

Staff Paper–IPSASB Consultation Paper *Reporting Service Performance Information*

1. This paper discusses the main issues identified by AASB staff in relation to the IPSASB Consultation Paper (CP) *Reporting Service Performance Information*, which was issued by the IPSASB in October 2011 for comment by 15 April 2012. This paper sets out:
 - (a) an overview of the CP;
 - (b) a staff analysis addressing issues identified in the CP;
 - (c) staff's recommendation on whether the AASB should make a submission on the CP; and
 - (d) staff's views on the CP's Preliminary Views and Specific Matters for Comment (discussed in Appendix A to this paper).

2. The purpose of this paper is to assist the Board in deciding whether to make a submission to the IPSASB and form preliminary views on the issues to be addressed in such a submission. Constituents have been advised of the CP through the AASB website and encouraged to make their own submission and copy it to the AASB. Accordingly, if we receive copies of any submissions, they could also be considered in finalising any AASB submission.

Overview of the IPSASB CP

3. As stated by the IPSASB, the primary objective of the CP is to present a principles-based approach to developing a consistent framework for reporting service performance information by public sector entities, which focuses on meeting the needs of users. Although the CP refers to a 'framework' for service performance information, this IPSASB project is not part of the IPSASB's Conceptual Framework project. The CP says service performance information necessary to meet the objectives of financial reporting by public sector entities is part of general purpose financial reports (paragraph 1.3). Despite that view, the CP does not include a proposal on whether guidance on reporting service performance information should be mandatory, but includes a question on that issue.

4. A sub-objective of the CP is to present standardised terminology for service performance information. Accordingly, the CP adopts and defines the following terms: 'objective', 'performance indicators', 'inputs', 'outputs', 'outcomes', 'efficiency indicators' and 'effectiveness indicators'.

5. The CP identifies the following service performance information as useful for users:

- (a) information on the scope of the service performance information reported, including the services reported and the reasons why those services were chosen to be reported;
- (b) information on the entity's objectives, including the sources of the objectives reported and the link between the objectives and the indicators of the achievement of the objectives being reported;
- (c) information on the achievement of objectives, including indicators that provide a basis for assessing the service performance of the services reported, comparisons of those indicators and the degree to which service performance objectives have been met; and
- (d) narrative discussion of the achievement of objectives.

Staff analysis addressing issues identified in the CP

- 6. We generally agree with the primary objective of the IPSASB's project noted in paragraph 3 of this paper and think there are some useful ideas about reporting service performance information in the CP. However, we are concerned that the CP provides a list of types of service performance information that could be reported rather than establishing principles that should be applied in determining what service performance information should be reported in general purpose financial reports to meet the needs of users.
- 7. We have identified some specific issues in the CP for the Board to consider in making its decision on whether to make a submission to the IPSASB on the CP and the possible content of that submission. These issues are addressed in sections (a) to (f) below.

(a) Definition of service performance reporting

- 8. The CP does not define service performance reporting. Paragraph 1.3 of the CP says "Performance information about services being provided is referred to as service performance information." Paragraph 4.5 of the CP indicates the types of service performance information that the IPSASB considers necessary to meet the needs of users. However, we do not think this is sufficient to describe service performance reporting. Providing an explicit definition of service performance reporting may help establish boundaries for the types of service performance information that should be reported in general purpose financial reports.
- 9. We think a definition of service performance reporting that includes the standardised terminology in paragraph 3.3 of the CP would be useful. For example, the definition of service performance reporting could include reporting information about the:
 - (a) use of *resources* (i.e. *inputs*);

- (b) the delivery of *outputs* in an *efficient* manner;
- (c) the *effective* achievement of *outcomes*; and
- (d) the attainment of *objectives*.

