

Exposure Draft 54

December 2013

Comments due: May 31, 2014

RPG 3

Proposed Recommended Practice Guideline

**Reporting Service Performance
Information**

IPASB

International Public
Sector Accounting
Standards Board™



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This document was developed and approved by the International Public Sector Accounting Standards Board (IPSASB).

The objective of the IPSASB is to serve the public interest by setting high-quality public sector accounting standards and by facilitating the adoption and implementation of these, thereby enhancing the quality and consistency of practice throughout the world and strengthening the transparency and accountability of public sector finances.

In meeting this objective the IPSASB sets International Public Sector Accounting Standards (IPSASs) and Recommended Practice Guidelines (RPGs) for use by public sector entities, including national, regional, and local governments, and related governmental agencies.

IPSASs relate to the general purpose financial statements (financial statements) and are authoritative. RPGs are pronouncements that provide guidance on good practice in preparing general purpose financial reports (GPFs) that are not financial statements. Unlike IPSASs RPGs do not establish requirements. Currently all pronouncements relating to GPFs that are not financial statements are RPGs. RPGs do not provide guidance on the level of assurance (if any) to which information should be subjected.

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REQUEST FOR COMMENTS

This Exposure Draft 54 (ED 54), *Reporting Service Performance Information*, was developed and approved by the IPSASB.

The proposals in this Exposure Draft (ED) may be modified in light of comments received before being issued in final form. Comments are requested by May 31, 2014.

Respondents are asked to submit their comments electronically through the IPSASB website, using the "Submit a Comment" link. Please submit comments in both a PDF file and a Word file. Also, please note that first-time users must register to use this feature. All comments will be considered a matter of public record and will ultimately be posted on the website. Although IPSASB prefers that comments are submitted via its website, comments can also be sent to Stephenie Fox, IPSASB Technical Director at stepheniefox@ipsasb.org.

This publication may be downloaded free of charge from the IPSASB website: www.ipsasb.org. The approved text is published in the English language.

Objective of the Exposure Draft

The objective of this ED of an RPG is to provide guidance on reporting service performance information.

Guide for Respondents

The IPSASB welcomes comments on all the proposals in ED 54. Comments are most helpful if they indicate the specific paragraph or group of paragraphs to which they relate, contain a clear rationale and, where applicable, provide a suggestion for proposed changes to ED 54.

Specific Matters for Comment

The IPSASB particularly values comments on the Specific Matters for Comment below.

Specific Matter for Comment 1

Do you generally agree with the proposals in the ED? If not, please provide reasons.

Specific Matter for Comment 2

Do you agree with the definitions in paragraph 8? If not, how would you modify them?

Specific Matter for Comment 3

Do you agree that the ED adequately addresses reporting of service performance information by entities at different levels within government, including situations where a controlling entity reports service performance information that encompasses that provided by controlled entities? If not, how would you modify the ED's coverage of this?

Specific Matter for Comment 4

Do you agree that service performance information should:

- (a) Be reported annually; and,
- (b) Use the same reporting period as that for the financial statements?

If not how would you modify the ED's provisions on these two matters?

Specific Matter for Comment 5

Do you agree with the ED's proposed principles for presentation of service performance information (see paragraphs 31 to 39)? If not how would you modify them?

Specific Matter for Comment 6

Do you agree with:

- (a) The factors identified for consideration when deciding whether to present service performance information as part of a report that includes the financial statements or in a separately issued report (see paragraphs 41 to 42); and
- (b) The additional information to present when reporting service performance information in a separately issued report (see paragraph 43)?

If not how would you modify them?

Specific Matter for Comment 7

Do you agree with the ED's proposed approach to presentation of service performance information within a report, which:

- (a) Provides scope for entities or jurisdictions to decide how to present the information, applying the presentation principles in the ED and further considerations applicable to this decision, and
- (b) Does not specify one particular style of presentation such as, for example, a statement of service performance?

If not how would you modify this approach?

Specific Matter for Comment 8

Do you agree with the ED's identification of service performance information that:

- (a) Should be "displayed", where information selected for display should communicate the key messages in a general purpose financial report, (see paragraphs 50 to 51);
- (b) Should be disclosed as part of narrative discussion and analysis (see paragraphs 70 to 77); and,
- (c) Should be considered for disclosure as part of the basis of the service performance information reported (see paragraph 80).

If not, how would you modify the ED's identification of information for display and for disclosure?

Specific Matter for Comment 9

Do you agree with:

- (a) The ED's approach of providing principles and guidance on the identification of the type of performance indicators that entities present, rather than requiring entities to report on particular types of performance indicators, for example outcomes or outputs; and
- (b) The guidance and principles that the ED provides with respect to choice of performance indicators?

If not, how would you modify the description of performance indicators that should be presented and/or the guidance on selection of performance indicators?

ED 54 REPORTING SERVICE PERFORMANCE INFORMATION

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Objective

1. This Recommended Practice Guideline (RPG) provides guidance on reporting service performance information. Service performance information is information for users on an entity's service performance objectives, its achievement of those objectives, and the services that the entity provides. Service performance information can also assist users to assess the entity's service efficiency and effectiveness.

Status and Scope

2. The reporting of information in accordance with this RPG represents good practice. An entity reporting service performance information is encouraged to follow this RPG. Compliance with this RPG is not required in order for an entity to assert that its financial statements comply with International Public Sector Accounting Standards (IPSASs).
3. This RPG is applicable to all public sector entities other than Government Business Enterprises (GBEs).
4. Although this RPG does not apply directly to GBEs, the services related to a GBE controlled by the reporting entity are within the scope of this RPG.
5. Service performance information should not be described as complying with this RPG unless it complies with all the requirements of this RPG.
6. This RPG outlines minimum information levels to be presented. This RPG does not preclude the presentation of additional information if such information is useful in meeting the objectives of financial reporting and meets the qualitative characteristics of financial reporting.
7. In some jurisdictions, the preparation and presentation of service performance information is a legislative or regulatory requirement. Entities are encouraged to disclose information about the impact of such requirements on compliance with this RPG.

Definitions

8. The following terms are used in this RPG with the meanings specified:

Effectiveness is the relationship between actual results and service performance objectives in terms of outputs or outcomes.

Efficiency is the relationship between (a) inputs and outputs, or (b) inputs and outcomes.

Inputs are the resources used by an entity to provide outputs.

Outcomes are the impacts on society, which occur as a result of the entity's outputs, its existence and operations.

Outputs are the services provided by an entity to recipients external to the entity.

