

Agenda Item 5: Reporting Service Performance

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IPSASB Meeting

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Objectives of this Session

- Review the draft Recommended Practice Guideline (RPG), *Reporting Service Performance Information* and identify any revisions needed; and
- Approve the RPG.

Background

- December 2014—IPSASB reviewed draft RPG, *Reporting Service Performance Information*
- Also:
 - September 2014—Review of responses to ED 54, *Reporting Service Performance Information*
 - Development of draft RPG, based on ED 54 (September, 2014 to February 2015)
 - Consultation paper (CP) issued in 2011, with IPSASB review of responses to the CP during 2012
 - Project staff (Lisa Parker) contributed by GASB (2010-2012)

Overview of Issues

1. Order of RPG's coverage—reporting boundary and annual reporting
2. Information for disclosure
3. Significant other revisions:
 - (i) Treatment of “economy” in Basis for Conclusions
 - (ii) Definition of “effectiveness”
 - (iii) Appendix A—examples to illustrate defined terms
 - (iv) Deletion of Conceptual Framework coverage

Issue 1 Order of RPG's coverage

- December direction:
 - Reorder RPG to be consistent with Chapter 8, *Presentation in Conceptual Framework (CF)* i.e. selection/ location/ organization
 - Provide recommendation on location of two sections
- Recommend (Reporting Boundary and Annual Reporting):
 - Sections remain in same place i.e. after Definitions
 - Move specific paragraphs into Selection of Information (those paragraphs that specify disclosures)
- Because two sections impact on all three presentation decisions, and main CF coverage is in earlier chapters

1 Action Requested

Members asked to indicate whether agree that:

- (a) *Reporting Boundary and Annual Reporting and Reporting Period* should stay after *Definitions* section; and,
- (b) Specific paragraphs on information to disclose should move into *Selection of Service Performance Information* section.

2 Information for Disclosure

Main revisions since December 2014:

- New text on aims of the two types of disclosure.
- Basis disclosures:
 - Reclassifications as “should” rather than “consider”
 - Disclosures from other sections moved into this section
- Narrative discussion and analysis disclosures:
 - Small set of disclosures that “should” be disclosed
 - Other items moved into “Implementation Examples” appendix

2 Action Requested

Members asked to indicate whether agree with disclosures for:

- (a) Basis for displayed information; and,
- (b) Narrative and analysis disclosures.

3 Significant Other Revisions

- Treatment of “economy” in the Basis for Conclusions
- Definition of “effectiveness”
- Appendix A—examples to illustrate defined terms
- Deletion of Conceptual Framework coverage

3 Significant Other Revisions

- Treatment of “economy” in the Basis for Conclusions
- See Agenda Item 5.1:
 - Page 4—Proposed paragraphs 14 and 15

3 Significant Other Revisions: Definition of “effectiveness”

- Alternative (1)—Revise definition of “service performance objective” by deleting “effectiveness”:

A service performance objective is a description of the planned result(s) that an entity is aiming to achieve expressed in terms of inputs, outputs, outcomes or efficiency.

Problem—effectiveness and service performance objective (SPO)

- The two definitions
 - *SPO*: Description of planned results entity aims to achieve
 - *Effectiveness*: Relationship between actual results and service performance objective (planned results)
- SPOs expressed in terms of effectiveness:
 - *To deliver 100% of the planned results for at least six of the other seven service performance objectives.*
 - *To deliver results that are 80% or more of the planned results for this SPO.*

Problem—effectiveness and service performance objective (SPO)

Before start of reporting period:

- Entities plan (hope) to achieve their objectives i.e. be 100% effective
- SPOs are developed with this plan/ expectation
- Problem: Why set effectiveness indicators that indicate either uncertainty about whether an objective will be fully achieved (e.g. 80%) or certainty (100%)?

Effectiveness still important

At end of reporting period:

- Actual results are reviewed against planned results
- Effectiveness is assessed
- Effectiveness performance indicators can be reported

Narrative discussion and analysis can include effectiveness performance indicators

Alternative (2) Revise “effectiveness”

- *“Effectiveness is the relationship between outcomes and outputs.”*
- Revised definition:
 - Originally in the Consultation Paper
 - Used in different jurisdictions
 - Good support from respondents to CP
- But this definition:
 - Needs the output-outcome relationship to be simple and measurable
 - Requires information about outcomes

3 Significant Other Revisions: Appendix and Conceptual Framework Text

- Appendix with “implementation examples”:
 - Included after the Basis for Conclusions
 - Consistent with treatment in recent IPSASs
 - Clear that appendix is non-authoritative
 - But, RPG 1 included similar appendix between the RPG and the Basis for Conclusions
- Conceptual Framework text removed (e.g. descriptions of qualitative characteristics and constraints)

3 Action Requested

Indicate whether agree with:

- (a) Economy—paragraphs in the Basis for Conclusions;
- (b) Effectiveness—revise definition of “service performance objective” to remove reference to effectiveness; and
- (c) Appendix A—Revised format and location; renamed as “Implementation Examples”.

Page by Page Review

- Agenda Item 5.2—Clean version of draft RPG