(b) *Scope of service performance reporting*

10. The CP does not define the service performance information that belongs within the scope of general purpose financial reporting. Paragraph 4.3 of the CP reiterates the proposal in the IPSASB Conceptual Framework Exposure Draft 1 *Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities: Role, Authority and Scope; Objectives and Users; Qualitative Characteristics; and Reporting Entity* (CF-ED 1) that the scope of general purpose financial reporting should evolve in response to users' information needs, which, consistent with the AASB's submission to the IPSASB on CF-ED 1, we think is too broad a basis for determining the scope of service performance information that belongs in general purpose financial reporting.
11. Therefore, we think the CP is unclear regarding which types of service performance information would belong within service performance reporting in general purpose financial reports and suggest encouraging the IPSASB to define the scope of service performance information that belongs in general purpose financial reporting. Our view is that service performance information that belongs in general purpose financial reporting is performance information that:
- (a) relates to aspects of the provision of goods and services (hereinafter "services") that has enabled, or will enable, the entity to meet its objectives; and
 - (b) is useful to users in making decisions about the entity that involve an allocation of scarce resources.

(c) *Relationship of the CP with the emerging IPSASB Conceptual Framework*

12. Paragraph 1.1 of the CP says the IPSASB will apply the concepts proposed in CF-ED 1 in developing IPSASs and non-authoritative guidance that apply to the preparation and presentation of general purpose financial reports of public sector entities, including service performance reporting. Consistent with the AASB's submission to the IPSASB on CF-ED 1, we do not support some of the concepts proposed in CF-ED 1, for example identifying accountability as a separate objective of general purpose financial reporting and treating materiality as a constraint on reporting useful information in general purpose financial reports. However, we support the development of service performance reporting guidance that is

consistent with any Conceptual Framework that is developed by the IPSASB, subject to the content of that Framework. We do not propose reiterating in a Board submission on the CP concerns expressed in the Board's submission on CF-ED 1, because the place to address those concerns is the IPSASB's Conceptual Framework project.

13. Paragraph 1.3 of the CP says "... reporting of performance information about services being provided is *necessary* to meet the objectives of financial reporting by public sector entities" [emphasis added]. This is consistent with one part of CF-ED 1 but inconsistent with another part, due to an inconsistency within CF-ED 1. The inconsistent wording in CF-ED 1 is set out below:
 - (a) paragraph 2.14 of CF-ED 1 says "GPFRs will also *need to* provide financial and non-financial information about ... service delivery activities, achievements or outcomes during the reporting period..." (i.e. service performance information) in order to respond to the information needs of users [emphasis added]; and
 - (b) paragraph 1.6 of CF-ED 1 suggests that service performance information is not necessary – it says general purpose financial reports "... *can* report ... financial and non-financial quantitative and qualitative information about the achievement of financial and service delivery objectives ..." [emphasis added].
14. This inconsistency in CF-ED 1 was not mentioned in the AASB's submission on that ED. Although the problem arises from CF-ED 1, we think the inconsistency between the CP and one part of CF-ED 1 might undermine the importance of reporting service performance information and should be pointed out to the IPSASB (together with the reason for the problem).
 - (d) ***Capacity to continue to provide services and sustainability of services***
15. The service performance information the CP says is necessary to meet the needs of users focuses on the past delivery of services and its past consequences. We think service performance is part of a broader notion of performance that not only includes the past delivery of services and its past consequences but includes the extent to which the entity's past activities will enable the entity to meet its objectives in the future. This broader information would include, for example, the capacity to continue to provide services and the change in that capacity during the reporting period (e.g. whether an entity's service delivery activities eroded its asset base and reduced its ability to continue to provide services) and sustaining the future delivery of services (e.g. the entity's performance in obtaining resources enabling the

entity to be able to deliver services in the future). We think the IPSASB should consider acknowledging in its guidance that assessing service performance requires consideration of information about other aspects of performance.

16. In this regard, the CP does suggest that information about sustainability of services would be useful to users. In particular, paragraphs 1.2 and 4.4 of the CP suggest that information that is useful to users may include information about the entity's anticipated future service delivery activities, objectives and resource needs. However, the CP does not include principles to apply in determining which information would assist users to assess the sustainability of services; nor does it mention that meaningful assessments of service performance involve assessing resource consequences of the entity's service delivery activities.
17. We think a possible principle for reporting information about the continuing capacity to provide services and the sustainability of services could be based on management's assessment of the resources available and the estimated resources required to continue to meet the needs of recipients of services.

