

DRAFT AASB/FRSB Joint Project Plan Service Performance Reporting

Introduction

The draft minutes of the joint October 2009 meeting record that:

The Boards noted their respective project work on Service Performance Reporting and the range of entities that would be potentially affected.

The AASB's project 'Disclosures by Private Sector Not-for-Profit Entities' focuses on private sector not-for-profit (NFP) entities. Phase 1 of the AASB project includes consideration of service performance reporting.

The FRSB's project encompasses the review of existing requirements and guidance within NZ GAAP relating to service performance reporting. Although the current requirements and guidance in NZ GAAP apply to any entity preparing a statement of service performance, legislative requirements mean that it is predominantly public sector entities that prepare such statements.

The Boards discussed the potential benefits and challenges of working jointly, particularly in light of the different scopes. Consideration was given to whether the scope of the AASB project should be broadened to encompass public sector NFP entities. The AASB decided that this would not be appropriate for a number of reasons including:

- (a) the AASB's commitment to specifically consider the needs of users of general purpose financial statements prepared by private sector NFP entities;
- (b) the impact of a broader scope on the duration of the project, and the AASB's desire to undertake the service performance reporting part of its project within a 12-month timeframe;
- (c) there would need to be clarification about the role the Board might play relative to the range of organisations with a mandate to establish service performance reporting requirements for public sector NFP entities in Australia; and
- (d) the differing performance models used in the state jurisdictions.

The Boards observed that if the focus of the work were on developing general principles, the different scopes should not be an impediment to a joint project. The Boards noted that such an approach would not preclude the AASB from addressing issues which do not fall within the scope of the FRSB project. Those issues might include distinguishing between financial and non-financial information and identifying a constraining principle for the information included in service performance reports.

The Boards agreed that staff should prepare a joint project plan, including a time line, for consideration by the Boards. The plan will consider ways to ensure the project is progressed efficiently and in a timely manner, and will include consideration of how the Boards can work together, including how a joint sub-committee might be utilised. In the meantime, work will continue to proceed through the Boards' project staff liaising closely.

The Chairman of the IPSASB commented that the work of the AASB and FRSB on service performance reporting could help inform the IPSASB's project on Reporting of Service Performance Information.

The AASB noted the high level of interest expressed by constituents in participating in its Project Advisory Panel and intends to consult with the Panel extensively as work progresses.

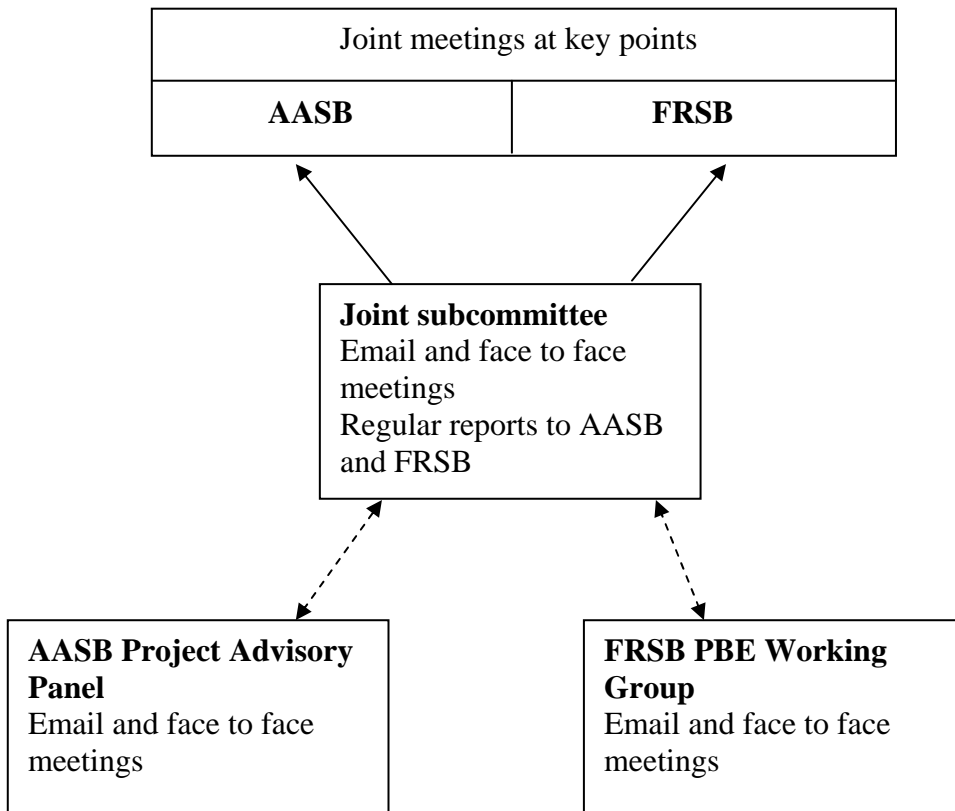
Purpose of this Paper and Action asked of the Board

