

Instituut van de Bedrijfsrevisoren
Institut des Réviseurs d'Entreprises

Koninklijk Instituut - Institut royal

Mrs. Stephenie FOX
Technical Director
IPSASB
IFAC
277 Wellington Street West
Toronto, Ontario M5V 3H2 CANADA
stepheniefox@ifac.org

The President

Correspondent
+32 2 509 00 59
sg@ibr-ire.be

Our reference
DS/AC/ms

Your reference

Date
10 AVR. 2012

Dear Technical Director,

Re: Answers IPSAS Board – Consultation Paper on reporting Service Performance Information

The Belgian *Instituut van de Bedrijfsrevisoren - Institut des Réviseurs d'Entreprises* (IBR-IRE) thanks the International Federation of Accountants (IFAC) Board for its invitation to answer to the IPSAS Board on reporting Service Performance Information.

Please find enclosed our comments.

Please do not hesitate to contact us should you need any further information.

Yours sincerely,


Michel DE WOLF
President



Bld E. Jacquainlaan 135/1
B-1000 Bruxelles/Brussel
TEL.: 02 512 51 36
FAX: 02 512 78 86
e-mail: info@ibr-ire.be
Bank/Banque:
IBAN: BE 11 0000 0392 3648
BIC: BPOTBEB1

PROJET
ANSWERS BY THE IBR/IRE (BELGIUM)
IPSAS Board
Consultation Paper on
Reporting Service Performance Information
October 2011

Preliminary View 1:

The reporting of service performance information is necessary to meet the objectives of financial reporting (accountability and decision-making) as proposed in the CF-ED 1, Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities: Role, Authority and Scope; Objectives and Users; Qualitative Characteristics and Reporting Entity.

We agree: we welcome this initiative since we believe it is of utmost importance that Service Performance Information is included in the Public Sector Entities' reporting.

Specific Matter for Comment 1:

Should the IPSASB consider issuing (a) non-authoritative guidance for those public sector entities that choose to report service performance information, (b) authoritative guidance requiring public sector entities that choose to issue a service performance report to apply the guidance, or (c) authoritative guidance requiring public sector entities to report service performance information?

Alternative (a) logically follows the current status whereby IPSAS are not enforceable to PS Entities.

However, longer term objective should be to (c) to issue authoritative guidance requiring public sector entities to report service performance information. This will allow PS Entities' reporting to give a comprehensive view on the operations of the Entity. (see also Specific Matter for Comment 3 – scope of reporting).

Specific Matter for Comment 2:

Do you agree that this project should not identify specific indicators of service performance?

We recommend a balanced approach. Providing principles only, would give (too) much room for interpretation, and would therefore not foster harmonization and consistent approach across applicants. It would equally lead to more interpretation and discussion when the reporting will be subject to audit. Therefore we are of the opinion that a minimum guidance is required, which will still leave room for consideration of the specifics of the reporting entity.

Specific Matter for Comment 3:

Should service performance information included in GPFRs be prepared for the same reporting entity as for general purpose financial statements (GPFs)?

We are of the opinion that reporting service performance should not necessarily be done at the level of the 'single' entity. In some cases, reporting for the same reporting entity as for general purpose financial statements, might be indeed misleading in providing a comprehensive view of the service performance. This will be the case when several entities contribute jointly to one 'service'; in this case, the reporting should ideally be done at an 'integrated' level

Preliminary View 2:

Developing a standardized service performance information terminology for the reporting of service performance information is appropriate, and should include the seven terms and working definitions in Table A on page 14.

We do not fully agree with the proposed definitions for Service Performance Information. Also we believe the example used is not well chosen. Exhibit A on page 15 is equally incomplete:

The concept of Economy is missing, i.e. requirement that the resources used by the audited entity for the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price (in table A, erroneously referred to as 'Efficiency').

The concept of Efficiency, is concerned with the best relationship between resources employed and results achieved.

(Source: European Court of Auditors: Performance Audit Manual).

The concept of Economy should be equally reflected in Exhibit A on page 15.

Specific Matter for Comment 4:

This CP identifies four dimensions of service performance information that are necessary to meet the needs of users. These are:

- a. Information on the PS entity's objectives, including the need or demand for these objectives to be achieved (the "why" dimension);**
- b. Input, output, outcome, efficiency, and effectiveness indicators, including service recipient perception or experience information (the "what" dimension);**
- c. Comparisons of actual performance to projected (or targeted) results, including information on the factors that influence results (the "how" dimension); and**
- d. Time-oriented information, including the comparison of actual results over time and to milestones (the "when" dimension).**

Do you agree with these dimensions of service performance information? Are there dimensions that should be added or deleted?

We are of the opinion that these dimensions unnecessarily increase the complexity of the subject matter, without bringing any added value. These dimensions are not supported by literature.

Preliminary View 3:

Components of service performance information to be reported are (a) information on the scope of the service performance information reported, (b) information on the public sector entity's objectives, (c) information on the achievement of objectives, and (d) narrative discussion of the achievement of objectives.

We have the following remarks with respect to this Preliminary View:

- The narrative discussion should relate only to non quantifiable data. All quantifiable data should be quantified.
- The audit report should be included sub (e).

Preliminary View 4:

The qualitative characteristics of information and pervasive constraints on the information that is currently included in GPFRs of public sector entities also apply to service performance information.

We agree.

Specific Matter for Comment 5:

Should service performance information be reported (a) as part of the GPFR that is currently issued (e.g. an annual financial report) but not part of the GPFRs, (b) in a separately issued GPFR, or (c) in both a separately issued GPFR and as part of the currently issued GPFR?

We foster a comprehensive approach, i.e. one single set of reporting including both a financial and a societal view (alternative (a)). This comprehensive reporting should be subject to an financial audit, as well as a performance audit. One should also consider a compliance audit (legality audit).

Brussels, 23 March 2012

Michel De Wolf, President IBR/IRE

Johan Christiaens
Baudouin Theunissen
Christine Vanden Bosch
Jacques Clocquet
Danielle Vermaelen