Performance indicators are quantitative measures, qualitative measures, and/or qualitative discussions of the nature and extent to which an entity is using resources, providing services, and achieving its service performance objectives.

A service performance objective is a description of the planned result(s) that an entity is aiming to achieve expressed in terms of inputs, outputs, outcomes, efficiency or effectiveness.

Effectiveness

9. Effectiveness describes the relationship between an entity's actual results and its service performance objectives, where the results and the related service performance objective are consistently expressed in outputs or in outcomes. An entity's service performance objectives may be both objectives expressed in terms of outputs and objectives expressed in terms of outcomes. When reporting on its effectiveness the entity may report the extent to which each relevant service performance objective has been achieved.
10. The more effectively an entity operates as a service provider, the better will be its actual results (outputs actually provided or outcomes actually attained), when measured against its planned results. For example, if the entity's service performance objective (the entity's planned result) expressed in terms of outcomes is to reduce the number of infants that contract measles by 3,000, then one possible effectiveness indicator would be the ratio of the actual reduction to the planned reduction, expressed as a percentage. If the entity reduced the number of infants contracting measles by three thousand, this effectiveness indicator would show 100% effectiveness. Since the actual result is a 3,000 reduction in infants contracting measles, the planned result (a 3,000 reduction in infants contracting measles) has been fully (100%) achieved. The same entity could have a second service performance objective expressed in terms of outputs, for example, that 10,000 children would be vaccinated against tuberculosis. If 8,000 children were actually vaccinated then, with respect to this second objective, effectiveness would be at 80%.

Efficiency

11. An efficiency indicator can be used to show when a service is being provided more (or less) efficiently compared to (a) previous reporting periods, (b) expectations, (c) comparable service providers, or (d) benchmarks derived, for example, from best practices within a group of comparable service providers.
12. Other things being equal, if outputs can be produced at less cost than before, then production efficiency has improved and an efficiency indicator designed to report that type of efficiency gain will show an improvement. For example, with respect to vaccinations against measles, "cost per infant vaccinated" is one example of an efficiency indicator, one which relates outputs (vaccinations) to an input (cost). Similarly, if the quality of a service improves so that the outcomes achieved are better than those previously attained, with other variables such as service quantity and cost holding constant, then this represents an increase in efficiency, and an efficiency indicator designed to capture that type of efficiency gain will show an improvement. For example, with respect to vaccinations against measles, "cost per reduction in number of infants contracting measles" is an example of an efficiency indicator, as it relates an outcome (reduction in number of infants contracting measles) to an input (cost). The converse—quality decreases so that outcomes are worse, with other variables such as quantity and cost holding constant—would indicate less efficient service provision.

Inputs

13. Resources used to produce outputs include: (a) human resources or labor, (b) capital assets such as land, buildings and vehicles, (c) cash and other financial assets, and (d) intangible assets such as intellectual property. Staff time spent providing vaccinations against measles is an example of a health service related input. Then "the number of full-time equivalent staff days used to provide the

vaccinations against measles service” would be one possible input indicator for that service. Inputs are also reported in terms of costs incurred.

Outcomes

14. Impacts on society resulting from the outputs provided by public sector entities may include, amongst other things, impacts on educational achievements, on poverty and crime levels, and on the health of different groups within society. For example, with respect to vaccinations against measles, the planned outcome could relate to reducing the number of infants that contract measles. The “percentage reductions in infants contracting measles” would be one possible outcome indicator for that health service.
15. An entity’s existence may contribute to achievement of its outcomes. For example, the existence of a crime prevention agency, such as a police department or an office for fraud prevention, may help to prevent crime, because potential criminals consider that the likelihood of their being caught and punished is higher than would be the case without the agency. Similarly, the existence of a defense force may help to prevent war, without the defense force actively engaging in war.
16. An entity’s operations may also contribute to achievement of its outcomes. For example, the process of collecting information to compile health statistics—viewed by the entity as an operational input to its health services—could raise awareness of health issues and cause a positive health outcome.
17. There may be a strong, direct causal link between an entity’s actions and its achievements with respect to outcomes, but this will not always be the case. Factors beyond the entity’s control may intervene to either hinder or facilitate the achievement of outcomes.

Outputs

18. Services provided by entities could include:
 - (a) Services provided directly to individuals and institutions, for example, health or education services or the provision of goods such as food or books;
 - (b) Services provided indirectly to individuals and institutions, for example, services which aim to develop, promote, protect or defend a community, institution, country, or community values and rights;
 - (c) Transfers to individuals and institutions, for example, cash transfers and the provision of economic incentives such as tax incentives;
 - (d) Provision of policies, regulations or legislation to achieve public policy goals, which includes, for example, revenue related legislation and the enforcement of such legislation; and
 - (e) Collection of taxes and other revenues.
19. The receipt of services by recipients external to the entity is a critical factor in deciding whether services are outputs, rather than services consumed internally as part of an entity’s production of outputs. The provision of vaccinations against measles to infants is an example of a health related output. The service’s recipients—the infants—are external to the entity. “The number of infants vaccinated against measles” would be a possible output indicator for that health service.

Performance Indicators

20. The types of performance indicators used to report service performance information relate to inputs, outputs, outcomes, efficiency and effectiveness.
21. Performance indicators may be quantitative measures, for example, the number of outputs produced, the cost of services, the time taken to provide a service, or a numerical target for an outcome. Performance indicators may be qualitative measures, for example descriptors such as poor/good/excellent or satisfactory/unsatisfactory. Use of quantitative and qualitative measures may help users with (a) their assessment of whether service performance objectives have been achieved, and (b) inter-period and inter-entity comparisons of service performance.
22. A performance indicator could also be in the form of a qualitative discussion. A qualitative discussion may be necessary, to provide users with relevant and understandable information on service performance, where there is a high level of complexity and judgment involved in a particular service. A qualitative discussion is used where service performance cannot meaningfully be represented through a simple measure or set of measures, whether quantitative or qualitative.

Service Performance Objectives

23. Service performance objectives may be expressed using performance indicators of inputs, outputs, outcomes, efficiency, or effectiveness. A service performance objective may also be expressed using a narrative description of a desired future state resulting from provision of services. An example of a service performance objective for an entity responsible for vaccinations against measles is: "To increase the percentage of infants that have received a vaccination for measles from 65% to 95%."
24. An entity's service performance objectives may all be expressed in the same type of performance indicator, for example, all expressed in outcomes. They may also be expressed in different types of performance indicators, for example, some of the service performance objectives may be expressed in outcomes, while others are expressed in outputs and/or inputs.
25. For effective accountability the entity should (a) establish clear service performance objectives before the start of the reporting period; and, (b) provide clear information at the end of the reporting period on the extent to which those objectives were achieved during the reporting period. Service performance information presented should be tailored to the entity's service performance objectives.
26. A single service may contribute to achievement of one or more service performance objectives. Several services may contribute to the same service performance objective.