The purpose of this paper is to present a draft joint project plan for the Boards' approval relating to the joint aspects of the respective projects. The AASB is scheduled to consider the plan at its 9-10 December 2009 meeting. The FRSB is scheduled to consider the plan at its 17 December 2009 meeting.

Detailed work plan and timetable

Consistent with the Boards’ October 2009 discussions, the following proposed work plan anticipates the establishment of a joint subcommittee to undertake a substantive amount of the review function and preliminary decision making. Because of this, there would be a need to keep the Boards informed of progress. This could take the form of Board agenda papers, provided for noting, comprising notes on subcommittee deliberations, and possibly copies of subcommittee papers on key issues.

The proposed work plan also anticipates consulting with constituents during the project through, in Australia, a Project Advisory Panel and, in NZ, the FRSB PBE Working Group. The following diagram depicts the relationships between the Boards, the sub-committee, the AASB Project Advisory Panel and the FRSB PBE Working Group.



The estimated timing noted in the following table is subject to a range of factors that are beyond the control of the project team. It would be achievable only if the Boards agree that most of the work will be done by the subcommittee and in the event that the Boards substantively accept the subcommittee’s recommendations. The timetable is provided to give a broad sense of the sequence and an indication of the period of time work on service performance reporting might take.

**AASB 9-10 December 2009 and FRSB 17 December 2009
Agenda paper 12.4**

	AASB	FRSB	Joint	Estimated timing
1 Staff resources	Robert Keys, Jessica Lion, Daping Gao, Maybelle Chia	Joanne Scott, Chris Neame	Joint leaders: Robert and Joanne	Available now
2 Board subcommittee	Could comprise: Kevin Stevenson and two other Board members – to be determined at the forthcoming December AASB meeting	Could comprise: Joanna Perry and two other Board members – to be determined at the forthcoming December FRSB meeting	Joint subcommittee – to form views on all significant issues before the Boards' are provided with a key decision questionnaire that asks the Board's views on the subcommittee's views on key issues. The subcommittee would operate mainly through email, but meet when necessary (April 2010, February 2011) to discuss issues. To keep the Boards informed of progress, a copy of key issues papers and notes of the outcomes of sub-committee deliberations could be included in Board papers as the project progresses – for noting purposes only.	Form December 2009.
3 Consultation	Project Advisory Panel – 67 nominations	FRSB PBE Working Group	Consult on papers contemporaneously, for the purpose of informing the subcommittee's deliberations	Already in place.
4 Scope of project	Disclosures by private sector not-for-profit entities (Phase 1: creation of new requirements; Part 1: service performance reporting)	Service performance reporting by public benefit entities (review of current requirements and guidance)	Aim to identify general principles for service performance reporting and the status of any guidance developed	Already agreed at the October 2009 joint meeting
5. Project Plan			This paper has been prepared jointly by AASB/FRSB staff.	Agree at December 2009 meetings
6. Background research				
6.1 Status report on IPSASB and FRSB work on service performance reporting			Noted at October 2009 joint meeting	October 2009
6.2 Domestic and international requirements and practices relating to service performance reporting (with examples of statements of service performance)			Combine AASB staff and FRSB staff work. AASB staff (Maybelle) to lead.	January 2010
6.3 Consider the extent to which shortcomings in current service performance reporting (with reference to the work of the OAG) could be addressed through an improved financial reporting pronouncement	Inform AASB of outcome of FRSB deliberations	FRSB staff (Joanne)		November 2009
7 Topics				
7.1 Threshold issues	Considered at September 2009 AASB meeting	Considered by FRSB PBE Working Group October 2009		September/October 2009
7.2 Distinction between financial and non-financial information	AASB consider issues paper prepared by AASB staff (Robert) with input from FRSB staff (Joanne)	Inform FRSB of outcome of AASB deliberations		December 2009
7.3 Identifying a constraining principle for information included in service performance reports	AASB consider issues paper prepared by AASB staff (Robert) with input from FRSB staff (Joanne)	Inform FRSB of outcome of AASB deliberations		December 2009
7.4 Assess service performance reporting against <i>Process for Modifying IFRSs for NFP/PBE</i> , to determine whether for-profit private sector entities should be included within scope	AASB consider issues paper prepared by AASB staff (Daping)	Inform FRSB of outcome of AASB deliberations		December 2009
7.5 Features of service performance reports found in practice, based on 6.2 above. (Note: this is not intended to codify practice, rather to provide input to and a check against principles to be developed)	AASB staff (Jess) lead drafting of issues paper	FRSB staff to provide input on NZ service performance reports	Issues paper to subcommittee Subcommittee note features found in practice and consider whether they might help in the development of comprehensive principles (see 7.7)	January 2010 February 2010
7.6 Application guidance/illustrative examples - consider need for, and role of standard-setter		FRSB staff (Joanne) lead drafting of issues paper	Issues paper to subcommittee Subcommittee form tentative views on issues	January 2010 February 2010

