INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS BOARD

PROJECT BRIEF AND OUTLINE

1.   Subject—Reporting of Service Performance Information

This project will create a consistent framework for reporting service performance information that focuses on meeting the needs of intended users.

2.   Project Rationale and Objectives

The objective of financial reporting by public sector entities is to provide information about the reporting entity that is useful to users of General Purpose Financial Reports (GPFRs) for accountability purposes and for making resource allocation, political, and social decisions. GPFRs report on the results of transactions, events, and activities that have been entered into or have otherwise affected the reporting entity and the achievement of its service delivery and other objectives.

In addition to more traditional financial performance information, a large number of governments around the world are currently reporting performance information about the programs and services they provide (referred to in this brief as service performance). Practice is fairly diverse in various jurisdictions. In some countries, governments are required by law to report this information annually while in others, the reporting of service performance information is strictly a voluntary action by progressive governments striving to enhance accountability.

As reporting of service performance information is considered, the project will review and compare the existing national standards and guidance on service performance reporting (or its equivalent) in the public and private sectors, where standards, guidance, and regulatory requirements for performance reporting have a long history. The International Accounting Standards Board (IASB) does not currently address this form of reporting directly in its standards. However, the IASB may address this issue as part of its conceptual framework project.

(a)   Issues identified

There are a number of issues that will be considered in this project. The major issues with respect to reporting service performance information are:

- What are the objectives of reporting service performance information?

- Does a standardized terminology exist?

- Who are the identified users of service performance information, what are their needs, and what type of service performance information is needed to meet these needs?

(b) Objectives to be achieved

The ultimate objective of the project is to produce a consistent framework for reporting service performance information of governmental programs and services.

The intermediate objective is to produce a Consultation Paper. The Consultation Paper will highlight and analyze existing approaches used by governments around the world, where the reporting of service performance information is a feature of governmental financial management.

i. Target Audience

In considering how reporting service performance information will be developed for the public sector, a consideration of those who currently define the form and content of public sector performance information reporting will be undertaken. In establishing guidance we must be cognizant of regulators and/or the equivalent government agencies that currently set the form and content (for example, Canadian Institute of Chartered Accountants, Institute of Chartered Accountants of New Zealand, and US Governmental Accounting Standards Board) of certain types of reporting, including that of service performance information.

ii. Project Deliverables

The next step in this project is to develop an Issues Paper to be discussed by the IPSASB. Based on direction received, a draft Consultation Paper will then be developed for approval by the IPSASB. Once approved, this Consultation Paper will be issued for comment and eventually lead to voluntary guidance or standards, as considered appropriate by the Board.

iv. Content of IPSAS

This project is not directly related to traditional financial statements and is not linked to an existing International Financial Reporting Standard. Therefore, it is not feasible or appropriate to provide definitive final outputs at the initiation stage. Depending on decisions following analysis of submissions on a Consultation Paper and an Exposure Draft, a Standard or Voluntary Guidance will be developed.

(a) Link to IFAC and IPSASB Strategic Plans

i. Link to IPSASB Strategy

The reporting of service performance information is an area which has become increasingly topical and relevant to the enhancement of public sector accountability. This project was identified in the IPSASB Strategy and Operational Plan 2007-2009, as being a priority in 2008. It was deferred until responses to the Conceptual framework Consultation Paper were analyzed. It is consistent with IPSASB's strategic priority of developing requirements and guidance on public sector specific issues. In 2010-2012 the strategic areas of

focus include the need to address public sector critical projects, of which this is an important project.

ii.   Link to IFAC Strategic Plan

Issuing requirements and guidance on public sector financial reporting issues is a primary role of the IPSASB. The development of such requirements and guidance supports IFAC's mission of serving the public interest by contributing to its Strategic Theme of "Recognition as the International Standard Setter" for governmental financial reporting as well as a direct impact on the "Enhancement of collaborative efforts."

3.   Outline of the Project

(a)   Project Scope

The scope of the project is to use a principles based approach to create a consistent framework for reporting service performance information that focuses on meeting the needs of intended users.

The reporting of service performance information guidance would apply to all public sector entities, except for government business enterprises.

Note that there are linkages with the Conceptual Framework, Reporting on the Long Term Sustainability of Public Finance, and Narrative Reporting projects.

(b)   Major Problems and Key Issues that Should be Addressed

Key Issue #1—**What are the objectives of reporting service performance information?**

A key issue will be to consider the objectives of reporting service performance information since this will ultimately lead to developing the guidance needed to meet those objectives. The work of the conceptual framework project will provide the basic framework for this discussion. Note that the project was deferred after initial approval pending responses to the Consultation Paper on phase 1. Those responses supported developing further work in the area. In addition, the work of the IASB, if appropriate, and national standard setters will be considered and evaluated in this context.

Key Issue #2—**Does a standardized terminology exist?**

A key issue will be to determine if globally consistent terminology exists for the reporting of service performance information. Also, a number of governments have developed formal or implied definitions of these terms or related terms that will need to be understood and potentially standardized.