Reporting Boundary

27. The reporting boundary for service performance information should be the same as that used for the financial statements.
28. Service performance information may be reported by different reporting entities within an economic entity. While information reported by each entity relates to the same reporting boundary as that used for its financial statements the extent of aggregation and the services reported is likely to vary depending on an entity's level within government.

Annual Reporting and Reporting Period

29. Service performance information should be presented annually and should use the same reporting period as that covered by the financial statements. There may be situations in which the reported service performance information is for a reporting period that is different from that covered by the financial statements. For example, some of the service performance information presented by a controlling entity may be based on service performance information reported by controlled entities that have a different reporting period. A consideration of users' needs and an assessment of costs and benefits may indicate that the reported service performance information should be for a reporting period that is different from that covered by the entity's financial statements.
30. Service performance objectives may require periods longer than one year to achieve. For accountability and decision making users will need information on progress towards such multi-year service performance objectives. Paragraphs 60 and 72 below address this by encouraging entities to (a) consider the need to show progress towards multi-year service performance objectives when selecting performance indicators for display, and (b) disclose information in their narrative discussion and analysis to show progress towards multi-year service performance objectives.

Principles for Reporting Service Performance Information

31. An entity should report service performance information that is useful for accountability and decision making. It should enable users to assess the entity's:
- (a) Service delivery activities and achievements during the reporting period;
 - (b) Financial results in the context of its achievement of service delivery objectives; and
 - (c) Efficiency and effectiveness of the entity's service delivery.
32. The presentation of service performance information should be appropriate to the entity's service performance objectives. It should make the relationship between the entity's service performance objectives and its service performance achievements clear. Service performance objectives and other information presented should take account of the entity's specific circumstances, such as (a) the services that the entity provides, (b) the entity's nature, and (c) the regulatory environment in which the entity operates. Presentation should support inter-period comparisons and, to the extent that such comparisons are meaningful for the service performance information reported, inter-entity comparisons.
33. The presentation of service performance information should meet the qualitative characteristics of financial reporting, which are relevance, faithful representation, understandability, timeliness, comparability, and verifiability.
34. The following considerations are important when considering application of the qualitative characteristics to service performance information:
- *Relevance*: Service performance information should be useful for (a) holding the entity accountable for its service provision and (b) users' decision making.
 - *Faithful Representation*: Service performance information should provide an unbiased representation of the service performance of an entity's services.
 - *Understandability*: Service performance information should be communicated to users simply and clearly.

REPORTING SERVICE PERFORMANCE INFORMATION

- *Timeliness*: Service performance information should be reported to users before it loses its capacity to be useful for accountability and decision making purposes.
 - *Comparability*: Service performance information should provide users with a basis and context to compare an entity's service performance over time, against targets, and to other entities.
 - *Verifiability*: Service performance information should provide users with a basis for assessing whether the information in a service performance report could be replicated by independent bodies using the same measurement approach.
35. The pervasive constraints on information in general purpose financial reports—materiality, cost-benefit, and balance between the qualitative characteristics—should also be applied to service performance information.
36. Materiality is a key issue to consider when selecting service performance information for presentation. Information is material if its omission or misstatement could influence the discharge of accountability by the entity, or the decisions that users make on the basis of the entity's reported service performance information prepared for that reporting period. Materiality depends on both the nature and amount of the item judged in the particular circumstances of each entity. When applying materiality to service performance information it is not possible to specify a uniform quantitative threshold at which a particular type of information becomes material. This is because service performance information involves qualitative and quantitative information about service delivery achievements during the reporting period and is likely to influence expectations about service delivery and financial outcomes in the future.
37. The benefits of reporting service performance information should justify the costs imposed by such reporting. The preparation and reporting of service performance information is expected to benefit both users of the information and the entity, as a result of better decision making by management. Costs likely to be incurred by the entity include the costs of collecting and processing the information, the costs of verifying it and/or presenting the assumptions and methodologies that support it, and the costs of disseminating it. When considering costs, preparers also need to consider the costs that users incur in terms of (a) analysis and interpretation, (b) costs imposed by omission of useful information, including the costs that users incur to obtain needed information from other sources and the costs that result from making decisions using incomplete data. Assessing whether the benefits of providing information justify the related costs is often a matter of judgment. Service recipients and resource providers ultimately bear the cost of those efforts—because resources are redirected from service delivery activities.
38. Where the entity's service performance objectives change, the information presented should reflect the change. For example, an entity may initially have service performance objectives related to increasing either the inputs or outputs related to its services, and then later re-focus its performance towards improving either the services' efficiency or effectiveness. That change should be reflected in the service performance information that the entity presents.
39. A jurisdiction may have established service performance reporting requirements applicable to the entity, which extend beyond the minimum information levels outlined in this RPG. In that case the entity is encouraged to ensure that information identified through application of both this guideline and through jurisdiction requirements is presented.

Presentation in the Same Report as the Financial Statements or in a Separate Report

40. An entity may present service performance information either:
 - (a) As part of a report that includes the financial statements; or,
 - (b) In a separately issued report.
41. The following factors should be considered when making this decision:
 - (a) The extent to which the service performance information needs to be reviewed within the context of information in the financial statements, or could instead be located in a separate general purpose financial report which will either (i) be dedicated solely to service performance information, or (ii) include both service performance information and other, additional information with close links to the service performance information;
 - (b) Whether users' needs and the qualitative characteristics are enhanced if the service performance information is included in the same report as the financial statements, on its own in a report dedicated to service performance information, or in a separate report that includes other information;
 - (c) Application of the constraints on information, including whether the benefits of including the information in the same report as the financial statements justify the costs involved; and,
 - (d) Whether there are jurisdiction-specific factors, such as legal provisions, which specify that service performance information should be located either in the same report as the financial statements or in a separate report.
42. With respect to point (a) in paragraph 44 above, an important factor in this decision is likely to be whether the primary objective of providing the service performance information is:
 - To inform assessments on resource allocation decisions on the provision of services, in which case there is likely to be value in associating the reporting of service performance information with the financial statements that are compared to budget allocations; or
 - To inform assessments on policy or strategy decisions, in which case there is likely to be value in associating the reporting of service performance information with information on policies or strategy.
43. Where the service performance information is presented separately from the report that includes the financial statements, the following information should be presented:
 - (a) The name of the entity;
 - (b) Where the entity is a controlling entity, a description of the group of entities controlled by the reporting entity;
 - (c) Where the entity is a controlled entity, the identity of the controlling entity;
 - (d) The reporting date and the reporting period covered by the service performance information;
 - (e) The financial statements to which the service performance information relates and sufficient information necessary for users to locate the financial statements;
 - (f) The presentation currency, as defined in IPSAS 4, *The Effects of Changes in Foreign Exchange Rates*; and,

- (g) The level of rounding used.