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	AASB	FRSB	Joint	Estimated timing
7.7 Principles of service performance reporting (including consideration of qualitative characteristics) - objectives - application of qualitative characteristics - core principles - output and outcome dimensions - principles for selecting performance measures - principles for selecting performance targets - segment reporting/disaggregated information - variance reporting - relationship to management commentary - definitions		FRSB staff (Joanne) lead drafting of issues paper	Issues paper to subcommittee Subcommittee meet to form tentative views	March 2010 April 2010
7.7 Should service performance reporting include analysed information?	AASB staff (Jess) lead drafting of issues paper		Issues paper to subcommittee Subcommittee meet to form tentative views	March 2010 April 2010
7.8 Should the same requirements apply to all types of [private sector] PBE/NFP (note, except to the extent being addressed in the Differential Reporting project)?	AASB staff (Daping) lead drafting of issues paper		Issues paper to subcommittee Subcommittee meet to form tentative views	March 2010 April 2010
7.9 Should the principles developed for service performance reporting be mandated?		FRSB staff (Joanne) lead drafting of issues paper	Issues paper to subcommittee Subcommittee form tentative views	April 2010 May 2010
7.10 Where should requirements relating to service performance reports be located?	AASB staff (Jess) lead drafting of issues paper		Issues paper to subcommittee Subcommittee form tentative views	April 2010 May 2010
7.11 Application guidance/illustrative examples - develop guidance, if appropriate (see 7.6)	AASB staff (Maybelle) lead re private sector charity	FRSB staff (Joanne) lead re public sector and member-based	Draft guidance to subcommittee Boards approve proposed guidance	July 2010 September 2010
7.12 Are there any public sector specific issues that need to be resolved? – this is mainly relevant to FRSB given scope of AASB work	Subcommittee AASB members informed of outcome of subcommittee FRSB members' deliberations	FRSB staff (Joanne) draft issues paper. Issues paper to FRSB subcommittee members to form tentative views		May 2010
7.13 Consider implications of withdrawing TPA-9 – FRSB only		FRSB staff (Joanne)		June 2010
7.14 Key decisions questionnaire (on key issues)	AASB staff (Jess) lead drafting of key decisions questionnaire		Boards consider tentative views of subcommittee on the key decisions questionnaire at a joint Board meeting	July 2010
8 Exposure draft (ED)				
8.1 First draft ED on service performance reporting (including Basis for Conclusions)	AASB staff (Jess) lead drafting of ED		First draft ED to subcommittee and comments provided back to staff	August 2010
8.2 Second draft ED	AASB staff (Jess) lead drafting of ED		Second draft ED to separate Board meetings and Boards approve issue of ED	September 2010, issued for 3-month comment period
8.3 Collation of comments, including staff recommendations for amending ED		FRSB staff (Joanne) lead drafting of collation	Collation of comments to subcommittee and subcommittee meet to form tentative views on amending the ED proposals	February 2011
9 Standard				
9.1 First draft Standard – subject to outcome of item 7.9 (including Basis for Conclusions)	AASB staff (Jess) lead drafting of Standard		First draft Standard to subcommittee for comment back to staff	March 2011
9.2 Second draft Standard	AASB staff (Jess) lead drafting of Standard		Second draft Standard to separate Board meetings for final approval	April 2011
9.3 Post-implementation review			AASB/FRSB staff undertake research in respective jurisdictions and share findings	In due course