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Ms. Stephenie Fox

Technical Director

International Public Sector Accounting Standards Board

International Federation of Accountants

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***Comments on Exposure Draft 54  
“Reporting Service Performance Information”***

Dear Ms. Fox,

The Japanese Institute of Certified Public Accountants (JICPA) is pleased to comment on Exposure Draft 54 (ED 54) “Reporting Service Performance Information” as follows.

I. Comments on specific matters

Specific Matter for Comment 1:

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

We generally agree with the proposals in this ED.

We think the pursuit of earning profit should not be the primary objective of public sector entities. Their primary objective should be providing constituents with various services efficiently and effectively. In addition to the information in the financial

statements, we believe it is important for those entities to provide information on the actual performance results of their services. We also believe that developing guidelines for service performance reporting is an important role of IPSASB to improve international comparability on the basis that there are various formats and styles for service performance reporting.

**Specific Matter for Comment 2:**

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

The descriptions in ED 54 are arranged alphabetically as follows, consistent with the current order of definitions in paragraph 8: “Effectiveness,” “Efficiency,” “Input,” “Outcome,” and “Output.” Considering IPSASB’s definition approach for ED 54 (for example, “output” is included in the definition of “input,” and “output” is included in the definition of “outcome”) and typical activities in the public sector, we believe that it would be appropriate to re-order the descriptions as follows (same as BC37): “Input,” “Output,” “Outcome,” “Efficiency,” and “Effectiveness.”

According to the definition in ED 54, “Economy indicators” are included in “Efficiency.” However, entities in Japan typically disaggregate information into the aspects of economy and efficiency, and analyze and disclose them. We therefore propose that the text in the second sentence in paragraph 6 should be revised from “This RPG does not preclude the presentation of additional information” to “This RPG does not preclude the presentation of additional information or the presentation of disaggregated information.”

**Specific Matter for Comment 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?

The following passage in paragraph 28 is rather difficult to fully understand: “Service

performance information may be reported by different reporting entities within an economic entity.” We recommend a more specific explanation, such as the following: “Different reporting entities within an economic entity may report their own service performance information on a consolidated basis while controlled entities may concurrently report their service performance information on a narrower consolidated basis.”

**Specific Matter for Comment 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?

We agree with the proposals in the ED. We believe that paragraph 30 of ED 54 should retain the descriptions of the service performance objectives requiring periods longer than one year to achieve.

**Specific Matter for Comment 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?

The requirements should be amended so that the relationship between the descriptions of the principles in paragraph 31 and the descriptions in paragraph 40 and thereafter are clarified.

**Specific Matter for Comment 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?

We agree with the proposals in the ED 54.

**Specific Matter for Comment 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?

We agree with the proposals in the ED 54.

As stated in paragraph 6, this proposed RPG outlines the minimum information levels to be presented and should not impede any practices currently implemented by entities or jurisdictions.

**Specific Matter for Comment 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?

We agree with the proposals in ED 54.

**Specific Matter for Comment 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?

We agree with the proposals in ED 54.

## II. Other comments

### 1. Aligned use of examples

ED 54 includes various examples. It can be difficult to understand how those examples relate to each other. We recommend that IPSASB should provide examples of five indicators under the same conditions in order for users to be able to understand the overall image of service performance reporting.

### 2. Performance indicators

ED 54 limits the performance indicators to five indicators. ED 54 should more explicitly state that this limitation must not preclude any other practices.

In addition, as the premise of assessment of the entity's achievements in terms of its service performance objectives based on performance indicators, the perspective of financial resources should be incorporated into this RPG. The information on whether interperiod equity is ensured or the information on which financial resources (taxes or rate charges) are used should be provided to users along with service performance information. We recommend, for example, that the explanation of the concept of liabilities and revenue should be provided in conjunction with the Recommended Practice Guideline 1, *Reporting on the Long-Term Sustainability of an Entity's*

*Finances.*

3. Re-ordering of the descriptions from paragraph 40 and thereafter

“Presentation in the Same Report as the Financial Statements or in a Separate Report (paragraphs 40 – 43)” and “Display of Service Performance Information within a Report (paragraphs 44 and 45)” are currently included in the Table of Contents at the same level as other major headings. Consistent with the levels of the other headings, we propose that they should be subcategorized under the proposed major heading of “Location of Service Performance Information.”

Yours sincerely,

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