Display of Service Performance Information within a Report

44. One way to organize service performance information is in a “statement of service performance”, which involves organizing information into a tabular or statement form. A statement of service performance can support understandability and comparability when numerical or “summary descriptive” performance indicators (e.g. “satisfactory or unsatisfactory”) are reported on multiple services. Service performance information can also be presented through narrative or case studies. It is also possible to use a mixture of case studies and one or more statements.
45. High level summaries of information should be supported with more in-depth discussion and analysis. Information should be organized so that connections are clear between the high level summaries and (a) supporting detail, and (b) related discussion and analysis.

Presentation of Service Performance Information

46. Service performance information should identify an entity's important services, relevant performance indicators and other information relevant to those services. Information to identify important services is likely to be found in an entity's planning documents (budget statement, mission statement, strategic plan, funding agreements, corporate plan, etc.), which usually provide the most relevant source of information about the entity's purpose, its service performance objectives, and those services about which information should be presented.
47. Aggregation of service performance information should be at a level that conveys a meaningful understanding of the entity's service performance achievements. Aggregation should not be so high as to cover or obscure performance, or so low as to result in detailed listings that also obscure performance and reduce understandability. Information reported should be sufficiently specific for users to hold the entity accountable for its service performance, particularly its performance with respect to its service performance objectives.
48. Where an entity prepares consolidated financial statements that include financial information from one or more entities there may be scope to refer users to service performance information reported by the controlled entities, rather than duplicate that information in the controlling entity's report. The controlling entity could present high level, summary service performance information on the suite of services provided by its controlled entities. It may also present service performance information on any services that it provides directly, additional to services provided by its controlled entities. For example, a Ministry of Health may present (a) information on the health legislation development services it provides, (b) high level summary information on services provided by hospitals and other health related entities for which it is accountable, and (c) information that allows users to locate the service performance information in the individual reports of those hospitals and other health related entities.
49. IPSAS 18, *Segment Reporting* applies to entities' identification of segments. It describes service segments and identifies factor that should be considered when grouping services into segments for financial reporting purposes. IPSAS 18's description of service segments is likely to be useful for entities, when they consider how to present their service performance information.

Information for Display

50. The following information should be displayed for each relevant service reported:
- (a) Service performance objectives;
 - (b) Performance indicators that show the entity's achievements with respect to its service performance objectives; and,
 - (c) Information on the cost of services.
51. With respect to performance indicators and service costs, the entity should display:
- (a) Planned and actual information for the reporting period; and
 - (b) Actual information for the previous reporting period.
52. Where service performance information includes information that is also in the financial statements, it should include cross-references to the financial statements where appropriate to avoid duplication of information.

Performance Indicators

53. Judgment is needed to determine the most suitable set of performance indicators to be reported. The overriding principle is that indicators should be selected on the basis of their importance to users and their usefulness in assessing the entity's achievements in terms of its service performance objectives.
54. The indicators selected should be related in such a way that users can ascertain how efficiently and effectively the entity has used its resources to deliver services and achieve its service performance objectives.
55. An entity is encouraged to display information about its intended outcomes and its achievements with respect to those outcomes. Information about outcomes may be difficult to provide, but it is information that all entities should aim to provide. This is because outcome information focuses on the ultimate reason for service provision, which is the impact that services have on the community. By reporting outcomes in relation to inputs and outputs an entity most directly addresses the question of whether the entity's service provision is having the intended effect and whether the resources spent on services are producing the intended results.
56. There may be a large number of performance indicators that can be presented for a single program or service. To ensure that the information is understandable and to avoid overwhelming users, entities generally will need to identify only those few key performance indicators that will best meet users' needs for each service presented.
57. Indicators that involve quantification should be able to be measured reliably. Information presented should be neutral and without bias. Entities should avoid any tendency to present performance indicators that are biased towards reporting positive results. This helps to ensure that the qualitative characteristics are met and users can be confident that the performance indicators faithfully represent the entity's service performance.
58. The importance of performance indicators to users and their usefulness in assessing the entity's achievements in terms of its service performance objectives is the primary consideration. When selecting performance indicators to be reported ease of measurement is likely to be a

consideration, but should be secondary to the needs of users. The performance indicators presented should not over-emphasize easily measured dimensions.

59. For some services, or in some situations, where a quantitative or qualitative measure is not relevant or possible, a qualitative discussion (also called narrative information) should be presented. This is the case where a qualitative discussion provides a more relevant and understandable description of the level of achievement for a particular service performance objective than would a quantitative or qualitative measure. Service performance achievements may not be capable of being reduced to a small set of quantitative or qualitative measures when the service (a) is complex, (b) involves interrelated factors, and (c) involves a large number of different possible indicators of success or progress, all of which involve judgment as to their relative importance.
60. An entity's service performance objectives may span more than one reporting period. When presenting performance indicators the entity should consider those performance indicators that will help users to understand what progress is being made towards the planned, multi-period service performance objectives.
61. Alignment between input, output and outcome performance indicators and the service performance objectives helps users to assess the relationship between resources and results, and how resource availability may have influenced achievement of service performance objectives.
62. Entities may use several levels of reporting in order to achieve a balance between being (a) concise enough to be understandable, and (b) providing sufficient detail with respect to multiple aspects related to each service performance objective. The use of several levels of reporting allows the display of concise reporting at higher levels, and display or disclosure of more detailed coverage at lower levels, where service areas, for example, could be disaggregated into two or more individual services.
63. The number and type of performance indicators reported may vary depending on the level of government, with additional, more detailed performance indicators included at lower levels of reporting. For example, the information reported by controlled entities could be more disaggregated than that reported by their controlling entity. The controlling entity may report performance indicators relevant to groups of services, with its controlled entities reporting performance indicators for individual services. Another example is where a controlling entity reports on the over-arching outcomes to which the services provided by its controlled entities contribute, while each controlled entity reports on outputs and the particular outcome(s) to which its service performance contributes.

