

AT/PSC

Technical Director  
IPSASB

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29 May 2014

## **REPORTING SERVICE PERFORMANCE INFORMATION (EXPOSURE DRAFT 54)**

Dear Madam,

ICAS welcomes the subject of this inquiry and the opportunity to comment. We are a leading professional body for chartered accountants with over 20,000 members working across the UK and internationally. Our members work across the private and not for profit sectors.

ICAS's Charter requires its committees to act primarily in the public interest, and our responses to consultations are therefore intended to place the public interest first. Our Charter also requires us to represent our members' views and to protect their interests, but in the rare cases where these are at odds with the public interest, it is the public interest which must be paramount. For this consultation, we have canvassed views from our Public Sector Committee which includes members working across the public sector and private practice, specialising in public sector clients.

We support the decision to introduce guidance on reporting service performance information as recommended practice. This is consistent with our submission in 2012 [Reporting Service Performance Information](#).

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:

- 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<sup>1</sup>.
- 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.

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<sup>1</sup> An example: <http://www.improvementservice.org.uk/benchmarking/>

- 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.
- 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).

We hope this is helpful.

Yours sincerely,

A handwritten signature in black ink that reads 'Alice Telfer'.

Alice Telfer  
Assistant Director  
ICAS