

Reporting and assurance of service performance information

Tier 1 and Tier 2 not-for-profit entities

What we heard – October 2025

Service performance reporting and assurance requirements

PBE FRS 48 *Service Performance Reporting* sets out the requirements for the reporting of service performance information (SPI) to meet the needs of users of general-purpose financial reports of public benefit entities (PBEs). The objective of the standard is to establish principles and requirements to present SPI that is useful for accountability and decision-making purposes in a general-purpose financial report.

The standard applies to all Tier 1 and 2 not-for-profit and public sector PBEs required by legislation to provide SPI in accordance with generally accepted accounting practice. The requirements of who needs to report SPI, and have this assured, is determined by primary legislation, such as the Charities Act 2005 and the Incorporated Societies Act 2022.

In 2024 we heard there were challenges with reporting and assuring SPI

In 2024, the XRB held workshops with not-for-profit preparers, users, and assurance practitioners to gather feedback and perspectives on the implementation of SPI reporting and assurance. Feedback from the workshops showed strong support for consistent, high-quality SPI reporting. However, concerns were expressed about the difficulties experienced in reporting and assuring SPI.

Our analysis of the feedback from the 2024 workshops identified the following possible root causes:

- **Lack of clarity about SPI reporting** – The principle-based approach provides flexibility and requires judgements about what and how to report. For some, this flexibility may contribute to a lack of clarity about the overall purpose and nature of SPI.
- **Differences between the public sector and not-for-profit sectors** – There are significant differences between public sector and not-for-profit PBEs. Whilst the principles in the standard are equally applicable to both sectors, not-for-profit entities are resource constrained and often struggle to develop fundamental frameworks.
- **Low SPI reporting maturity** – Reporting SPI is relatively new for large not-for-profit entities. The systems, processes and controls for this reporting are still maturing, which leads to challenges in reporting verifiable, meaningful, and cost-efficient information.
- **Verification challenges** – Assurance practitioners can find it difficult to get the evidence they need for SPI. Reasons for this include processes, systems and controls, and documentation at entities are still maturing; and certain qualitative information not having enough evidence to allow for independent verification. Entities also find it hard to understand how much evidence assurance practitioners need and how to improve their own processes.

This year we consulted on potential actions to address these challenges

In June 2025 the XRB issued a [consultation paper](#) to understand whether the above root causes were correct, and to seek feedback on potential actions to help address these challenges.



We proposed prioritising two streams of work:

- **Potential targeted amendments to PBE FRS 48** – to improve understanding and application. This would include clarifying requirements in the standard and introducing an authoritative appendix specific to not-for-profit entities. We did not envisage changing the core principles contained within the standard.
- **Potential development of additional reporting and assurance guidance** – to help entities build SPI reporting capabilities and to help assurance practitioners address SPI assurance challenges.

We wanted to hear from Tier 1 and Tier 2 not-for-profit entities, professional services firms, funders, regulators and assurance practitioners, as well as SPI users such as funders, donors, members of the public and service recipients.

We publicised our consultation and held virtual and in-person outreach sessions throughout June to August 2025. Overall levels of engagement were low, and we did not receive the previous breadth of views.

We thank everyone who took the time to attend our outreach events and/or provide a written submission to our consultation paper.

What we heard

There was agreement on the root causes of SPI reporting and assurance challenges

Feedback highlighted that reporting and assurance challenges for not-for-profit entities stem from low maturity of performance reporting processes and frameworks, limited resources (financial, volunteers and time), undeveloped systems and internal controls in respect of SPI, and differing expectations about the nature and role of SPI among preparers and assurance practitioners.

There were mixed views that differences between the public sector and not-for-profit sector are a direct cause to any of these challenges.

We heard that challenges relating to reporting SPI are becoming more manageable over time, but sometimes entities and assurance practitioners still place greater emphasis on financial statements and do not focus on SPI until the end of the reporting process. We also heard concerns raised by preparers that assurance practitioners often do not understand entities and their objectives, beyond financial results, which adds to the challenges.