Costs of Services

64. Users' understanding of service performance is enhanced by information on costs, which may be costs of inputs, outputs, or outcomes. Users' assessment of efficiency, for example, is supported through provision of costs related to either outputs or outcomes.
65. When reporting costs, the reporting of disaggregated cost information is encouraged. Disaggregated cost information could present costs related to individual service performance objectives, outcomes, service areas, individual services, costs per output, or costs related to particular inputs.

Planned and Actual Service Performance

66. Planned and actual service performance information should be reported consistently so that comparisons are facilitated. Wherever possible, entities should report on the same performance

indicators, with the same methodology and parameters for their computation, as that established before the start of the reporting period. This enables users to compare actual performance with planned performance at the end of the reporting period.

67. Consistency of performance indicators over several years facilitates long-term trend analysis. But such consistency should not be pursued at the expense of (a) improving the quality of performance indicators, for example by revising indicators so that they have more impact on decision making and are better aligned with desired outcomes; or (b) aligning indicators with changed expectations from users.
68. An entity may need to address the issue of how to report on changes to planned service performance that occurred during the reporting period. This situation may arise, for example, when stakeholders revise their service performance expectations during the reporting period, resulting in an amendment to service performance objectives. Service performance objectives may also change as a result of an entity combination, where accountability for services is transferred from one entity to another or reporting needs to be on services previously provided by two different entities and now provided by a single, merged entity. In these situations, it is recommended that, where possible, the entity report against both the original and the revised service performance objectives. The reason for, and the impact of, these changes should also be outlined in supporting commentary, so that users have a full understanding of reasons for variances between service performance objectives at the beginning of the reporting period and actual achievements, while also understanding the degree of actual achievement against the more up-to-date, revised service performance objectives.

Information for Disclosure

69. Narrative discussion and analysis should be provided to support users' assessments of the efficiency and effectiveness of services. Information that supports users' understanding of the basis of the displayed service performance information should also be disclosed.

Narrative Discussion and Analysis

70. The narrative discussion and analysis disclosed should provide an overview of service performance results, cover both positive and negative aspects of the entity's service performance, and include:
 - (a) Balanced explanations of the information presented;
 - (b) Identification and discussion of the factors that may have influenced results, including those influencing achievement (or non-achievement) of service performance objectives;
 - (c) Identification and discussion of the risks associated with the delivery of services; and
 - (d) Identification and discussion of the consequences—intended and unintended, direct and indirect—of the services provided.
71. It should cover the degree to which service performance objectives have been met, while also highlighting particular achievements, deficiencies and issues.
72. Where an entity has service performance objectives that are likely to require periods longer than one year to achieve entities are encouraged to identify those objectives and disclose information about progress towards their achievement within narrative discussion and analysis.

73. Comparisons of indicators (a) over time, (b) to milestones, and (c) between actual and planned results should be disclosed and discussed. Analysis that includes trend information and explanation of significant changes since the previous year provides a context for service performance.
74. Explanations for differences between actual and planned results should be provided. Discussion and analysis should identify the size of the variances as well as the factors leading to the variances. These factors might include the effect of external factors (positive or negative), efficiencies or inefficiencies in processes, the impact of resource availability (for example funding or staff increased availability or constraints), or explicit government decisions.
75. The achievement of outcomes is often influenced by factors outside of the entity's control. Where outcome information is displayed, information should be disclosed on (a) the extent to which the outcomes can be attributed to the entity's activities, and (b) other factors that may have influenced the outcomes. Disclosures should be sufficient to ensure that users do not overestimate the entity's role with respect to either improving or worsening outcomes.
76. Often the delivery of public services follows a risk assessment, which establishes risk tolerance involving clear parameters around the risk of "false positives" and "false negatives". Parole decisions, customs inspections or clearances, and child welfare interventions are examples of decisions where such risk assessments are critical to the entity's service performance. Information on how such risk trade-off decisions are informed and managed will assist users' assessments of the challenges faced and the performance delivered by the entity.
77. For example, child welfare interventions involve decisions on whether a child is at such risk of harm in the family that the child should be removed and placed elsewhere. For this situation a "positive" decision would be that the child be removed, because the risk is deemed to be high. A "negative" decision would be that the child not be removed, because the risk is not deemed to be sufficiently high. Both leaving the child with the family or removing the child involve trade-offs. If the family is having difficulty functioning then more support for the family, while leaving the child in the family, could save the family unit and prevent harm to the child. But there is also a risk that harm to the child will continue and even worsen. The child welfare agency may have a policy that it is better to tolerate a high number of "false positives"—where subsequent events indicate that a decision to remove the child may have been wrong—on the basis that this avoids all risk to the child. Alternatively, the agency may have a policy of accepting more "false negatives"—where subsequent events show that a decision not to remove the child was wrong—on the basis that keeping the family unit together with support will achieve better outcomes overall, even though there is more risk to the child.

Reconciliation or Comparison between Costs and Expenses

78. Either a reconciliation or a comparison between reported service related costs and the expenses reported in the entity's financial statements may be disclosed. This information could support users' understanding of the basis for service costs and their importance within the context of the entity's other activities. Reconciliations or comparisons could be between, for example, (a) total costs of services and total expenses, or (b) costs related to individual services or groups of services and costs reported for different segments.

Basis of Service Performance Information

79. Judgment will be involved in deciding what information needs to be disclosed. There should be sufficient information for users to understand the basis of the displayed service performance information.
80. The following information on the basis of the service performance information reported should be considered for disclosure:
- (a) An explanation of the displayed service performance objectives, which describes how the objectives have been established, the need or demand for these objectives to be achieved, and the relationship(s) between:
 - (i) The objectives and the services presented,
 - (ii) The objectives and the displayed service performance indicators, and
 - (iii) The entity's overall objectives and its displayed service performance objectives and/or services;
 - (b) Information about the services on which information has been displayed, including an explanation for the choice to disclose information on those services;
 - (c) The services affected, the applicable reporting period(s), and an explanation for the difference(s), if the reporting period for information on any services is different from the reporting period of the service performance report;
 - (d) An explanation of the relationship between different performance indicators, particularly the extent of alignment between input, output and/or outcome indicators;
 - (e) Sufficient information on the sources of the information presented for users to understand the quality of the displayed information, including its verifiability;
 - (f) An explanation of the basis for information aggregation, which addresses the level of detail reported; and,
 - (g) The basis for cost determination, which explains cost allocation policies, including the treatment of direct and indirect service related expenses and any other information necessary for users to understand how costs were determined.
81. Users need to know which services have been reported on, as well as the reasons why information related to those services was chosen for inclusion. The level of detail provided, the determination of those services on which to report, and the rationale for that approach to detail and services should be explained to users. Sufficient information should be provided to allow users to determine (a) if the service performance report is relevant to them, and (b) if it will provide the kind of information they need to make informed decisions and reach conclusions about the results of the entity's service performance. Disclosures additional to those proposed in paragraph 79 may be needed in order to support users' understanding of the basis of the displayed service performance information.

