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Ms. Stephenie Fox
The Technical Director
International Public Sector Accounting Standards Board (IPSASB)
International Federation of Accountants
277 Wellington Street West, 6th Floor
Toronto, Ontario M5V 3H2 CANADA

Dear Ms. Fox:

1. The International Consortium on Governmental Financial Management (ICGFM) welcomes the opportunity to respond to Exposure Draft (ED) 54 distributed by the IPSASB on RPG 3, “Reporting Service Performance Information”. We are pleased that the IPSASB is recommending some practice guidelines in this area.
2. Working globally with governments, organizations, and individuals, ICGFM is dedicated to improving financial management by providing opportunities for professional development and information exchange. ICGFM conducts two major international conferences each year and publishes an international journal twice each year. Services are provided to its membership through an international network. ICGFM represents a broad array of financial management practitioners (accountants, auditors, comptrollers, information technology specialists, treasurers, and others) working in all levels of government (local/municipal, state/provincial, and national). Since a significant number of our members work within government and audit institutions around the world, our response to this recommended practice guideline is one from an international perspective.
3. Our responses to the comments on the specific matters are as follows:
 - a. **Comment 1.** Do you generally agree with the proposals in the ED? If not, please provide reasons. **Response.** We are pleased that the IPSASB is issuing authoritative guidance that gives public sector entities the option of issuing a service performance report

to apply the guidance rather than requiring adherence to the guidance. There are many entities which are not in a position to report on service delivery.

b. **Comment 2.** Do you agree with the definitions in paragraph 8? If not, how would you modify them? **Response.** Suggested modifications are shown below:

- (1) We would prefer the term “public service delivery” rather than “service performance”. Then it is possible to talk about the level of performance in delivering public services. Public services are those services provided by governments (local, municipal, or larger-scale) to the public. The need for services that no individual can or will pay for, but that benefit all by their presence, is one of the justifications for taxation. Examples of such services are sewage, trash disposal, and street cleaning. On a larger scale, public education and public health services are also public services. Public service delivery is the implementation of those services and making sure they reach those people and places when and where intended.
- (2) We would like to see the term “value for money” used as this embraces both efficiency and effectiveness. This is a term used to assess whether or not an organization has obtained the maximum benefit from the goods and services it both acquires and provides, within the resources available to it.

c. **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? **Response.** In general, we believe this proposed RPG is not specific enough to be of much value. It seems to us that the RPG should refer to those service delivery indicators that currently exist so that the reader can better relate to them. If a decision is made not to use real-world examples, the reasoning should be included in the Basis for Conclusions. Some examples are given below:

- (1) In paragraphs 10 and 23, we would prefer to see real-world examples used by the UNDP with their Millennium Development Goals (MDGs).
- (2) In paragraph 12, another example could be cost per student educated. The more students in a class, the more efficient the teacher since the cost per student is reduced; however, the teacher is less effective in getting their points across as the class sizes become larger. Thus, a balance between efficiency and effectiveness is necessary.
- (3) In paragraph 48, the website reference for those performance indicators required for the Health and Education Ministries should be provided.
- (4) Paragraphs 67 and 73 mention trend analysis; however, no examples are given. We suggest the following be added to paragraph 73 to make it public sector specific: “For example, ten-year trend information on progress toward achieving the MDGs, improving the ranking on Corruption Perception Index (CPI), lessening the debt to Gross Domestic Product (GDP), or reducing the level of deficit relative to the overall GDP would be especially beneficial.” A reference to the Transparency International website for the CPI or to the European Union website for those GDP indicators used within their jurisdiction would be beneficial.
- (5) In paragraphs 50 and 80, illustrations are needed.

- d. **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? **Response.** Agree.
- e. **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? **Response.** Agree.
- f. **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? **Response.** We would have a strong preference to present service delivery information as part of the financial statements since this enables inputs to be linked to outputs. In paragraph 43, an illustration should be included.
- g. **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? **Response.** As far as feasible, service delivery information should be linked to the financial inputs related to the provision of the services. Without this linkage it is impossible to assess value for money.
- h. **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? **Response.** Agree.
- i. **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? **Response.** Agree.

4. Other observations are as follows:

- a. We realize that all public sector organizations have not identified their vision, mission, objectives and goals but they may still have service delivery measures that can be evaluated. It would be beneficial to the readers of the RPG if they could see where the

- level of performance for the service deliveries fit in the overall management structure for the public sector entity.
- b. Paragraph 5 refers to requirements in the ED. The ED is recommended guidance and there are no requirements! If there are requirements, they need to be clearly identified.
 - c. The following should be added to paragraph 56: “Typically, performance indicators meet the following criteria—Specific, Measurable, Attainable, Relevant, and Time-bound (SMART).”
 - d. In BC2, the fiscal statistics published by the IMF is not mentioned even though the IMF compiles these statistics from the GFS reports submitted by all countries.
5. We appreciate the opportunity to comment on this ED and would be pleased to discuss this letter with you at your convenience. If you have questions concerning this letter, please contact Dr. Jesse Hughes, CPA, CIA, CGFM at jhughes@odu.edu or 757.223.1805.

Sincerely,



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