We heard that SPI often defaults to quantitative measures, even when qualitative descriptions could be more appropriate and meaningful. There were mixed views about the drivers for this including entities not identifying and capturing data to adequately support qualitative measures and assurance practitioners requesting that only quantitative measures that can be verified easily be included. In many cases, preparers observed that information that may be more difficult to verify is moved to areas of the annual report that are not subject to assurance.

Some feedback noted that governance of the entity is not involved in determining what SPI to report, and entities rely upon their assurance practitioners to help ensure their reporting is appropriate. Stakeholders noted that, while entities have very limited resources, more governance involvement and commitment of time and resources is needed in respect to reporting SPI, with a focus on identifying the right measures which are useful for internal and external decision-making and developing systems to help capture that information.

There were views that while this could be a costly exercise, once set up successfully, the preparation of SPI could be incorporated into internal reporting practices, which would enable regular monitoring and easier processes.

The value of reporting and assuring SPI not currently clear

Many participants suggested that reported SPI could be more valuable if it aligned to funders' information needs. Some preparers believe that SPI has limited use by funders or other stakeholders, who primarily rely on other channels for performance insights. We heard that SPI is sometimes seen as a supplementary information source and, as such, is not given sufficient time or attention by entities or users.

Concerns were raised by preparers that reporting SPI is a compliance exercise that diverts limited resources away from service delivery without any improvements in quality or decision making. These preparers asked us to consider the benefits of SPI reporting and whether it should be removed so entities can focus their limited resources on their services and bettering New Zealand.

In contrast, some preparers indicated the value of SPI and the ability to report on something other than financially focused information. These entities highlighted their preference for practical, sector-specific guidance and examples, to help improve what is reported, rather than premature and costly changes to reporting requirements.

Not-for-profit entities said collaboration, tailored communication, and a shift in the mindset of preparers, assurance practitioners, funders and other users are key to more effective SPI reporting for them.



There were mixed views on making amendments to reporting standards

There were differing views whether the proposed amendments to the reporting standard would be beneficial overall. Assurance practitioners supported the proposals, except for an authoritative appendix for not-for-profit entities, as they believe that the proposals would clarify important matters and would help entities with their reporting processes.

Preparers were concerned the proposals may create additional costs and require the disclosure of more information, which would then need to be discussed with assurance practitioners. Not-for-profit preparers generally prefer further guidance to help apply the existing reporting principles of PBE FRS 48.

There were also strong views that amendments to the reporting standard should only be made where they would directly solve the root cause of the challenges. There were doubts that the proposed amendments would ultimately address the current challenges in relation to the value and usability of SPI reporting.

Stakeholders supported more reporting guidance but were mindful of potential additional costs

Some stakeholders noted that the current reporting guidance was clear and useful, while others were unaware that guidance existed. Most supported the need for further reporting guidance about how to identify and choose what information to report, in an efficient manner without creating additional costs.

There were calls for more examples of exemplar SPI and descriptions of evidence trails to help calibrate expectations about what information could be reported and what evidence should be retained.

Assurance practitioners agreed that more SPI assurance guidance would be helpful

There was general agreement that assurance guidance on the areas identified in the consultation paper would be useful to assurance practitioners. There was support for guidance on gathering sufficient appropriate audit evidence, particularly for qualitative information, and the application of the concept of materiality in identifying material measures and tolerance for misstatement.

We also heard the need for guidance for judgements over how to determine “appropriate and meaningful” information for both preparers and assurance practitioners.

Questions were raised over users of SPI, but we heard users do exist

Many preparers questioned the value of SPI for users, noting that other forms of reporting of performance already occur through funding arrangements where tailored and timely information is reported to funders. SPI within annual reports was supplementary and duplicative, and less valuable, even if it is independently assured.

Preparers noted that personal trust and relationships are more important to funders for decision-making, rather than annual external reporting.

However, other stakeholders, including regulators, noted that SPI is useful and appropriate in its current state, but standardisation of SPI could potentially raise the general understanding of that information.

**Next steps**

We will reflect upon this feedback to decide on next steps for service performance reporting standards and future guidance around reporting and assurance of SPI.

