, the budget was broken down into continuing measures and new measures, of which only the latter were subject to debate in Parliament (approximately 6% of budget spending).</p>	
007	Other Comments	Consider IPSAS in future.

R#	OTHER COMMENTS	STAFF COMMENTS
	<p>ACAG would encourage the IPSASB to consider the development of standards level guidance at a later stage. ACAG believes that the inclusion of an appendix with illustrative examples will help preparers' better understand how to apply the content and concepts within the ED.</p> <p>Finally, ACAG notes that the ED is silent in relation to IPSAS 24 <i>Presentation of Budget Information in Financial Statements</i>. IPSAS 24 requires public sector entities to disclose within financial statements, explanations for material differences arising between actual and publically available budget information. Budget information may, or may not, be utilised in certain aspects of measurement and reporting of service performance information. Whilst the ED at paragraph 66 encourages reporting consistent service performance information wherever possible, guidance in relation to any potential interaction with IPSAS 24 may well prove beneficial to some preparers.</p> <p>Other Cosmetic Changes</p> <ul style="list-style-type: none"> Section 18 (d) has (d) twice. Section 42 refers to paragraph 44, it should be 41. 	<p><i>Staff:</i> Note suggested specific improvements.</p> <p>Appendix with examples.</p> <p>Relate to IPSAS 24; guidance on relationship.</p> <p>Paragraph 18</p> <p>Paragraph 42</p>
008	(None.)	
009	<p>Drafting comments and suggestions</p> <p>Paragraph 17</p> <p>CIPFA agrees with the content of paragraph 17, but as drafted it does not fit logically with the rest of the section on 'Outcomes' and does not aid understanding. The paragraph could be deleted, or moved.</p> <p>We presume that the ED provides this explanation to make it clear that it can be difficult to develop objective measures of performance because of external, uncontrolled factors which affect outcomes. This fuller explanation would be a more natural fit in the section on performance indicators.</p> <p>Paragraph 47</p> <p>Suggested amendment:</p> <p><i>The level of aggregation</i> Aggregation <i>should not be so high as to cover conceal or obscure performance, or so low as to result in detailed listings that also obscure performance and reduce understandability.</i></p> <p>Paragraph 54</p> <p>Suggested amendment:</p> <p><i>The set of indicators selected should be related provide information in such a way that users can ascertain how efficiently and effectively the entity has used its resources to deliver services and achieve its service performance objectives.</i></p>	<p><i>Staff:</i> Note suggested specific improvements.</p> <p>Paragraph 17</p> <p>Paragraph 47</p> <p>Paragraph 54</p>
010	(None.)	
011	Other issues	<p><i>Staff:</i> Note suggested specific improvements.</p>

R#	OTHER COMMENTS	STAFF COMMENTS
	<p>We consider that the reporting boundary (paragraphs 27 to 28) should be consistent with the requirements of IPSAS 24 <i>Presentation of Budget Information in Financial Statements</i> – i.e. if the KPIs are publicly available, then the entity should report publicly on its performance.</p> <p>The first sentence of paragraph 28 (“Service performance information may be reported by different reporting entities within an economic entity.”) does not seem fully clear. We therefore recommend adding the following sentence:</p> <p>“For example, a controlling entity may report its service performance information on a consolidated basis, whereas the controlled entity may also report its own service performance information for the period.”</p> <p>We note and agree with the comments on consistency of reporting in paragraphs 66 to 68. However, we note that the benchmarks against which service performance is measured may change over time: this may affect the assessment and reporting of long-term outcomes and impacts. We therefore recommend expanding the guidance to include recommendations on how to respond in this situation.</p> <p>There are various examples given in the ED. However, we suggest that it may assist the users if they were to be based on a single case study and were therefore consistent across the ED.</p> <p>Finally, to allow for a better flow and read, paragraph 81 should be moved to before the current paragraph 79.</p>	<p>Paragraph 27 & 28: Reporting boundary issue related to IPSAS 24; clarity.</p> <p>Paragraphs 66–68: Expand guidance.</p> <p>Examples should be consistent.</p> <p>Paragraph 81: Move.</p>
012	<p>Other Comments</p> <p>As noted in the GASB’s response to the CP, the GASB staff believes that any final guidance would be enhanced by a discussion of how to effectively communicate service performance information to users. For example, the IPSASB should consider discussing the intended audience for the service performance report and the appropriate form of communication (such as printed materials, electronic document files, presentations, articles, and news segments). The GASB staff believes that considering how to effectively communicate service performance information to users may improve the reports relevance, understandability, and effectiveness in communicating the public sector entities results.</p>	<p><i>Staff:</i> Note suggested specific improvements.</p> <p>Address how to communicate SPI to users of the info.</p>
013	(None.)	
014	(None.)	
015	(None.)	
016	(None.)	
017	<p>II. Other comments</p> <p>1. Aligned use of examples</p> <p>ED 54 includes various examples. It can be difficult to understand how those examples relate to each other. We recommend that IPSASB should provide examples of five indicators under the same conditions in order for users to be able to understand the overall image of service performance reporting.</p> <p>2. Performance indicators</p>	<p><i>Staff:</i> Note suggested specific improvements.</p> <p>Align examples.</p>

