

## **Summary Comments on the Document**

This is an extremely worthwhile undertaking, done well. The Principles outlined in the document are sound. A minor quibble but perhaps there should some acknowledgment that there will be times when comparatives in a service report are not meaningful, where an organisation changes its strategies?

## **Some Comments on Preparation of a Service Report**

The PBE organisation for which I work chose to early-adopt the requirement to prepare a service report. A subsidiary company early adopted last year without too much difficulty and it was decided that it was desirable to do so for the parent.

Perhaps the best way of communicating the issues encountered is a series of suggestions/comments:-

In a well-managed organisation, the outputs and outcomes will be the result of an organisation adopting strategies and plans of how to achieve its objectives. These strategies and plans form an invaluable framework for service reporting: if these plans are what you say you are going to do, they are like the budgets for financial reporting.

If you have plans and strategies that reflect the most important things you are doing, a well managed organisation will report against these things regularly – if not, ask why – are these things really that important after all? The governance level would not accept year end surprises in the financial reports, why would year end surprises as far as outcomes/outputs be any more acceptable. Levels of achievement should be flagged early and often.

Following on from these comments, if these principles are followed it should be possible to develop a “blank” service performance report when the annual plan is agreed, this serves as:-

1. A basis for reporting at year end
2. A reminder to the organisation of what the important outcomes are that the organisation is working towards
3. A template for regular (monthly/quarterly?) reporting.

This concept of the blank service report still provides the ability to provide additional context and “cross referencing” in the annual report, especially in describing and explaining performance which has not achieved target levels.

The document makes reference to public bodies who have had a requirement to report on service for many years, in the case of local government for more than twenty for example. The current level of performance reporting in these sectors did not happen overnight. There should be a recognition that the best service reports will emerge from planning processes as described above, these may take time to develop.

## SPECIFIC QUESTIONS

1. Do you agree that the dimensions of service performance in the ED are a useful way of identifying the information to be reported by public benefit entities? If not, why not?

**Yes, paragraph 13 is especially helpful in accepting there will be differences – the range of organisations in the PBE- universe is very diverse.**

2. Do you agree that application of the qualitative characteristics and appropriate balancing of the pervasive constraints on information will result in appropriate and meaningful service performance information? If not, please explain why not and identify any alternative proposals.

**In general, yes. There are sometimes instances in the PBE-sector where there are constraints on obtaining information on “outcomes” but there is a growing recognition that there is a need to address this, if only to satisfy funders who are increasingly demanding evidence of social impact.**

3. Do you agree with the use of the term “appropriate and meaningful”? If not, please explain why not and identify any alternative proposals.

**Yes, this term is intuitively easy to understand.**

4. Do you agree with the proposed information to be reported? If not, please explain why not and identify any alternative proposals.

**Again, yes in general. I do wonder if there should be some ‘allowance’ for the inclusion of inputs on occasion, especially where funders or purchasers choose (rightly or wrongly) to fund on this basis. The mental health sector (public and NGO) works in this fashion.**

5. Do you agree that cross referencing to information outside of the service performance section of the general purpose financial reports should be permitted? If not, why not?

**Yes, this will be very helpful in allowing PBE some latitude to tell their story in the way which best suits them, a general outcome can be described and reported in a service performance report but this can for example then be cross referenced to case studies in an annual report.**

6. Do you agree with the proposed scope in relation to:

(a) public sector public benefit entities with existing legislative requirements to report service performance information;

(b) public sector public benefit entities currently without existing legislative requirements to report service performance information; and

(c) not-for-profit public benefit entities?

The NZASB would welcome information on the costs and benefits of the proposals in relation to specific types of entities. If you do not agree with the proposed scope, please explain why not and your views on what the scope should be.

**(a) YES**

**(b) NO, perhaps there should be an encouragement to comply except where the costs outweigh the benefits?**

**(c) YES**

7. Do you agree that a two year implementation period would be appropriate?

**Yes**

8. Do you agree with the proposal to change the title of PBE IPSAS 1 Presentation of Financial Statement to Presentation of Financial Reports and the proposed amendments to that Standard? If not, please explain why not and indicate your preferred alternative approach.

**Yes**

9. What type of guidance should the NZASB develop to support entities preparing service performance information in accordance with the proposed standard?

**See attached notes**