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19th May 2014

**The Technical Director
International Public Sector Accounting Standards Board
International Federation of Accountants
277 Wellington Street West, 6th Floor
Toronto, Ontario M5V 3H2
CANADA**

Dear Stephenie,

Comments on Exposure Draft 54, Reporting Service Performance Information

The Zambia Institute of Chartered Accountants welcomes the opportunity to comment on the Exposure Draft 54, Reporting Service Performance Information issued by the International Public Sector Accounting Standards Board (IPSASB), in December 2013.

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.

The Institute deliberated the ED and our responses to specific questions are as follows:

Question 1

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

Comment

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.

Question 2

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

Comment

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.

Question 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?

Comment

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.

Question 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?

Comment

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.

Question 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?

Comment

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.

Question 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?

Comment

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.

Question 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?

Comment

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.

Question 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?

Comment

We have no comments.

Question 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?

Comment

We do agree with the proposed principle-based approach.

The Institute will be ready to respond to any matters arising from the above comments.

Yours faithfully

Modest Hamalabbi
Technical and Standards Manager