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, RPG X.

Background

Project Initiation, Consultation Paper and Decision to Develop Guidance

- BC1. The IPSASB approved a project brief on reporting service performance information, then called “performance reporting”, in March 2008. Work on the project was deferred until responses to a Consultation Paper on Phase 1 of the IPSASB’s Conceptual Framework (which includes the scope of general purpose financial reporting (GPFR), the objectives, qualitative characteristics and the reporting entity) had been considered. The first issues paper related to the project was discussed at the IPSASB’s June 2010 meeting.
- BC2. A Consultation Paper (CP), *Reporting Service Performance Information*, was issued in September 2011. In developing the CP, the IPSASB reviewed and compared existing national standards, guidance, and regulatory requirements for service performance reporting (or its equivalent) from selected national jurisdictions, the United Nations, and the Organization for Economic Co-operation and Development. Based on the IPSASB’s research, no two jurisdictions have identical service performance reporting frameworks, but it was found that there are similarities in the service performance information that is reported. Consideration of these similarities and of commonly used terms provided the basis for the CP’s (a) principles based framework for reporting service performance information, and its (b) terminology, with associated definitions.
- BC3. The IPSASB completed its review of responses to the CP in December 2012. In March 2013 the IPSASB decided that information additional to that included in the financial statements should be addressed presently through development of a Recommended Practice Guideline (RPG) and, on that basis, this RPG was developed for reporting service performance information.

Development of a Recommended Practice Guideline

- BC4. This RPG is based on the service performance reporting framework developed for the CP, revised for the IPSASB’s decisions during its review of responses to the CP. This RPG is also underpinned by Chapters 1 to 4 of the IPSASB’s Conceptual Framework, and is consistent with CF–ED4, *Presentation in General Purpose Financial Reports*. If the IPSASB decides to revise presentation concepts proposed in CF–ED4, as part of its finalization of the relevant chapters of the Conceptual Framework, the revisions will be taken into account during the finalization of this RPG.
- BC5. The Conceptual Framework notes that the primary function of governments and most public sector entities is to provide services to constituents. Consequently, their financial results need to be assessed in the context of the achievement of service delivery objectives. Reporting non-financial as well as financial information about service delivery activities, achievements and/or outcomes during the reporting period is necessary for a government or other public sector entity to discharge its obligation to be accountable—that is, to account for, and justify the use of, the resources raised from, or on behalf of, constituents. Decisions that donors make about the allocation of resources to particular entities and programs are also

made, at least in part, in response to information about service delivery achievements during the reporting period, and future service delivery objectives.

- BC6. As for the CP, this RPG sets out principles based guidance for the reporting of service performance information by public sector entities. This guidance focuses on meeting the needs of users of GPFRs.

Overall Approach of RPG—Guidance on Decisions and Minimum Characteristics

- BC7. During development of this RPG, the IPSASB considered whether its overall approach should aim to (a) establish minimum characteristics of service performance information, consistent with an RPG's role as providing good practice and requirements; or (b) provide a framework that identifies decisions that preparers need to make and guidance on those decisions, consistent with the framework approach in the CP and an RPG's function as guidance. The IPSASB decided that the RPG should provide a mixture of guidance on decisions and identification of minimum characteristics for reporting service performance information.
- BC8. In developing an RPG for reporting service performance information the IPSASB acknowledged the challenge in developing guidance that would be useful when applied to diverse services, diverse service performance objectives, and diverse accountability and decision-making contexts world-wide. Arguably service performance reporting quality depends in part on the extent to which it meets the particular information needs arising from the services provided and the context for their provision. For example, a report that tells the story of factors influencing progress toward critical targets may look quite different to a report that provides an account of services delivered for the resources provided. The IPSASB considered these matters and was of the view that it would be most helpful to develop an RPG that identifies the decisions that preparers will need to make, then provides guidance on how such decisions should be made, rather than an RPG that establishes minimum standards.
- BC9. The IPSASB's view is that a mixture of guidance on decisions and identification of minimum characteristics for reporting service performance information provides useful guidance, without attempting to establish global requirements that may not be appropriate for the variety of different services and different service delivery contexts that exist globally. Service performance information is a developing area, which means that the RPG should not be overly prescriptive.

Objective

- BC10. The objective for this RPG is based on the Conceptual Framework's description of the needs of users of GPFRs for service performance information. It also reflects the CP's analysis that concluded there is scope for guidance, while acknowledging that the guidance should be broad enough to allow entities and national jurisdictions to address users' needs with respect to particular services in particular contexts.

Scope

- BC11. This RPG applies to all public sector entities, other than Government Business Enterprises (GBEs). This is consistent with the *Preface to International Public Sector Accounting Standards*, which states that the IPSASB develops accounting standards and other

publications for use by public sector entities, other than GBEs. This exclusion from the scope should not be read as implying that the guidance could not be applied by GBEs or that there is any barrier to GBEs applying this guidance. The IPSASB considers that where GBEs report service performance information, the guidance in this RPG would be useful for such reporting. Similarly, a jurisdiction may decide that GBEs should report service performance applying the RPG's guidance.

- BC12. Where the controlling entity reports service performance information according to the recommendations in this RPG it may provide information on services provided by one or more controlled GBEs. Although the GBEs' own reporting is not within the scope of this RPG, the IPSASB considers that information reported by the controlling entity—about the GBEs' services—needs to follow the RPG's requirements, if the controlling entity is to assert compliance with the RPG.
- BC13. The IPSASB discussed whether this RPG should apply to entities in national jurisdictions which already have extensive service performance information reporting requirements for their public sector entities—requirements that may extend beyond the minimum information levels set out in the RPG. The IPSASB's view is that, in such circumstances, the entity will need to ensure that jurisdiction requirements are met. While the RPG does not set out detailed comprehensive and specific requirements, this does not represent an encouragement to report less than is already reported under national or other requirements, nor is this viewed as in conflict with more extensive reporting. The RPG includes a statement that it sets out minimum information levels. It also states that the RPG "...does not preclude the presentation of additional information if such information is useful in meeting the objectives of financial reporting and meets the qualitative characteristics of financial reporting." On this basis the IPSASB concluded that the RPG should be able to be applied to entities in jurisdictions where extensive service performance information reporting requirements already exist.