(e) Use of standardised terminology and working definitions

18. We support the development of standardised service performance information terminology and generally support the terms listed in Table A on page 14 of the CP. However, we are concerned that some of the working definitions are ambiguous and some of the examples do not provide suitable illustrations of the related working definitions. We think it is essential to have clear definitions and examples to assist in developing coherent principles of service performance reporting. Our concerns and suggestions regarding the working definitions and examples provided in Table A on page 14 of the CP are discussed in Preliminary View 2 of Appendix A.

(f) Indicators of service performance

19. Paragraph 2.3 of the CP says that the relevant indicators of services may differ between public sector entities and that the IPSASB does not intend to identify specific indicators of service performance within the framework. We support this view. However, we think some principles should be established that can be applied in identifying specific indicators of service performance appropriate to a particular entity. We think a possible principle for identifying specific indicators of service performance that the IPSASB could consider could

be based on those indicators that management uses to assess the entity's service performance and to determine whether the entity has met its objectives.

20. Paragraph 4.5(b) of the CP says information about "... service recipient perception or experience ..." is necessary to meet the needs of users. We think this is establishing rules rather than principles-based guidance and is inconsistent with the objective of the IPSASB's project to use a principles-based approach to develop a consistent framework for reporting service performance information. It also conflicts with paragraph 2.3 of the CP that says the IPSASB does not intend to identify specific indicators of service performance within the framework.
21. We note that the CP does not explicitly address measurement considerations regarding the indicators of service performance. We think measurement concepts in relation to indicators of service performance are an essential part of a framework for reporting service performance information. We suggest the IPSASB either consider including measurement concepts in the related framework or at least explain why they are omitted.

Staff recommendation

22. Because of the importance of this topic and the issues identified in this paper, we recommend that the Board makes a submission to the IPSASB on the CP that includes comments based on the above staff comments.

Questions to Board members

1. Do you agree with the issues identified by staff in sections (a) to (f) of this paper?
2. Do you agree with our recommendation to make a submission to the IPSASB on the CP? If so, do you agree that a sub-committee should work with the staff to develop the submission out of session?

APPENDIX A

AASB's comments on the Preliminary Views and Specific Matters for Comment in the CP

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.

We think that certain service performance information about an entity is necessary to meet the objectives of general purpose financial reporting, i.e. performance information that:

- (a) relates to aspects of the provision of services that has enabled, or will enable, the entity to meet its objectives; and
- (b) is useful to users in making decisions about the entity that involve an allocation of scarce resources.

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 support the development of standardised service performance information terminology and generally support the terms listed in Table A on page 14 of the CP. However, we are concerned that some of the working definitions are ambiguous and some of the examples do not provide suitable illustrations of the related working definitions. We think it is essential to have clear definitions and examples to assist in developing coherent principles of service performance reporting. Our concerns and suggestions regarding the working definitions and examples provided in Table A on page 14 of the CP are discussed below.

(i) Objective

The working definition of 'objective' refers to 'result', and paragraph 5.20 refers to 'results' on four occasions. It is not clear what is meant by 'result' and 'results'. These terms could refer to target(s)/goals or actual outputs/outcomes. Therefore, it is difficult to differentiate the working definition of 'objective' from the working definitions of 'outputs' and 'outcomes'.

We suggest amending or clarifying the references to 'result' and 'results' in the CP.

The example provided for an ‘objective’ in Table A of the CP seems to include two aspects: what we would call a mission—“to improve the health of infants”; and what we would call an objective—“reducing the percentage who contract measles”. We think the two aspects illustrated in the example of ‘objective’ are both important but involve different considerations and should not be used in a single example to explain the term ‘objective’.

We note that, in contrast, paragraph 5.11 of the CP distinguishes entity-wide objectives and the objectives of the entity’s specific services. We support this distinction but think another term, such as ‘mission’, should be used to describe entity-wide objectives. This would avoid potential confusion about the meaning of ‘objective’ in various references to ‘objective(s)’ in the CP, such as the above-mentioned reference in Table A. Accordingly, we suggest adding a working definition of ‘mission’ to Table A.

