Tier 1 & Tier 2 Public Benefit Entities

PBE FRS 48 *Service Performance Reporting*

Factsheet 1: Purpose and scope of service performance reporting

Purpose of service performance reporting

The objective of service performance reporting is to provide users of general-purpose financial reports information about Public Benefit Entities (PBEs) performance in the year that is useful for accountability and decision-making purposes. This is done by reporting service performance information (SPI).

SPI is a critical part of a PBE's accountability. SPI acknowledges that PBEs exist for reasons other than financial gain, and use financial and other resources, for which they are accountable, to help others or make a difference to individuals, society or the environment.

SPI is a reporting mechanism to communicate a PBE's progress towards its overall purpose in a reporting period.

Reporting SPI is an essential part of **accountability**, to explain what an entity has set out to do and what it achieved

What is service performance information?

SPI is **performance information** about what the entity has done during the reporting period in working towards its broader aims and objectives, together with supporting **contextual information**.

Other reporting mechanisms (such as management commentary within annual reports, other separate documents released at the same time as the SPI reporting and the XRB's **He Tauira framework**) can be used if you want to report more non-financial information that goes beyond performance or contextual information.

Contextual information	Performance information
Why the entity exists, what it aims to achieve, and how it plans to achieve its desired objectives.	What the entity delivered during the reporting period, including activities and their immediate effects in the period.

Before commencing SPI reporting, understanding and clearly defining your contextual information is important for enabling good reporting. Contextual information should be drawn from relevant documents (such as constitutions, trust deeds, mission statements and recent plans and strategies relevant to the reporting period). If an entity uses a performance framework to help set and monitor its objectives, then this may be relevant and helpful. SPI should be consistent with these documents.

Below are some useful prompts that you might consider when considering what SPI to report:

Why does the entity exist?	What outcomes is the entity seeking to achieve?	What goods or services is the entity planning to deliver over the medium to long term?	How does the entity intend to conduct its planned activities (including collaborating with others)?

The role of PBE FRS 48 *Service Performance Reporting*

PBE FRS 48 establishes principles and high-level requirements for the reporting of SPI rather than specifying detailed reporting requirements. This is because the standard will be applied by a wide range of PBEs.

PBEs differ in size, organisational form and in what they do. PBEs also use a variety of terms and approaches to explain what they do, why they do it and what they have achieved. PBEs may be subject to a range of service performance reporting requirements, including legislative requirements and may use a variety of performance frameworks.

Under PBE FRS 48, your SPI should have the following characteristics:

Relevant – Focused on things that matter to your entity, funders, supporters, and the public.

Reliable (Faithful representation) – Based on complete, accurate, honest information.

Understandable – Written in plain language and easy to follow.

Timely – Reported to users before it loses its usefulness for accountability and decision-making.

Comparable – Users can see changes from last year and compare to planned performance.

Verifiable – Based on information you can prove with evidence.

PBE FRS 48 explains how these characteristics relate to SPI. All these characteristics must be considered when selecting and presenting service performance information. In practice, some information may have more of one characteristic than another. It may be necessary to consider the overall balance of characteristics and make trade-offs between attributes.

The concept of materiality can help in making these and other judgments. An item is material if excluding it or misstating it would affect the decisions and assessments that users make concerning the service performance of an entity.

SPI should be focussed on user needs

SPI that is being reported should be prepared with the users of that information in mind. Users include resource providers (for example, taxpayers, ratepayers, donors, grantors and lenders) and service recipients, and their representatives.

You should consider the needs of users, as well as the objectives of external reporting when applying PBE FRS 48, and consider the following overarching questions:

- Is the information useful for accountability and decision making?
- Is the information appropriate and meaningful?

Explanatory Guide EG A10

Please refer to the **standard** and detailed **guidance** on our website. Explanatory Guide EG A10 provides detailed guidance and implementation support to help you think about SPI and your reporting. If you require further information and guidance, please refer to this guide regularly.