

April 13, 2012

Ms. Stephenie Fox  
Technical Director  
International Public Sector Accounting Standards Board  
International Federation of Accountants  
277 Wellington Street West  
Toronto, Ontario M5V 3H2

**RE: Consultation Paper - Reporting Service Performance Information**

Dear Madam,

Please find enclosed our comments on the consultation paper referred to above.

In general, we disagree with the IPSASB proposal to issue recommendations aimed at regulating the disclosure of information on the service performance of public sector entities. In our view, the proposed recommendations for service performance reports do not fall within the field of expertise of standard-setting organizations. In addition, in a context of limited resources, accounting standard-setters should concentrate their efforts on the financial information presented in financial statements.

Notwithstanding the foregoing, should the IPSASB decide to go ahead with the publication of the proposed guidance, we believe it should be published in a separate guide as good practice and not as recommendations in the standards published by IPSASB. Considering our preferred form of publication, our views on the preliminary views and specific matters for comments are given below.

**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 Conceptual Framework Exposure Draft (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 are of the view that the scope of the conceptual framework proposed in the exposure draft on the conceptual framework should have been limited to information of a financial nature contained in the financial statements. Accounting standards are authoritative in matters of accounting and presentation of financial information in financial statements and, accordingly, the scope of the conceptual framework should have been limited to this area. Consequently, we believe that the scope of the Consultation Paper - Reporting Service Performance Information - is also too broad.

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**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 agree with this view. This will promote common understanding and greater comparability.

**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 agree with this view.

**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 with this view.

**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?

Option (a) is to be preferred. We firmly believe that if the IPSASB were to publish guidance, its application should not be mandatory for those public entities that decide to publish a service performance report.

We believe that the public sector has the necessary expertise to decide on the nature of the information to be disclosed as far as reports on its service performance are concerned. Accordingly, non-binding guidance is clearly the preferred option.

**Specific Matter for Comment 2:** Do you agree that this project should not identify specific indicators of service performance?

We agree that the project should not identify specific service performance indicators.

IPSASB publications are international in scope and are designed for entities that operate in a wide variety of socio-economic environments. It is preferable that the project not identify specific indicators that may not be relevant or applicable. However, examples could be given in an appendix.

**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 (GPFSs)?

The information in service performance reports need not necessarily cover the same accounting entity as the financial statements. Moreover, we believe that service performance reports should be published separately from the financial statements.

**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 public sector entity’s objectives, including the need or demand for these objectives to be achieved (the “why” dimension);

The segment “including the need or demand for these objectives to be achieved” of the wording should be removed.

In many cases, the decisions are political or budgetary. It is not the purpose of service performance reports to establish why public sector entities have chosen these objectives.

- (b) : Input, output, outcome, efficiency, and effectiveness indicators, including service recipient perception or experience information (the “what” dimension);

The segment “including service recipient perception or experience information” of the wording should be removed.

This introduces considerable subjectivity and, therefore, other people may have a very different view.

- (c) : Comparisons of actual performance to projected (or targeted) results, including information on the factors that influence results (the “how” dimension); and

The segment “including information on the factors that influence results” of the wording should be removed.

It will be difficult in some situations to identify the factors that had an impact on actual results.

- (d) : Time-oriented information, including comparisons of actual results over time and to milestones (the “when” dimension).

We agree with this wording.

**Specific Matter for Comment 5:** Should service performance information be reported (a) as part of the GPFR that is currently issued (for example, an annual financial report) but not part of the GPFs, (b) in a separately issued GPFR, or (c) in both a separately issued GPFR and as part of the currently issued GPFR?

Option (b) is to be preferred.

By keeping service performance reports separate from the reports currently produced, such as the annual report, the specific objectives of the two publications will be more obvious for users. In addition, in a separate publication, the content will be easier to refer to than if it were added to an existing document.

We hope that our comments will be helpful as you continue your work.

Yours truly

André Miville, CA  
Director General,  
Professional Practice,

Vicky Lizotte, CA  
Director, Standards

Work Document