In Table A, the example of ‘outcomes’ only illustrates the second aspect of the example of an ‘objective’ given in that table (i.e. the reduction in the percentage of infants who contract measles). It is unclear why the example of ‘outcomes’ only considers one of the aspects illustrated in the example of an ‘objective’.

Paragraph 5.24(a) refers to ‘expectations’. It is not clear whether this term means ‘objectives’ or something different. We suggest amending or clarifying the reference to ‘expectations’.

(ii) *Inputs*

We have a number of concerns about the definition of ‘inputs’, as noted in the following.

The working definition of ‘inputs’ refers to “... the resources of a reporting entity used to produce outputs...” This working definition does not consider the resources that are available to an entity that might become inputs. We think resources that are available to an entity is an important concept in the context of service performance that should be included in one of the working definitions. This would be consistent with our view in Section (d) of this paper that service performance is part of a broader notion of performance that not only includes the past delivery of services and its past consequences but includes the extent to which the entity’s past activities will enable the entity to meet its objectives in the future.

We think the reference to ‘produce outputs’ in the working definition of ‘inputs’ implies some form of production, which might not necessarily be the case. We suggest amending the

reference to ‘produce outputs’ to ‘provide outputs’. In addition, the example of ‘inputs’ refers to ‘expenditure’ and the example of ‘efficiency indicators’ refers to ‘cost’. We think that although service performance information can be expressed in cash terms, we think the examples should also be expressed in accrual terms, such as ‘expense’.

We found it unclear whether the working definition of ‘inputs’, being the “resources ... used” includes all resources consumed, whether consumed directly or indirectly in the entity’s service delivery activities. For example, should the costs of any fund-raising activities be added to the measure (e.g., cost) of consumption of resources acquired with those funds and used to provide the outputs in question (for example, inoculations for measles)? We also found it unclear whether the above-mentioned reference to “resources ... used” includes resources deployed, that is, assets. This is because there is no limitation in the working definition’s reference to ‘resources’. For these reasons, we think the meaning of “resources used” should be clarified.

Another example of an issue potentially affecting the application of the working definition of ‘inputs’ is the criteria for allocating costs to particular outputs, when the entity provides a variety of outputs. For example, should those costs include a portion of overheads and, if so, which overheads should be allocated? We think the IPSASB should be encouraged to provide guidance on this issue.

The working definitions of ‘inputs’ and ‘outputs’ refer to ‘delivering its objectives’. We think using ‘delivering’ may not be appropriate to describe an entity’s attempts to achieve its objectives, and therefore suggest amending the references to “delivering its objectives” in the definition of ‘inputs’ and ‘outputs’ to ‘striving to achieve its objectives’.

(iii) Outputs

The working definition of ‘outputs’ refers to ‘including transfers to others’. It is not clear what is meant by this. We think this is an unnecessary phrase that should either be deleted or clarified outside the definition.

(iv) Performance indicators

It is not clear to us that the example provided to illustrate ‘effectiveness indicators’ appropriately illustrates the working definition of ‘effectiveness indicators’ (i.e. the relationship between outputs and outcomes). Instead, it illustrates the output (the percentage

of infants inoculated for measles) and its relationship to the inoculated infants who contracted measles, which is not the outcome (i.e. the reduction in the percentage of infants who contracted measles). Furthermore, the illustrated effectiveness indicator excludes the percentage of infants who were not inoculated and contracted measles. Excluding such a cohort provides no insight into the effectiveness of the targeting of the output (i.e. its quality) and can be misleading. We think the example should directly illustrate the relationship between the output and the outcome.

The working definitions of ‘performance indicators’, ‘efficiency indicators’ and ‘effectiveness indicators’ refer to ‘measures’, which implies quantification of the relationship between inputs to outputs and outputs to outcomes. We think that quantification of these relationships may not be relevant in all situations. An alternative word that could be used instead of ‘measures’ is ‘attributes’.