R#	OTHER COMMENTS	STAFF COMMENTS														
	<p>ED 54 limits the performance indicators to five indicators. ED 54 should more explicitly state that this limitation must not preclude any other practices.</p> <p>In addition, as the premise of assessment of the entity’s achievements in terms of its service performance objectives based on performance indicators, the perspective of financial resources should be incorporated into this RPG. The information on whether interperiod equity is ensured or the information on which financial resources (taxes or rate charges) are used should be provided to users along with service performance information. We recommend, for example, that the explanation of the concept of liabilities and revenue should be provided in conjunction with the Recommended Practice Guideline 1, <i>Reporting on the Long-Term Sustainability of an Entity’s Finances</i>.</p> <p>3. Re-ordering of the descriptions from paragraph 40 and thereafter</p> <p>“Presentation in the Same Report as the Financial Statements or in a Separate Report (paragraphs 40 – 43)” and “Display of Service Performance Information within a Report (paragraphs 44 and 45)” are currently included in the Table of Contents at the same level as other major headings. Consistent with the levels of the other headings, we propose that they should be subcategorized under the proposed major heading of “Location of Service Performance Information.”</p>	<p>Allow for other types of indicators/practice.</p> <p>Include perspective of financial resources.</p> <p>Adjust level of two headings.</p>														
018	(None.)															
019	<p>PART III – EDITORIAL AND OTHER MINOR COMMENTS</p> <p>The following editorial and other minor comments are proposed:</p> <table><tr><th>Paragraph</th><th>Comment</th></tr><tr><td>10.</td><td>We suggest that the last example in this paragraph should be reconsidered, as we are of the view that it demonstrates efficiency rather than effectiveness.</td></tr><tr><td>18. bullet (d)</td><td>Delete the second (d) in the bullet.</td></tr><tr><td>31. bullet (b)</td><td>It is not clear what is meant by “financial results” in this paragraph, and we suggest the following amendment: “Financial <u>statements</u> results in the context of its achievement of service delivery objectives”</td></tr><tr><td>42.</td><td>Reference to paragraph 44 should be paragraph 41.</td></tr><tr><td>57.</td><td>This section is silent on how qualitative indicators should be measured. We suggest that the discussion be expanded to include a discussion on measurement of qualitative indicators.</td></tr><tr><td>66.</td><td>We are of the view that this should be a requirement. We suggest the deletion of “wherever possible” in the second sentence.</td></tr></table>	Paragraph	Comment	10.	We suggest that the last example in this paragraph should be reconsidered, as we are of the view that it demonstrates efficiency rather than effectiveness.	18. bullet (d)	Delete the second (d) in the bullet.	31. bullet (b)	It is not clear what is meant by “financial results” in this paragraph, and we suggest the following amendment: “Financial <u>statements</u> results in the context of its achievement of service delivery objectives”	42.	Reference to paragraph 44 should be paragraph 41.	57.	This section is silent on how qualitative indicators should be measured. We suggest that the discussion be expanded to include a discussion on measurement of qualitative indicators.	66.	We are of the view that this should be a requirement. We suggest the deletion of “wherever possible” in the second sentence.	<p>Staff: Note suggested specific improvements in the table.</p>
Paragraph	Comment															
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R#	OTHER COMMENTS	STAFF COMMENTS
	81. Reference to paragraph 79 should be paragraph 80.	
020	<p><i>Q10. What impact would you expect of the proposed ED on the practices in your local environment?</i>²⁴</p> <p>The public sector accounting practices at Federal and Provincial levels in Pakistan are completely outdated. An ambitious project of improving it was undertaken a few years ago with the assistance of an international development institution. Its impact is yet to be felt.</p> <p>The one-step-forward-two-backwards pace of progress is because of discontinuity and unconstitutional interruptions in the democratic process of the country.</p> <p>The public sector entities are accountable to the Federal and Provincial Public Accounts Committees of the Parliament. The Accounts Committees have a track record of being largely ineffective because of political considerations, lack of competence and expertise.</p> <p>Only in the last Government, the Opposition headed the Accounts Committee at the Federal level but its task was made so difficult because of non-cooperative attitude that its Chairman resigned mid-term.</p> <p>In the present Government, a fellow Chartered Accountant is the Finance Minister. However, improving the public accountability is not likely to one of his top priorities.</p> <p>We humbly request the Institute of Chartered Accountants of Pakistan²⁵ to fully participate in supporting the present Government for improving its accounting and accountability processes of public sector entities that use trillions of rupees without making visible difference to the wellbeing of general public. We have so far completely ignored this aspect of social obligation and responsibility as professional accountants.</p> <p>This ED is capable of changing so much but is not likely to have any positive impact in improving the working of our government at any level.</p> <p>3. Proposed changes in wordings: (Wording we suggest is in <i>italics</i>)</p> <p>p.1. Service performance information can also should assist users to assess the entity's service efficiency and effectiveness.</p> <p>p.2 Compliance with this RPG is not required in order for an entity to assert that its financial statements comply with International Public Sector Accounting Standards (IPSASs).</p> <p>p.3 This RPG <i>contains principles and resultant practices</i> is applicable to all public sector entities other than Government Business Enterprises (GBEs) and non-public sector entities.</p> <p>p.4 Although this RPG does not apply directly to GBEs, the services related to a GBE controlled by the reporting entity are within the scope of this RPG.</p>	<p>Staff: Note suggested specific improvements.</p> <p>Paragraphs 1–4</p> <p>GBEs: Staff recommends no change.</p>

