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April 1, 2012

Ms. Stephenie Fox
The Technical Director
International Public Sector Accounting Standards Board (IPSASB)
International Federation of Accountants
277 Wellington Street West, 6th Floor
Toronto, Ontario M5V 3H2 CANADA

Dear Ms. Fox:

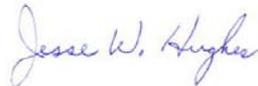
1. The International Consortium on Governmental Financial Management (ICGFM) welcomes the opportunity to respond to the IPSAS Consultative Paper (CP) on Reporting Service Performance Information. We are pleased to see the IPSASB address performance measures although we recognize the difficulties since there are not clearly defined terms.
2. Working globally with governments, organizations, and individuals, ICGFM is dedicated to improving financial management by providing opportunities for professional development and information exchange. ICGFM conducts two major international conferences each year and publishes an international journal twice each year. Services are provided to its membership through an international network. ICGFM represents a broad array of financial management practitioners (accountants, auditors, comptrollers, information technology specialists, treasurers, and others) working in all levels of government (local/municipal, state/provincial, and national). Since a significant number of our members work within government and audit institutions around the world, our response to this consultative paper is one from an international perspective.
3. We believe the CP is an excellent paper and contributes to thinking on the subject. However, we do not think the paper sufficiently emphasizes the important difference between the accounting model in the commercial sector compared to the public sector. For commercial entities (including GBEs) the unique characteristic of the accounting model is that it provides a universal input-output model for all types of entities whatever the product or service they provide. Both inputs and outputs are measured in the common unit of money. This is why the accounting model dominates the commercial sector. This accounting input-output model

simply does not work for the public sector because inputs may be defined in monetary terms, but outputs deal with service delivery (which are typically not monetized and for which there are no standard units of measure). In the public sector the accounting model is an input only model. To measure outputs, recourse has to be made to service delivery measures for which there are not, and may never be, any common monetized unit of measure. For the public sector there is no choice but to use a series of non-monetary measures of service delivery outputs. But by their nature these measures are in a variety of units which makes attempts to measure or compare performance very difficult. This paper suggests approaches that are standardized, but the problem of non-standard units is inherent in the nature of the public sector and may never be fully resolved.

4. Our response to each of the specified comments is as follows:
 - a. In response to Comment 1 (Should the IPSASB consider issuing (a) non-authoritative guidance for those public sector entities that choose to report service performance information, (b) authoritative guidance requiring public sector entities that choose to issue a service performance report to apply the guidance, or (c) authoritative guidance requiring public sector entities to report service performance information?), we prefer “b” in order that service performance reports are required to comply with specific authoritative guidance.
 - b. In response to Comment 2 (Do you agree that this project should not identify specific indicators of service performance?), we agree that specific indicators need not be identified since each entity has their own peculiarities. However, we think some examples should be included to illustrate the application even if they are not required.
 - c. In response to Comment 3 (Should service performance information included in GPFRs be prepared for the same reporting entity as for general purpose financial statements (GPFSs)?), we do not believe they should be the same since GBEs have their own performance measures as applied in the private sector.
 - d. In response to Comment 4 (Do you agree with these dimensions of service performance information? Are there dimensions that should be added or deleted?), we agree with these dimensions.
 - e. In response to Comment 5 (Should service performance information be reported (a) as part of the GPFR that is currently issued (for example, an annual financial report) but not part of the GPFSs, (b) in a separately issued GPFR, or (c) in both a separately issued GPFR and as part of the currently issued GPFR?), we would prefer "b" to spread out the workload for preparers and avoid delaying the GPFS. However, we could accept "a".
5. The following are some additional points that we would like considered:
 - a. We have a few reservations about the definitions in Table A on page 14 and suggest some alternatives below:
 - i. An **objective** is the high level result a reporting entity is aiming to achieve in order to realize its vision.
 - ii. **Performance indicators** are measures of the efficiency, effectiveness of the entity in achieving its objectives - the extent to which an entity achieves value for money in the delivery of services (value for money is not mentioned in the paper but is a very important concept for service delivery).
 - iii. **Outcomes** are high level indicators of success in achieving the entity objectives.

- b. Exhibit A on page 15 seems to mix together what the entity is trying to achieve (objectives, outputs and outcomes), resources used (inputs) and the various measures used as performance indicators (efficiency and effectiveness; economy seems to be missing). A more logical structure to the diagram is required.
 - c. In paragraph 4.8, we suggest adding the follow statement—“Objectives should be established to achieve the mission and vision previously identified by the public sector entity.”
 - d. In paragraph 4.13, we suggest adding the following statement—“Goals are established to achieve the objectives previously identified. To be meaningful, these goals should be specific, measurable, attainable, realistic, and timely (SMART).”
 - e. In paragraph 5.8, a paragraph on the linkage between vision, mission, objectives, and targets (goals) should be explained.
 - f. An example is needed in paragraph 5.18 to demonstrate the relationships between input, output, and outcome indicators. Perhaps the eight Millennium Development Goals (MDGs) published by UNDP could serve as an example since 18 targets are used by many countries to measure progress toward achieving the MDGs.
 - g. In paragraph B16, we would like to see "outstanding commitments" included in the discussion since they are considered when an entity is measuring their progress toward a specific goal.
 - h. The paper does not mention the fact that using standard units for typical public sector service delivery, e.g. education, health, law and order, enables comparison between entity and country performance.
6. We appreciate the opportunity to comment on this exposure draft and would be pleased to discuss this letter with you at your convenience. If you have questions concerning this letter, please contact Dr. Jesse Hughes, CPA, CIA, CGFM at jhughes@odu.edu or 757.223.1805.

Sincerely,



ICGFM Accounting Standards Committee

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