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 think the components of service performance information identified to be reported would provide useful information to meet the needs of users. However, we are concerned that the CP provides a list of types of service performance information that could be reported rather than establishing principles that should be applied in determining what service performance information should be reported in general purpose financial reports to meet the needs of users.

Paragraph 5.1 of the CP says “This section describes how these *dimensions* of service performance can be recognised as *components* and presented in a GPFR” [emphasis added]. Paragraph 5.2 of the CP lists the common information components identified in research. The CP does not describe how the ‘dimensions’ (in Section 4 of the CP) relate to the components (in Section 5 of the CP). To some degree, these ‘components’ and ‘dimensions’ overlap, and it is difficult to identify their relationship and the purpose of those two classification schemes. For example, we think the last three ‘components’ listed in paragraph 5.2 relate at least to the first ‘dimension’ in paragraph 4.5; however, it is unclear how the first component that addresses the scope of the service performance information reported relates to the other

‘dimensions’ in Section 4 of the CP. Furthermore, consistent with our comments on Specific Matter for Comment 4 below, we particularly find the label used for the “how” dimension difficult to associate with the underlying phenomenon it purports to describe. In paragraph 4.5(c), we think that only “factors that influence results” could possibly be read as relating to the “how” dimension and, even then, “how” seems an imprecise term for those factors.

Preliminary View 4

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

We agree that the same qualitative characteristics of, and constraints on, information included in general purpose financial reports of public sector entities should apply to reporting of service performance information.

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?

We acknowledge that there might be practical considerations that affect the IPSASB’s decision on whether to issue authoritative guidance – for example, given the relatively undeveloped practice in disclosing service performance information, the IPSASB might consider it appropriate to allow a level of experimentation that might otherwise be discouraged by authoritative guidance in the short- to medium-term. However, if the IPSASB considers service performance information necessary to meet the objectives of general purpose financial reporting, we think it should eventually issue authoritative principles-level guidance requiring public sector entities to report service performance information that falls within the scope of general purpose financial reporting. We think that, if information is necessary to achieve the objectives, and belongs within the scope of general purpose financial reporting, the fact that it is not the subject of traditional financial statements is not a reason to issue non-authoritative guidance. Issuing authoritative guidance at some stage may assist with decreasing diversity identified in practice across various jurisdictions.

Specific Matter for Comment 2

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

Paragraph 2.3 of the CP says the relevant indicators of services may differ between public sector entities and that the IPSASB does not intend to identify specific indicators of service performance within its service performance ‘framework’. We support this view. However, we think some principles should be established that can be applied by an entity in identifying specific indicators of service performance appropriate to its circumstances. We think a possible principle for identifying specific indicators of service performance that the IPSASB could consider would be based on those indicators that the entity’s management uses to assess the entity’s service performance and to determine whether the entity has met its objectives.

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 think service performance information included in general purpose financial reports should be prepared for the same reporting entity as for general purpose financial statements – at a disaggregated level where appropriate.

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);
- (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?

As noted in our comments on Preliminary View 3, we think it is unclear how the four dimensions identified in Section 4 of the CP relate to the components of service performance information in Section 5 of the CP. There appears to be a significant amount of overlap in the information required in Sections 4 and 5. We think it would be useful to combine Sections 4 and 5 and provide one set of principles that should be applied in determining what service performance information should be reported in general purpose financial reports to meet the needs of users.

We generally agree with the first two dimensions in paragraph 4.5 of the CP (i.e. the “why” and “what” dimensions). The “how” dimension requires a comparison of actual performance to projected (or targeted) results; and the “when” dimension requires time-oriented information, including comparisons of actual results over time and to milestones. It is not clear how these dimensions (the “how” and “when”) are achieved by providing comparative and time-oriented information. We also note the “how” dimension refers to ‘projected (or targeted) results’ and the “when” dimension refers to ‘milestones’. It is unclear how the wording used to describe these two dimensions is meant to differ from each other.

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 GPFSS, (b) in a separately issued GPFR, or (c) in both a separately issued GPFR and as part of the currently issued GPFR?