R#	OTHER COMMENTS	STAFF COMMENTS
	<p>p.6 This RPG requires does not preclude the presentation of additional information if where such information is necessary for useful in meeting the objectives of financial reporting and meets the qualitative characteristics of financial reporting. Read with BC 13, it should be obvious that the regulatory requirements would prevail over RPG in every single instance. Therefore, a lengthy explanation on this appears unnecessary.</p> <p>p.7 In some jurisdictions, the preparation and presentation of service performance information is a legislative or regulatory requirement. Entities are encouraged to disclose information about the impact of such requirements on compliance with this RPG.</p> <p>p.9 Effectiveness describes the relationship between an entity's actual results and its service performance objectives, where the results and the related service performance objective are consistently expressed in outputs or in outcomes. An entity's service performance objectives may be both objectives expressed in terms of outputs and objectives expressed in terms of outcomes. When reporting on its e Effectiveness means the entity may report the extent to which each relevant service performance objective has been achieved.</p> <p>p.10. The more effectively an entity operates as a service provider, the better will be its actual results (outputs actually provided or outcomes actually attained), when measured against its planned results. Effectiveness is measured by comparing the actual outputs or outcomes with planned results.</p> <p>Bc13:</p> <p>p.25 Service performance information <i>is a sub-set</i> presented should be tailored to of the entity's service performance objectives.</p> <p><i>The contents of p.76 are difficult to understand. The example in p.77 was found to be of limited applicability. An example with more global presence as in case of hospital/judicial services is suggested.</i></p> <p><u>Footnote</u></p> <p>(24) This is not a part of questions from the Board; we made up this question on our own.</p> <p>(25) We dedicate these comments to our dear Institute.</p>	<p>Paragraphs 6–7</p> <p>Paragraphs 9–10</p> <p>(?) Check BC13. Paragraph 25 Paragraph 76–77</p>
021	(None.)	
022	<p>Minor editorials:</p> <p>► Para 42 made a reference to paragraph 44, but the reference should be to 41: '42. With respect to point (a) in paragraph 44 41 above ...'</p>	
023	(None.)	

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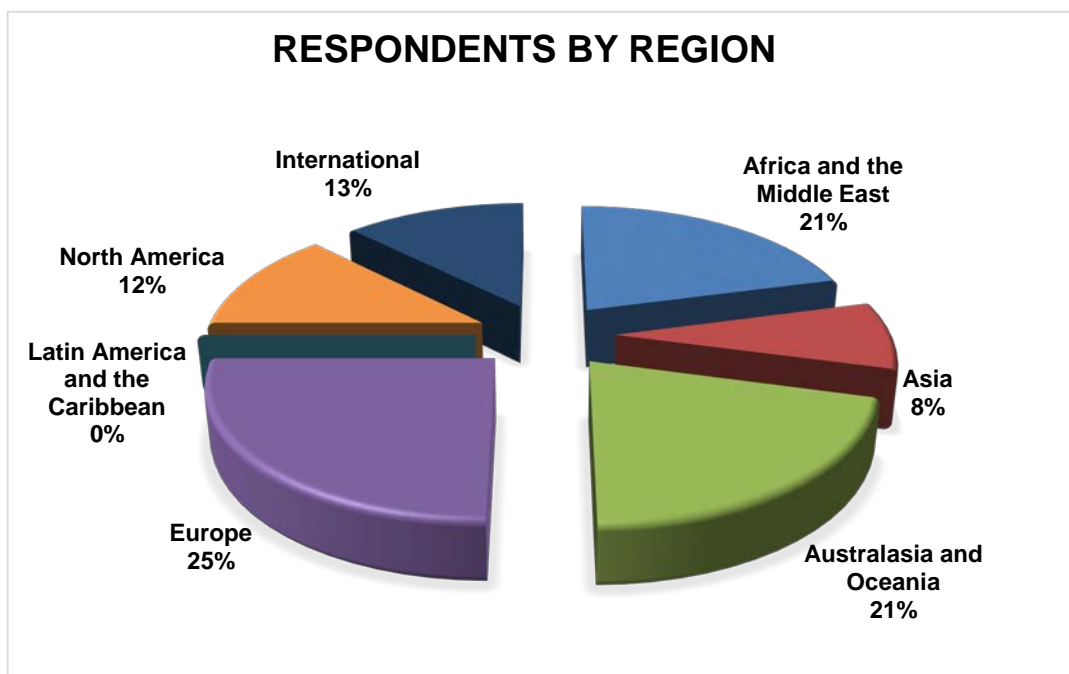
R#	OTHER COMMENTS	STAFF COMMENTS
024	(None.)	

