

To: XRB Committee
From: Prof Karen Van Peurseem PhD CA, CPA (USA ret)
Date: 3 October 2018

Re: Limited Scope Review Draft: The Audit of Service Performance Information

My apologies for being slightly past the due date, but I wanted to submit my (complimentary) comment on the draft. I have researched and published extensively on 'performance measures' as well as 'audit', so I was particularly interested in how the selection of 'performance' goals would be delegated, and with how 'materiality' would be determined.

Given, in particular, the content of the paragraphs (below), I believe the draft does allow for an appropriate allocation of responsibility (to the governing board) – albeit with support from the auditor as left to their discretion. It also focusses on the 'user needs' (I would suggest 'accountability' as well in a public sector entity) in terms of what may or may not be 'material'. This focus is important as, for example, one serious mis-performance in the health sector may be 'material' and cannot necessarily be adjudged on financial terms.

These comments are submitted on (only) my behalf. Thank you for your time and attention.
Kind regards
Karen Van Peurseem, Professorial Fellow
Victoria University of Wellington

Written Representations

41. The auditor shall request written representations from those charged with governance, with appropriate responsibilities for and knowledge of the service performance information, that they have fulfilled their responsibility:

(a) For the preparation of service performance information in accordance with the applicable financial reporting framework

(b) To select service performance and use methods to measure, describe, aggregate, present and disclose the service performance that are suitable in order to prepare service performance information in accordance with the applicable financial reporting framework.¹⁸ (Ref: Para. A63)

Communication with Those Charged with Governance (Ref: Para. 16)

A15. The preparation of service performance information is highly judgemental. As a result, the auditor's views on the judgemental areas of reporting the entity's service performance may be particularly relevant to those charged with governance in discharging their responsibilities for the preparation of the service performance information. Open and constructive communication including feedback on the maturity of the entity's process to select what service performance to report on, the suitability of its methods used to measure, describe, aggregate, present and disclose its service performance or how the information compares to other entities may drive improvements in reporting over time. This may include comments about, for example, judgemental aspects of what service performance to report on, concerns regarding management bias or the quality of the presentation of the information.

(Cited from the draft, 3 October 2018)