Definitions of Terms

- BC14. In reaching its view on the need for standardized service performance terminology the IPSASB noted that although entities use some terminology consistently, many of those entities have not defined some or all of the terms they use. Moreover, the same terms sometimes have different meanings in different jurisdictions. On this basis, the IPSASB concluded that a standardized service performance terminology was necessary to support the understandability and comparability of service performance information reported by entities in GPFRs.
- BC15. This RPG defines seven terms which are based, as far as possible, on terms already used in jurisdictions with a well thought through and explicit approach to, and extensive experience in, service performance reporting. Establishing definitions for these terms is expected to assist with the communication of service performance concepts, and support achievement of the qualitative characteristics.
- BC16. During the review of responses on the CP and subsequent development of the RPG the IPSASB revised the definition of an effectiveness indicator. The CP definition was: "Effectiveness indicators are measures of the relationship between outputs and outcomes." This implies that the relationship between outputs and outcomes is relatively simple to measure. After further consideration the IPSASB considered that the relationship between

outputs and outcomes is likely, in many situations, to be more complex than the simple relationship underpinning the original definition. Furthermore, the IPSASB considered that effectiveness is better understood to be the degree to which an entity is successful in achieving its service performance objectives. On this basis the IPSASB decided that effectiveness indicators show the extent to which an entity has achieved its services performance objectives, where those objectives are stated in terms of outcomes or outputs.

- BC17. “Economy indicators” were considered for inclusion in the set of standard terminology, during development of the CP, because it is a commonly used term. A majority of IPSASB members decided to exclude economy indicators because they overlap with efficiency indicators and are difficult to derive in isolation. In addition the concept of economy was considered to be covered by input indicators. This issue was considered further by the IPSASB during its review of responses to the CP, when a majority of IPSASB members reconfirmed the view that economy indicators do not represent something additional to the ideas conveyed by either efficiency or inputs. On that basis “economy indicators” are not included in the defined terms.

Reporting Boundary and Reporting Period

- BC18. The IPSASB considered whether service performance information should be presented for the same reporting entity as for financial statements. Members had differing views and sought feedback on this issue. After reviewing responses to the CP the IPSASB concluded that service performance information should be presented for the same reporting entity. This supports (a) holding the reporting entity accountable for its service provision and use of resources, and (b) decision making. On that basis a majority of the IPSASB considered that service performance information should be prepared for the same reporting entity as for the financial statements.
- BC19. The RPG focuses on information for accountability and decision making involving the reporting entity rather than a supply chain, network or other combination of individual entities. On that basis the IPSASB considers that the reporting boundary for service performance information should be the same as that used for the financial statements.
- BC20. Some respondents to the CP were concerned that controlling entities should not be required to report all services provided by their controlled entities, with the result that information becomes too detailed and lengthy to meet the qualitative characteristics and support users’ assessments for accountability and decision making. To address this concern the RPG includes guidance on how a controlling entity can present service performance information on services provided by its controlled entities, without providing an overwhelming amount of detail in its own report.
- BC21. The IPSASB considered whether service performance information should be reported annually, when service performance objectives, whether expressed in outcomes, outputs or inputs, may require periods longer than one year to achieve. The majority of IPSASB members considered that service performance information should be reported annually because this is important to ensure that users’ have the information they need to hold an entity accountable for its service provision and make decisions. To address the existence of multi-year service performance objectives the IPSASB decided that the RPG could encourage entities to disclose information on their progress towards multi-year service performance objectives.

- BC22. The IPSASB considered whether the RPG should state that service performance information should be issued at the same time as the financial statements. To be useful for accountability and decision making service performance information should be reported within a reasonably short time after the end of the reporting period, which would mean issuance at a similar time as for the financial statements. This is important to achieve the qualitative characteristic of timeliness. The IPSASB noted that issuance at the same time as the financial statement (a) may be very difficult for some entities or jurisdictions to achieve, and (b) may not be justified if an assessment of its costs and the resulting benefits is done. The IPSASB decided that, while acknowledging that it is desirable for service performance to be reported at the same time as the financial statements, the RPG should not state that this is necessary.
- BC23. The IPSASB considered situations in which a controlling entity includes information on services that are provided by controlled entities with a different reporting period from that of the controlling entity. Ideally all the service performance information reported should cover the same reporting period. However there are situations where the benefits of aligning the information with the controlling entity's reporting period do not outweigh the costs involved. On this basis the IPSASB decided that the RPG should acknowledge the possibility that some of the service performance information reported may be for a different reporting period and address this through additional disclosures.

Principles for Reporting Service Performance Information

- BC24. The RPG sets out principles applicable to information presentation, including decisions on location and organization. It also identifies factors that should be considered, when making decisions on information location and organization. This principles-based approach is consistent with the IPSASB's decision on the RPG's overall approach.
- BC25. The IPSASB determined that the key principles for reporting service performance information should be based on the users' needs that such information should meet, as established through consultation and with reference to the Conceptual Framework. The RPG's principles have been informed by the nature of service performance information reporting, as evident from the experience of different jurisdictions, which the CP discussed and synthesized.
- BC26. The principles and factors are also based on application of the concepts developed for Phase 4 of the Conceptual Framework to the reporting of service performance information. As stated above, if the IPSASB decides to revise presentation concepts proposed in CF-ED4 as part of its finalization of the relevant chapters of the Conceptual Framework, the revisions will be taken into account during the finalization of this RPG.

Presentation of Service Performance Information

Consultation Paper's Dimensions and Components of Service Performance Information

- BC27. The CP explained that there are four dimensions of service performance on which information should be presented. The four dimensions—why, what, how and when—relate to an entity's (a) service performance objectives, (b) performance indicators, (c) comparison between planned and actual performance, and (d) time series that allow users to assess either changes in service provision over time or progress towards a multi-year goal.
- BC28. The RPG's coverage of information selection addresses these four dimensions when it establishes that an entity should report:

REPORTING SERVICE PERFORMANCE INFORMATION

- (a) Information on an entity's service performance objectives, including the need or demand for these objectives to be achieved (the "why" dimension);
- (b) Performance indicators to show achievements with respect to service performance objectives (the "what" dimension);
- (c) Comparisons of actual performance to planned (or targeted) results, including information on the factors that influence results (the "how" dimension); and
- (d) Time-oriented information, including the comparisons of actual results over time and to milestones (the "when" dimension).