REPORTING SERVICE PERFORMANCE INFORMATION

Analysis of Respondents by Region, Function, and Language

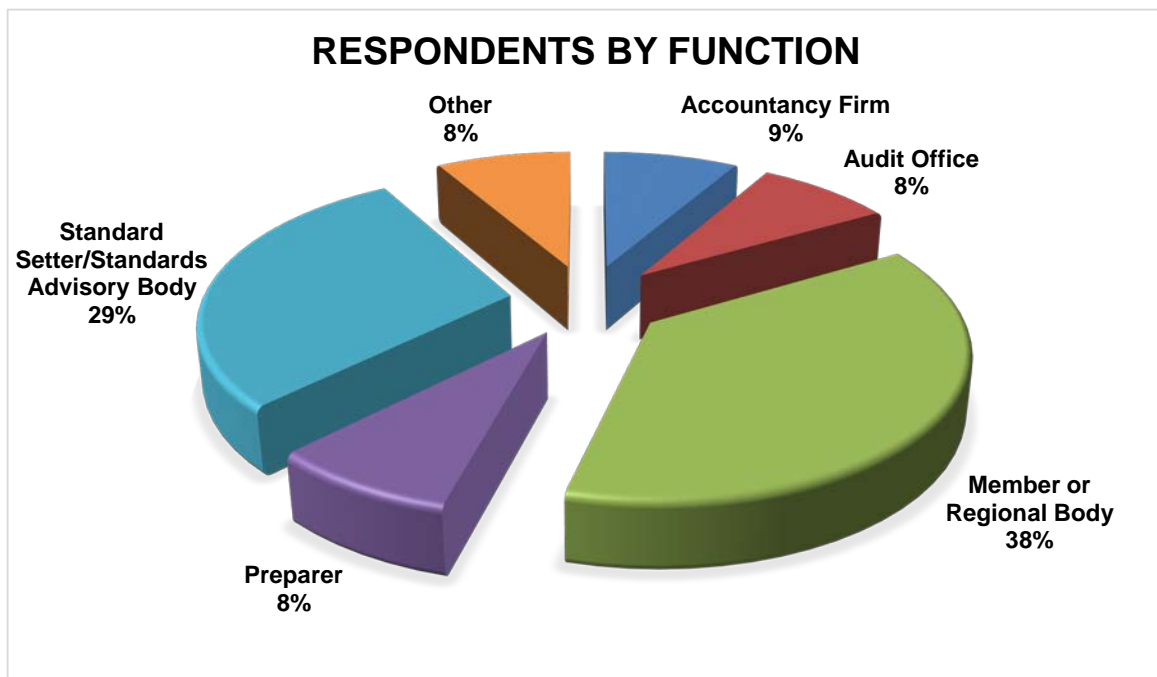
Geographic Breakdown

Region	Respondents	Total
Africa and the Middle East	05, 10, 16, 19, 20	5
Asia	15, 17	2
Australasia and Oceania	02, 04, 07, 08, 14	5
Europe	06, 09, 13, 21, 23, 24	6
Latin America and the Caribbean		0
North America	01, 03, 12	3
International	11, 18, 22	3
Total		24



Functional Breakdown

Function	Respondents	Total
Accountancy Firm	11, 22	2
Audit Office	07, 21	2
Member or Regional Body	05, 09, 10, 13, 14, 15, 16, 17, 18	9
Preparer	04, 24	2
Standard Setter/Standards Advisory Body	02, 03, 06, 08, 12, 19, 23	7
Other	01, 20	2
Total		24



Linguistic Breakdown:

Language	Respondents	Total
English-Speaking	01, 02, 04, 05, 07, 08, 09, 11, 12 13, 14, 16, 18, 22	14
Non-English Speaking	06, 15, 17, 21, 23, 24	6
Combination of English and Other	03, 10, 19, 20	4
Total		24

