

Agenda Item 5: Reporting Service Performance

IPSASB Meeting
December 8-11, 2014
Toronto, Canada

Gwenda Jensen

Objectives of this Session

- Provide direction for development of the Recommended Practice Guideline (RPG), *Reporting Service Performance Information*; and
- Page-by-page review of the RPG

Background

- December 2013—ED 54, *Reporting Service Performance Information* approved
- September 2014—Review of responses to ED 54
- Since September—Staff and the TBG developed draft RPG, based on ED 54

Overview of Issues

1. Assessment of “economic use of resources”
2. Application of principles and information to present
3. Principles for presentation of information
4. Significant other revisions

1. Economic Use of Resources

- Staff to develop proposal to:
 - Add “assessment of economy” to RPG’s objective;
 - Distinguish between “economy” and “efficiency”/ “effectiveness”; and
 - Consequential revisions to the RPG
- Draft RPG shows proposed revisions, which use the phrase “economic use of resources”

1. Economic Use of Resources

Paragraph 1:

Service performance information can also assist users...to assess the entity's service efficiency and effectiveness and economic use of resources for the provision of services.

Paragraph 13 [New]:

Information on inputs supports users' assessments of an entity's economic use of resources. More economic usage is indicated by absolute reductions in the level of inputs (the resources used).....

1. Economic Use of Resources: Action Requested

Indicate whether agree with proposal, particularly:

- (a) Focus on “economic use of resources”; and,
- (b) Extent of coverage.

2. Application of Principles and Information to Present

Draft RPG:

- Principles-based approach
- Information requirements reduced
- Most disclosures are “for consideration”

Paragraph 4:

Service performance information should not be described as complying with this RPG unless it complies with all the principles in this RPG.

2. Application of Principles and Information to Present

- Display:
 - *Performance indicators*: Require actuals, and “consider” displaying “planned” and “previous reporting period”;
 - *Costs of services*: Revise to clarify that “total costs” sufficient
- Basis and narrative disclosures are “for consideration”.
- Two phrases to introduce disclosures:
 - Items “should be considered for disclosure”; or
 - An entity “may also choose to disclose one or more items”

2. Principles and Information: Action Requested

Indicate whether agree with:

(a) Principles-based approach

(b) Information proposed for:

(i) Display;

(ii) Basis disclosures; and,

(iii) Narrative and analysis disclosures.

(c) Approach of two lists:

(i) Disclosures for consideration;

(ii) Entity may disclose one or more other items.

3. Principles for Presentation of Information

- Identification of principles—location:
 - Most principles in one section.
 - Principles specific to a particular decision (e.g. selection of performance indicators) included in that section.
- Headings: Added to the main principles section (paragraphs 30 to 44)

3. Principles for Presentation of Information

- Revisions to address respondents' specific concerns:
 - a) Reliable transaction processing system (paragraph 67)
 - b) Materiality no longer referred to as "a key issue"
 - c) Paragraph 1 revised to clarify "users" refers to users described in the Conceptual Framework (wider group than just users of services)
 - d) Cost-benefit—No revision

3. Principles for Presentation of Information

- Revisions to address respondents' specific concerns:
 - e) Paragraph 32 revised to say that service performance information *supports* assessment of financial results
 - f) Paragraph 7 revised to convey integrated relationship
 - g) Aggregation *and disaggregation* (paragraph 38)
 - h) Difficulty of inter-entity comparability acknowledged (paragraph 43)

3. Principles for Presentation of Information: Action Requested

Indicate whether agree with:

- (a) Location of principles in draft RPG; and,
- (b) Revisions to address respondents' specific concerns.

4. Significant Other Revisions

Revisions to improve RPG understandability:

- a) Reduction of duplication
- b) Movement of principles to distinguish between:
 - Principles with general application, and
 - Principles specific to particular presentation decisions
- c) “Basis for displayed information” moved to sit immediately after “information for display”
- d) Examples moved into appendix

4. Significant Other Revisions

From September IPSASB meeting:

- Controlling entities report against own objectives:
 - See paragraph 26 (and paragraph 73)
- Allow more frequent reporting:
 - See paragraph 27 (“...annually, and *may be reported more frequently*”)
- Additional factor for consideration for separate report decision:
 - Budget-actual information referred to in paragraph 46(a)

4. Significant Other Revisions: Action Requested

Note revisions, indicate whether agree with them.

Review of draft RPG

- Page-by-page review of draft RPG;
- Clean version (Agenda Item 5.2)

Next Steps

- Revise draft RPG, submit to March 2015 IPSASB meeting