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April 17, 2012

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

Dear Ms. Fox:

### **Re IPSASB Consultation Paper Reporting Service Performance Information**

Thank you for the opportunity to comment on the IPSASB Consultation Paper Reporting Service Performance Information.

As a Senior government in Canada, Ontario has well established and comprehensive processes in place to report service performance information to the public. Ontario acknowledges the importance of service performance information to meet accountability expectations to a variety of stakeholders, and many of the concepts discussed outlined by IPSASB are currently incorporated in Ontario's existing practices.

Ontario believes that service performance information is beyond the framework of accounting and auditing standards focused on fair reporting of historical financial results to the general public. IPSASB's proposal expands its focus from historical financial results to developing standards addressing non-financial service performance information. In addition, the Consultation Paper reflects concepts from IPSASB's conceptual framework project that is currently incomplete. The audience for service performance information reporting may include specific stakeholders with different information requirements than the users of general purpose financial statements. As a result Ontario does not support the extension or application of IPSASB's conceptual framework intended for general purpose financial statements for the purpose of developing standards for public sector service performance information.

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Ms. Fox  
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Ontario feels strongly that any guidance released by the Board related to service performance reporting should be non-authoritative, such as a Reporting Practice Guideline. As an example PSAB's SORP-2 on Public Performance Reporting is not prescriptive and yet offers general guidance. It looks to performance reporting as a broad complex concept with government objectives set out by legislative mandate, budget, throne speech or strategic plan, etc. Authoritative standards would not be considered to be in the public interest as governments and public sector entities would lose flexibility in how they achieve accountability reporting to their stakeholders. In addition, there is a risk that such standards would have to be too loose and vague to be useful in trying to achieve consistency in reporting practices in the public sector.

Ontario is committed to transparent and accountable public reporting. Reporting of service performance information in Ontario has been and continues to be an evolutionary process that builds on research, experimentation, practical experience and consensus.

Specific responses to the detailed questions posed in the Consultation Paper are included in the attachment to this letter.

Thank you again for the opportunity to comment on the Consultation Paper.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Murray Lindo". The signature is written in a cursive, flowing style.

Murray Lindo  
ADM and Provincial Controller  
Office of the Provincial Controller Division

Attachment

c: Greg Orencsak, Associate Deputy Minister

## ATTACHMENT

### 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?**

If such guidance is issued, we agree that it should be non-authoritative guidance, similar to existing guidance in Canada. (i.e. PSAB SORP-2)

### Specific Matter for Comment 2

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

Yes. This project should not identify specific indicators of service performance as each individual public entity needs to develop its own service standards based on its strategic direction and priorities. The indicators will vary based on services provided and availability of the tools for accumulating meaningful data.

### 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 (GPFSSs)?**

We disagree. Ontario reports financial information to the public on a consolidated basis to meet the needs of the general public, and the legislature acting on their behalf. We believe that while there may be some overlap in users for GPFS and service performance reporting, that the user audience for service reporting information is much more diverse and that the nature of the information required to meet their needs does not belong in general purpose financial reports.

Any initiative addressing service reporting should acknowledge that there are a number of ways to provide performance information, and that is not in the public's interest to limit the type/frequency/form of information to the confines of the financial reporting cycle. Ontario's current practice is to provide performance information in other ways such as on its internet sites and through different forms of media.

### 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 of the public sector 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 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 in principal that these four dimensions of service performance information can provide good information for users of service performance reporting. The difficulty may arise where there is subjective performance information that is hard to quantify and that with such a high degree of diversity in government programs and users interested in the information that only the government can decide what is appropriate for the particular circumstance. As a result we do not support IPSASB expanding it’s authoritative guidance beyond the general purpose financial statements prepared for the general public. .

#### **Specific Matter for Comment 5**

**Should service performance information be reported (a) as part of the GPFR that is currently issued (for example, 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?**

Service Performance information should be provided through appropriate reporting channels and frequencies determined as best meeting the needs of users. Ontario currently provides extensive information on its financial condition in its Budgets, Economic Outlook and Fiscal Reviews, Economic Accounts, Quarterly Finances and Annual Reports. There is no requirement as of yet for reporting of service performance information as part of the annual Public Accounts process. Also, the providers of service performance information may have their own timing for reporting. If the information is part of GPFR’s, once established it would need to be consistent from year to year. Ontario believes that there needs to be flexibility in the way it reports service performance information given the complexity and size of government.