



<b>To:</b>	<b>Board members</b>	<b>Date:</b>	7 September 2009
<b>From:</b>	<b>Robert Keys, Christina Ng and Maybelle Chia</b>	<b>Agenda Item:</b>	7.1
<b>Subject:</b>	<b>Disclosures by private sector not-for-profit entities (part 1 of phase 1)</b>	<b>File:</b>	

## Action

- Form a Board view on each of the 10 ‘questions for the Board’ relating to the threshold issues discussed in agenda paper 7.2 and identify any other threshold issues pertinent to service performance reporting.

## Background

At its 29-30 July 2009 meeting, the Board decided to undertake this project, adopting a staged approach. Phase 1 is aimed at identifying disclosures Australian Accounting Standards do not currently require of private sector not-for-profit entities that should be required. Part 1 of phase 1, which has a 12-month development timeframe, is addressing service performance reporting issues, having regard to NZ FRSB and IPSASB work. Details about potential other parts of phase 1, and about phase 2 – assessment of existing disclosure requirements (and a possible phase 3 – presentation of private sector not-for-profit entity general purpose financial statements) are provided in the project outline, attached as agenda paper 7.5.

Since the July 2009 Board meeting, staff have:

- (a) drafted, and posted on the AASB website, a project outline reflecting the Board’s 29-30 July 2009 decisions (see agenda paper 7.5);
- (b) commenced forming a Project Advisory Panel (PAP), based on the AASB’s Not-for-Profit Private Sector Focus Group (list of members is in agenda paper 7.6). An invitation for other constituents to express interest in joining the PAP has been posted on the AASB website, including a request for expressions of interest by 2 October 2009. Furthermore, a media

release was issued on 3 September 2009 announcing the project, and also inviting constituents interested in joining the PAP to contact us. It is envisaged that the tasks of the PAP will include providing input on draft issues papers before they are finalised for the Board, so that we can inform the Board of constituent's views contemporaneously;

- (c) commenced research into service performance reporting by looking at domestic and international requirements and practice in the public and private sectors. The results of our research to date is contained in agenda papers 7.3 and 7.4. We acknowledge that agenda paper 7.4 contains a significant amount of duplication/repetition, due to the common approaches to service performance reporting adopted within Australia and around the world. When the paper is finished, the duplication/repetition will be used as a basis for identifying common features of service performance reporting frameworks within Australia and around the world that can then be tested for their suitability for our purposes; and
- (d) considered threshold issues pertinent to service performance reporting by private sector not-for-profit entities (see agenda paper 7.2). Some might argue that many of the issues in that paper were implicitly resolved by the Board when it decided to initiate the project. However, we feel that the issues need to be formally addressed now, to provide a platform for our future work. Although the project proposal upon which the Board based its decision to initiate the project touched on some of the issues, the project proposal did not specifically address them in the context of service performance reporting.

It is intended that the forthcoming Board discussion focus on the threshold issues paper (agenda paper 7.2). As noted in paragraph 5 of that paper, we are asking the Board to consider the issues discussed in the paper and provide us with directions that can be used as input for a consultative document, with a view to ultimately specifying requirements or providing guidance for private sector not-for-profit entities on service performance reporting. Depending on the Board's conclusions on the issues, we plan to develop a consultation paper on the form and content of statements of service performance of private sector not-for-profit entities. We envisage there being a need for further papers (at least one on the definition of service performance [ie scoping this part of the project] and another on the principles of service performance reporting) as a basis for eliciting the Board's preliminary views at future meetings, before we are ready to draft a more formal consultative document.

## **Attachments**

- Agenda paper 7.2: Paper 3: Threshold issues pertinent to service performance reporting by private sector not-for-profit entities
- Agenda paper 7.3: Paper 1: Status report on IPSASB and NZ FRSB work on service performance reporting
- Agenda paper 7.4: Paper 2: (Work in progress) Report on staff research into domestic and international requirements and practices relating to service performance reporting
- Agenda paper 7.4A: Paper 2A: (Work in progress) Examples of statements of service performance
- Agenda paper 7.5: Project outline: Disclosures by Private Sector Not-for-Profit Entities (as at August 2009)
- Agenda paper 7.6: List of members of AASB Not-for-Profit Private Sector Focus Group