



Women leading change

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The Chair
Australian Accounting Standards Board
PO Box 204
Collins Street West
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Dear Ms Peach

Exposure draft ED 270 Reporting Service Performance Information

Thank you for the opportunity to respond to the Australian Accounting Standards Board's Exposure Draft *270 Reporting Service Performance Information*.

Overall YWCA Australia are supportive of the development of a single reporting framework as laid out in the draft standard to provide users of the NFP sector with reporting of key metrics including service inputs and outcomes. We believe that a consistent reporting framework would allow for further transparency and reporting of performance that is not currently captured in the financial report. In addition, it would allow the NFP sector to report information to users in a more consistent way to present how their organisations objectives are being met which may not be aligned with some of the recognition and measurement requirements of the financial statements.

Whilst we are supportive of the current standard, we have concerns with certain aspects of the current draft including:

- the additional burden a mandatory standard would have the sector compared to the reporting requirements of the for profit sector. This includes the preparation of a mandatory statement and the capture of data outside of the financial reporting processes and the overlap in reporting that many users currently require specific reporting such as audited acquittal statements for each grant and reporting measures for the private sector. We note that the sector already has additional reporting requirements compared to the for profit sector in the annual information statement provided to the ACNC and that the equivalent to this draft standard is RG 247 which is guidance only. ;
- the risk that the judgemental nature of determining what is included within inputs, outputs and performance indicators may lead to inconsistent reporting in the sector; and
- the additional burden of audit requirements were users or other entities to require the information presented as part of the draft standard be audited.

Our responses to the specific matters for comment are included in appendix 1 to this letter. Please do not hesitate to contact myself at eo@ywca.org.au.

Yours faithfully

A handwritten signature in cursive script that reads 'Caroline Lambert'.

Caroline Lambert, Executive Officer
29 April 2016

Appendix 1 – Specific matters for comment

1. YWCA is supportive of the principals stated in Paragraph 20. We believe that these principals appropriately reflect the key objectives that any standard relating to the reporting of service performance.
2. YWCA has no specific view as to the application of this standard to the NFP sector in the public sector given that our Associations do not have reporting requirements in this sector. We are supportive of the non-mandatory application of the standard to the private NFP sector.
3. The YWCA has no specific view as to the application of this standard to the for profit sector. Whilst we note that some of the principals could be relevant to the for profit sector there is currently additional guidance such as ASICs RG 247 *Effective Disclosure in an operating and financial review* for listed for profit entities and the development international sustainability reporting requirements.
4. YWCA believes that this information should be prepared on a consistent basis with the financial reporting to allow users to compare the specific reporting on service performance to the financial information contained within the financial statements, therefore if an organisation were required to prepare consolidated financial statements, the requirements of this standard should be prepared on a consolidated basis. For YWCA, our associations currently prepare separate financial reporting and there is no consolidated financial report, therefore we believe our reporting of service reporting would be more relevant on a non-consolidated basis. However, if we were ever required to prepare financial information on a consolidated basis, a non-consolidated reporting of our service performance would be less relevant and not comparable for our users.
5. YWCA is not supportive that the reporting entity for which service performance information is reported should be the same as that used for the entities financial statements. Whilst we believe that this would be the case for the majority of NFP organisations there maybe some cases where different reporting is more relevant (ie where donations are provided to one entity but the service is provided to another entity). Ideally the standard should expect the reporting to be on the same basis but allow for flexibility.
6. YWCA agrees with the proposal that the standard does not mandate the location of the service performance information to allow organisations flexibility in where the information is presented to best suit the needs of their users. YWCA has concerns that if the location were mandated to be included in the financial statements that this could have implications such as the auditability of the information and the additional cost burden this would impose on the sector.
7. YWCA envisages that information relating to service performance be reported on the reporting period and its financial statement, however, we support the current draft standards allowance for reporting on a different reporting period as this may align more closely with contract reporting periods for funders or other key users.
8. YWCA agrees that the proposed defined terms in Appendix A appropriately explain the significant terms in the draft Standard. YWCA does, however, note concern that additional detail or guidance as to the application of these terms could be expanded. The first principal for service reporting outlined in the standard refers to information being useful for accountable and decision making purposes. In order for information to be useful it needs to be comparable with others in the sector and we believe that additional guidance will allow NFP to prepare more consistent information. There is currently of judgement required to determine key inputs and outputs which could lead in inconsistent reporting by similar organisations. We also not that the comparable information and

consistency of reporting requirements would ensure that this were less likely to occur between reporting periods for one entity.

9. YWCA does not support the proposal that this standard be mandatory at this time as it creates additional burden on the sector compared to the for profit sector. The NFP sector is also traditionally less well resources to be able to cope with the additional burden of preparation of such information. Whilst there are current Corporations Act requirements for entities to report their objectives, strategies, objectives and performance, the level of detail is inconsistently presented and even for listed entities there is only Regulatory Guidance published by ASIC as opposed to mandatory reporting requirements such as those outlined in the proposed standard.

As many of the inputs and outputs of the work performed by the NFP sector are not financially based, such as volunteer hours and program outcomes, there could be additional burdens on the NFP sector to collate and record this information that would be outside of organisations normally business processes and could be an additional resource requirement to ensure that a complete and accurate performance information is presented. This would be key to ensuring comparability within the sector for funders and donors. For instance if one organisation ran a commercial venture that was staffed by volunteers but those volunteer hours were not captured as a key input it would mean that the service outcome could not be appropriately compared to a service which users paid staff. The former organisation may not have sufficient volunteer time keeping records to capture this information.

Currently significant funders of the NFP sectors have their own individual reporting requirements such as the preparation and audit of acquittal statements and reporting against funding contracts for the private sector. This information is currently specific to individual funders information requirement. The YWCA acknowledges that this leaves a shortfall in information provided to the general public and donors which is why, ideally, the NFP sector would be able to work with Government agencies and other funders to allow for the information reported as required by the proposed standard instead of their current reporting requirements allowing the sector to produce one report that covers the needs over all users. However, at this time, making this standard mandatory would create additional burden.

In addition, the sector currently has the additional reporting of the annual information statement to the ACNC which is not required by the for profit sector.

10. YWCA does not see the proposed application date as being unreasonable.