BC29. The CP then established components of service performance information, which relate to these four dimensions. The RPG's coverage of information selection addresses the CP's components, which are: (a) narrative discussion of the achievement of objectives, and information on (b) the parameters of the service performance information reported (termed "basis" in the RPG), (c) the entity's service performance objectives, and (d) the achievement of service performance objectives.

Presentation in the Same Report as the Financial Statements or in a Separate Report

BC30. The IPSASB considered whether service performance information should be located in the same report as the financial statements or in a separate report. It noted that while many national jurisdictions treat service performance information as distinctly different and therefore separate from information provided with the financial statements, there are also jurisdictions that integrate service performance information into the same report as the financial statements, treating the two sets of information as complimentary. There are benefits to both approaches. In order to allow for jurisdictional differences the IPSASB decided that the RPG should not restrict entities to reporting service performance information either in a separate report or in the same report as the financial statements.

BC31. The IPSASB noted that there may be some implications for the audit of the financial statements, if service performance information is included in the same report as the financial statements. Presenting service performance information such that it meets the applicable audit requirements may involve additional costs to the reporting entity.

Display of Service Performance Information within a Report

BC32. The IPSASB considered whether the RPG should (a) propose one way that service performance information should be organized, with the main method considered being a tabular form, described as a "statement of service performance"; or, (b) provide principles that should be applied to guide jurisdictions and/or preparers when they choose between different possible information organization approaches.

BC33. The IPSASB noted that in some jurisdictions there are requirements that service performance information be reported in a "statement of service performance". In other jurisdictions preparers apply principles to identify how best to organize information, with reference to the particular types of services, desired outcomes, or planned achievements on which information needs to be reported. Organizing information into a tabular or statement form can support understandability and comparability when numerical or "summary descriptive" performance indicators (e.g. "satisfactory or unsatisfactory") are reported on multiple

services. But service achievements could be misrepresented or poorly described if a statement format is the only form of presentation permitted.

- BC34. The IPSASB decided that the RPG should focus on principles applicable to this decision. By focusing on principles rather than stipulating a standard reporting structure, the RPG allows the choice of information organization to be tailored to (a) the nature of the services on which performance information is presented; and, (b) the needs of users, so that it supports achievement of the objectives and qualitative characteristics of financial reporting, and (c) the regulatory context, including the regulatory environment in which the entity operates. Although this could result in less standardization, and reduced comparability between entities, service performance information differs from financial statements information due to the diversity of services reported. Unless the indicators themselves are comparable, a single presentation format will not provide the benefits of inter-entity comparability, but will sacrifice the benefits to be gained from allowing information organization to be tailored for objectives and specific services provided, such that the resulting organization meets the needs of users.

Principles Rather than Specific Requirements

- BC35. The IPSASB acknowledged that entities' presentation of service performance information will vary, depending on (a) the services that the entity provides, (b) the nature of the entity, and (c) the regulatory environment or other context within which the entity operates. Because services provided, service performance objectives, and applicable service performance indicators depend on these different factors, the IPSASB decided that the RPG should not identify specific performance indicators that must be presented. Instead, it should identify broad types of information that should be reported and provide guidance on achievement of the qualitative characteristics when selecting service performance information.

Information that Conveys a Coherent, Integrated View of the Entity's Service Performance

- BC36. The RPG establishes a minimum set of information to present. The IPSASB considered that this approach was appropriate because it allows entities at an early stage of developing service performance reporting to meet the RPG's guidelines and report service performance information consistent with their existing reporting capabilities. Nonetheless, the IPSASB's view is that good quality service performance reporting needs to be reported so that users can assess an entity's service performance, including both (a) its achievement of objectives and (b) the extent to which it has used resources efficiently and effectively to deliver outputs and achieve outcomes. The set of performance indicators presented should form a holistic system such that they communicate a coherent, integrated view of the entity's service performance.

Selection of Performance Indicators

- BC37. The IPSASB considered whether the RPG should require entities to report all five types of performance indicators— inputs, outputs, outcomes, efficiency and effectiveness—for the services that they provide. This would result in comprehensive coverage of an entity's service performance, but it might not reflect an entity's actual service performance focus. In practice it is likely that an entity's service performance objectives will change over time. For example, objectives may initially focus on inputs, then outputs and efficiency or outcomes and effectiveness. If an entity is able to adjust its reporting of performance indicators to align them with its service performance objectives, then the information presented is more likely to be

useful to users and meet the qualitative characteristics, while supporting achievement of the financial reporting objectives. On that basis the IPSASB decided that the RPG should not require reporting of all five types of indicators but should instead provide guidance on how an entity should choose the types of performance indicators that it reports.

- BC38. The IPSASB also considered whether the RPG should require entities to report outcome indicators. Outcome information is important to users, because it focuses on the ultimate reason for service provision, which is the impact that services have on the community. However outcome information can be very difficult for entities to provide, particularly when they are at an early stage in developing their services performance reporting. On that basis the IPSASB decided that the RPG should encourage but not require entities to present information on outcomes.

Two Approaches for Reporting Service Performance Information

- BC39. In developing this RPG the IPSASB acknowledged that there are differing approaches to reporting service performance information, including approaches that are more output focused and approaches that are more outcome focused. A more outputs focused approach reports information about the services provided. This type of information is oriented towards resource providers and aims primarily to report on the services received for resources provided and whether resources have been used efficiently, although there is scope to widen the focus to include information about outcomes. A more outcome focused approach tells a performance story, which generally reports on the achievement of outcomes, although there is scope to relate this performance story back to the costs of services. The information reported explains how well the entity is doing in terms of achieving its objectives, where those objectives are described in terms of outcomes.
- BC40. The IPSASB considered whether the RPG should include guidance specifically tailored for each approach, but decided against this on the basis that the RPG's focus on achievement of objectives can be applied to either approach, while also being consistent with what is proposed in the CP. Allowing entities to tailor their reporting to their objectives means that entities or jurisdictions do not need to fit their individual approach into either an output-focused approach or an outcome-focused approach in order to apply the RPG. This means that the RPG's content will be useful to those entities that (a) apply one of these two approaches, (b) use other approaches, and, (c) use mixture of different aspects of both the output and outcome approaches. Entities' service performance objectives may even relate to inputs, when their reporting of service performance information is at an early stage. However, the ideal to which entities should, over time, aspire is the reporting of service performance information that reports comprehensively on both outcomes and outputs, along with information that allows users to assess the efficiency and effectiveness of both. This is consistent with the IPSASB's view, referred to earlier within the context of performance indicators, that the performance indicators presented should form a holistic system such that they communicate a coherent, integrated view of the entity's service performance.

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