



The Technical Director
International Public Sector Accounting Standards Board
International Federation of Accountants
Via e-mail

TECH CDR - 1077

14 March 2012

Dear Ms Fox

Consultation Paper: Reporting Service Performance Information

ACCA (Association of Chartered Certified Accountants) is pleased to have this opportunity to respond to the above consultation paper on service performance. We are supportive of this project as we believe that reporting on service performance by governments will help increase accountability and trust in the way public services are delivered.

In 2010 we published a short paper on performance targets and covered the topic on 'making outcomes count' in our publication 'Accountancy Futures'. Both publications have some relevance to performance reporting, in particular, developing outcome measures. These publications may be of interest as this project develops. I have attached copies for information.

Our responses to the specific matters are outlined below.

Specific Matter for Comment 1:

Should the IPSASB consider issuing (1) non-authoritative guidance for those public sector entities that choose to report service performance information, (2) authoritative guidance requiring public sector entities that choose to issue a service performance report to apply the guidance, or (3) authoritative guidance requiring public sector entities to report service performance information?

We agree with the principle that reporting on service performance provides a key indicator to the recipients of those services and that it is appropriate for IPSASB to provide guidance in this area. Therefore, we would support option (2) as in our view it recognises that in some jurisdictions there will be no authoritative guidance or a regulatory framework requiring public entities to report on performance. Also, this option signifies that not all countries are at

the same level of reporting service performance and some will need to develop further capacity and capability.

We also agree that this option will improve comparability between public sector entities, but would like to make the point that comparing service performance is not as straight forward as the consultation makes out. In many cases a public sector entity cannot draw direct conclusions about the performance of its services when compared to another without having regard to the context, service priorities, resources and the way a service is delivered. Therefore, a key performance indicator (KPI) can only be used as a starting point for understanding difference and drawing conclusions about performance. Service user expectations should not be raised that KPIs can do more.

We don't think that the third option for developing authoritative guidance for all public sector entities is realistic or necessarily helpful, particularly, where public entities will have to assert compliance/non compliance with a standard. In our view the role of IPSASB in this area should be at best to promote best practice through issuing guidance and setting out a clear statement that reporting on service performance is important for public accountability and that all public entities should strive towards it.

Specific Matter for Comment 2:

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

Yes, we agree that the aim of the project should not be to identify specific indicators. KPIs are for public entities to determine based on their local objectives and service priorities. However, it might be helpful for the IPSASB to sign post to examples of best practice of KPI reporting as part of its guidance. Also, it also would be helpful if the guidance could outline a working definition of a key performance indicator.

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)?

Yes, we agree that to meet accountability requirements service performance information included in GPFRs should be prepared for the same reporting entity as for the general purpose financial statements.

Specific Matter for Comment 4:

This CP identifies four dimensions of service performance information that are necessary to meet the needs of the identified users. These are: (1) Information on the public sector entity's objectives, including the need or demand for these objectives to be achieved (the "why" dimension); (2) Input, output, outcome, efficiency, and effectiveness indicators, including service recipient perception or experience information (the "what" dimension); (3) Comparisons of actual performance to projected (or targeted) results, including information on the factors that influence results (the "how" dimension); and (4) Time-oriented information, including the comparisons 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 agree with the criteria set out in the consultation. However, there is scope for fine tuning some of the dimensions.

In relation to information on public sector objectives it would also be useful for a public entity to report on service priorities. This may go some way to help explain to the public the need or demand for achieving the objectives.

The different dimensions of performance outlined are well understood in the public sector and we have little more to add. We welcome the dimensions that capture and report on service user experience and there are many good examples of organisations reporting on service user experience and satisfaction across the sector. However, whilst input and output measures are in most cases easy to identify, measure and report, outcome indicators can be notoriously difficult to design and report on impact. This is primarily because they often deal with complex issues such as health and well-being and social policy.

Because of this we think that it is important for the IPSASB guidance to include and/or cross reference to examples of best practice and guidance for setting and developing such measures.

We agree that the information should be time orientated so that results can be measured over time. In accordance with best practice, performance information included in reports should be specific, measurable, agreed, realistic and time-bound (SMART).

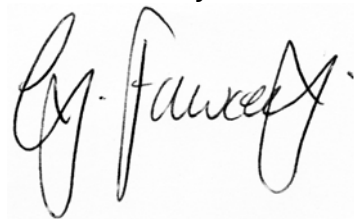
Specific Matter for Comment 5:

Should service performance information be reported (1) as part of the GPFR that is currently issued (for example, an annual financial report) but not part of the GPFSS, (2) in a separately issued GPFR, or (3) in both a separately issued GPFR and as part of the currently issued GPFR ?

We have no strong views on the disclosure of service performance information, although option (1) the annual report would appear to be the obvious place. Whichever option is chosen it should be the most efficient and effective with regard to the users' needs.

If there are any matters arising from the above, please contact Gillian Fawcett, Head of Public Sector (Gillian.fawcett@accaglobal.com).

Yours sincerely



Gillian Fawcett
Head of Public Sector