We think entities should have the choice of reporting service performance information in:

- (a) both a separately issued general purpose financial report and as part of the currently issued general purpose financial report; or
- (b) the general purpose financial report that is currently issued.

In relation to option (a) in the Specific Matter for Comment, we are not concerned whether service performance information included in a general purpose financial report is presented in the financial statements. We note that some service performance information (e.g. efficiency indicators) is already commonly included in general purpose financial statements, which illustrates the relatively unimportant nature of the distinction between general purpose financial reports and general purpose financial statements in relation to reporting service performance information. Moreover, it indicates that it would be inappropriate to limit the

reporting of service performance information to separately issued general purpose financial reports.

We think it is unnecessary to specify which forms of general purpose financial reports should provide service performance information. Consistent with the AASB's comments to the IPSASB on its CP on reporting information about long-term fiscal sustainability, we think the IPSASB should focus on what information belongs within the discipline of general purpose financial reporting, rather than on which types of general purpose financial reports should include that information.

APPENDIX B

AASB's staff comments

These comments are not provided for Board deliberation, because they do not relate to significant issues. They are provided to note the staff's views on aspects of the CP that Board members might find distracting when assessing the key issues.

We recommend the IPSASB considers the following additional comments in developing a framework for reporting service performance information:

Paragraphs	Comment
Paragraph 1.6	The second sentence says "... service performance information in GPFRs is necessary to fulfil their duty to (a) be publicly accountable for financial resources..." It is not clear why it is necessary to emphasise 'financial' resources. We think financial and non-financial information (even though the distinction between these two types of information is unimportant) would be equally relevant in this context and therefore suggest removing 'financial' from the second sentence in paragraph 1.6 of the CP.
Paragraph 4.3	The second sentence refers to 'financial information needs of users identified in CF-ED 1'. Whereas, paragraphs 2.7-2.11 of the CF-ED 1 refer to 'information needs', without explicitly drawing a distinction between financial and non-financial information needs of users. We suggest removing 'financial' from the second sentence of paragraph 4.3 of the CP.
Paragraph 4.5(b)	Paragraph 4.5(b) of the CP says information about "Input, output, outcome, efficiency and effectiveness indicators ..." is necessary to meet the needs of users. We think this could be read as all information, rather than some information, about inputs, outputs, outcomes, efficiency and effectiveness indicators being necessary to meet the needs of users.
Paragraph 5.19	We suggest clarifying that a narrative discussion of the indirect consequences of the services provided should only be those consequences that are identifiable. We also think further guidance on what is meant by 'intended and unintended indirect

	consequences' would be useful.
Paragraphs 5.24-5.33	Paragraphs 5.24-5.33 include some commentary on the qualitative characteristics identified in Section 6 of the CP. We think some of this commentary is repetitive and could be reduced. Any relevant commentary about the qualitative characteristics could be reoriented to Section 6 of the CP.
Paragraph 5.24(d)	Paragraph 5.24(d) refers to information that can be 'verified'. We agree that verifiability of some service performance information may be a challenge. We think that some service performance information, even if not verifiable, can be useful to users and should be reported.
Paragraph 5.27	Paragraph 5.27 refers to 'entities or organisational units'. We think this distinction is confusing and should be removed.
Paragraph 5.28	We suggest changing the sentence 'Users are primarily interested in how inputs and outputs are used to achieve desired outcomes.' to 'Users are primarily interested in how inputs are used to provide outputs and help achieve desired outcomes.'
Paragraph 6.8	The last sentence of paragraph 6.8 says "... for service performance information to be relevant, it must also be timely and understandable." We think this suggests that the qualitative characteristic 'relevance' encapsulates 'timeliness' and 'understandability'. This would be inconsistent with the CF-ED 1, which identifies 'timeliness' and 'understandability' as separate qualitative characteristics to 'relevance'. We suggest amending the reference to 'relevant' in the last sentence of paragraph 6.8 to 'useful'.
Paragraph 6.9	It is not clear what is meant by the last sentence in paragraph 6.9 "there may be a point beyond which some trade-offs between the qualitative characteristics would not be considered acceptable." We suggest that the IPSASB explains the meaning of this sentence.