Key Issue #3—**Who are the identified users of service performance information, what are their needs, and what type of service performance information is needed to meet those needs?**

A key issue will be to identify the users of service performance information, as well as their needs. It will be important to consider these needs in determining the types of service performance information to report.

There are a variety of approaches to the format and elements of reporting service performance information prescribed by standard setters and regulators. It will be important to consider the approach that will yield the highest quality reporting of service performance information that meets the needs of intended users. As well, other information such as risk, capacity, and other factors that influence the service performance of the entity will be considered.

4. Describe the Implications for any Specific Persons or Groups

(a) Relationship to IASB

The IASB project on the Conceptual Framework, Phase G, *Application of the framework to not-for-profit entities*, will be followed closely for points of convergence where possible. This phase is currently inactive. The IASB directed its staff to focus on the first four phases of the project before beginning work on the applicability of the conceptual framework to not-for-profit entities.

(b) Relationship to other projects in process or planned

There are close linkages with the Conceptual Framework Project, Reporting on the Long Term Sustainability of Public Finance, and the Narrative Reporting project.

(c) Other

This project has implications for the assurance and verifiability (IAASB/INTOSAI).

The project will explore whether information reported on service performance information can and should be assured and, if so, the possible levels of that assurance. It will explore the balance of responsibilities between (1) preparers of service performance information reports in ensuring the verifiability of measures and (2) auditors in providing any appropriate level of assurance.

5. Development Process, Project Timetable and Project Output

(a) Development process

The development of outputs will be subject to the IPSASB's formal due process. The issuance of documents for public comment will be subject to the usual IPSASB voting rules. As the project progresses, regular assessments will be made to confirm the proposed path in the project timetable remains the most appropriate.

The initial output will be a Consultation Paper. Following analysis of submissions on the Consultation Paper, a decision will be made on whether to develop an Exposure Draft of Reporting Requirements or voluntary Guidance.

While the IPSASB has primarily issued standards, this is a project that may be addressing reporting outside of GPFS and, therefore, there may be other appropriate vehicles. In considering the type of guidance, audit and assurance aspects of service performance information will also be addressed.

(a)   Project timetable

Major Project Milestones	Expected Completion
Present Project Brief	October 2008
Discussion of Issues	November 2010
Discussion of Issues / Review Draft Consultation Paper	February 2011
Approve Consultation Paper	June 2011
Analysis of Responses to Consultation Paper	February 2012
Approve Exposure Draft (ED)	September 2012
Analysis of ED responses	June 2013
Approve Final IPSAS or Guidance as required	December 2013

(b)   Project output

The initial output will be a Consultation Paper. The nature of the final output will depend on the results of the IPSASB process.

6.   Resources Required

(a)   Task force/Subcommittee

A Task Force is likely to be required to assist in providing a broad understanding of current practices in both English and non-English speaking countries. This task force would meet in the United States (Connecticut) or Canada (Toronto).

The project would benefit from input from government agencies that set form and content of existing service performance information reports. The task force will reach out to groups like (Canadian Institute of Chartered Accountants, Institute of Chartered Accountants of New Zealand and US Governmental Accounting Standards Board) for input.

(a)   Staff

Limited IPSASB staff time will be required on this project for the period of review. It is anticipated that a Project Manager from the US Governmental Accounting Standards Board (GASB) will prepare the consultation paper and

associated guidance that results from the due process. An IPSASB staff person will liaise with the GASB staff to ensure that the products reflect IPSASB style and format.

(b)   Factors that might add to complexity and length

- Interrelationship with the Conceptual Framework project

- Nature of the product

- Interaction with other projects e.g., Reporting on the Long Term Sustainability of Public Finance

- Development/Decisions with the IASB Conceptual Framework project, Phase G,

- Implication to the Audit and Assurance community with the verifiability of service performance information.

7.   Important Sources of Information that Address the Matter being Proposed

- A number of governments and super-national bodies publish reports on service performance information,

- A number of standard setters have developed, are developing, or are refining existing requirements and guidance for the reporting of service performance information, and

- A number of standard setters are developing approaches to public sector reporting of service performance information.

The following projects provide references to the proposed project:

IASB Conceptual Framework Project:

IASB Project Page Conceptual Framework Project, Phase G,
http://www.iasb.org/Current+Projects/IASB+Projects/Conceptual+Framework/Conceptual+Framework.htm

IPSAS Standards & Projects:

Fiscal Sustainability (Current Project)
http://www.ifac.org/PublicSector/ProjectHistory.php?ProjID=0076

IPSAS Conceptual Framework (Current Project)
http://www.ifac.org/PublicSector/ProjectHistory.php?ProjID=0066

Public Sector Standard Setters:

Canada Statement of Recommended Practice
http://www.cica.ca/index.cfm?ci_id=17150&la_id=1

New Zealand Technical Practice Aid
    http://www.nzica.com/AM/Template.cfm?Section=NZEIFRS_2008_Volume_files&Template=/CM/ContentDisplay.cfm&ContentID=11299

United Kingdom National Audit Office
    http://www.nao.org.uk/publications/nao_reports/00-01/0001301annex.pdf

USA GASB
    http://www.seagov.org/