



Governmental Accounting Standards Board
of the Financial Accounting Foundation

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GASB Proposes Suggested Guidelines for Voluntary Reporting of Service Efforts and Accomplishments Performance Information

The Governmental Accounting Standards Board (GASB) issued proposed Suggested Guidelines for Voluntary Reporting—*SEA Performance Information* for comment on June 30, 2009. The document is intended to solicit feedback from people who may prepare or use service efforts and accomplishments (SEA) performance information.

Traditional financial statements provide financial performance information about a government's fiscal and operational accountability, but they do not provide all the information needed to determine the degree to which a government was successful in helping to maintain or improve the well-being of its citizens by providing services. Information about a government's service efforts and accomplishments helps to fill this void. For example, this information could include how efficiently or cost effectively roads were paved, how well children were educated, or the impact of police services on crime, and how that performance may have changed over time. If these suggested guidelines for voluntary reporting were applied, they could assist governments in improving the quality of their reported SEA performance information and thereby better meet their duty to be publicly accountable and to provide citizens, elected officials, and other interested parties with decision-useful information that will allow them to assess how well a government is using the resources available to it.

What Is SEA Reporting?

SEA reporting has been a part of the GASB's agenda since it was established in 1984, and its roots can be traced much further back in the history of governmental accounting and financial reporting. The expected goal of SEA reporting is to assist users of this information (including citizen groups, state legislators, city council members, parents of public school children, and other interested persons) in evaluating the operational efficiency of the services governments provide and to offer the means to assess governments' effectiveness in achieving their goals and objectives.

SEA performance information includes data regarding a government's:

- Inputs (like the number of police officers, or tons of asphalt used to repair roads)
- Outputs (such as the graduation rate at area high schools, or gallons of wastewater treated annually)

- Outcomes (for instance, percentage of emergency medical service incidents responded to within 5 minutes, or the physical condition rating of roads)
- Efficiency (cost per ton of trash collected, or cost per child enrolled in an after school program).

The GASB has determined that it is beyond its scope to establish the goals and objectives of state and local government services, specific nonfinancial measures or indicators of service performance, or benchmarks for service performance. Extensive research has indicated that it is appropriate at this time for the GASB to set out conceptually based suggested guidelines for governments that want to report SEA performance information.

What Is the GASB Seeking Input On?

The document lays out a proposed reporting framework that is intended to help state and local governments communicate SEA performance information effectively. The framework is composed of the *essential components of effective SEA reports*, *qualitative characteristics of SEA performance information*, and a discussion of *effective communication* of SEA performance information.

The four proposed essential components of an effective SEA report are:

- Purpose and scope
- Major goals and objectives
- Key measures of SEA performance
- Discussion and analysis of results and challenges.

The six qualitative characteristics of SEA performance information, which are drawn from GASB Concepts Statement No. 2, *Service Efforts and Accomplishments Reporting*, are:

- Relevance
- Understandability
- Comparability
- Timeliness
- Consistency
- Reliability.

The three central concepts related to the effective communication of SEA performance information are:

- Intended audiences
- Multiple levels of reporting
- Forms of communication.

What Are the Proposed Essential Components?

The four proposed essential components are the *types* of information an SEA report needs to contain in order to effectively communicate information that can assist SEA report users in assessing the efficiency and effectiveness of government services.

The *purpose and scope* component is intended to convey *why* the information is being reported and *what portion of a government* it relates to. An effective SEA report describes (1) why a government is publishing the report, (2) the intended audience of the report, (3) what the reported information is intended to communicate, and (4) how the reported information can assist the readers in assessing SEA performance and making decisions.

Presenting a government's *major goals and objectives* provides a basis for assessing the degree to which a government has achieved the intended results of its programs and services. An effective SEA report helps the readers consider whether the indicated purpose of a program or service is consistent with what they believe is important.

Reporting the *key measures of SEA performance* is intended to focus the report on those measures that are most important to the readers and should serve to provide them with enough information to develop their own conclusions about important aspects of a government's performance. At the same time, focusing on key measures is intended to avoid overwhelming the readers with too much information.

The *discussion and analysis of results and challenges* is expected to be an objective narrative written by a government's management, explaining what has been achieved and what factors affected the level of achievement. The discussion combines the reporting of the major and critical results with management's understanding of the reasons why the actual results may vary from the expected or intended results.

What Are the Proposed Qualitative Characteristics?

The six proposed qualitative characteristics represent the attributes of the information contained in an SEA report that effectively communicates SEA performance to users.

Relevance—Relevant information in an SEA report improves a user's ability to assess the level of accomplishment of a government's goals and objectives with potentially significant accountability or decision-making implications.

Understandability—Understandable SEA performance information is readily comprehensible.

Comparability—Comparable information in an SEA report provides a clear frame of reference for assessing the SEA performance of a government and its agencies, departments, programs, or services. Effective SEA reports include comparative

information such as the same measures from earlier periods, established targets, industry standards, or other similar governments. This comparative information provides users with a basis and context for assessing a government's performance.

Timeliness—In order to be timely, SEA performance information needs to be issued while it is still of value in assessing accountability and making decisions. While timeliness alone does not make information useful, the passage of time can render even the most accurate information of limited value.

Consistency—Consistent information in an SEA report provides a basis for comparing similar SEA performance information over time. If a measure has been modified or replaced, the SEA report should explain the reasons behind the change.

Reliability—It is important for the readers to know if they can rely on the reported SEA performance information. The information needs to be verifiable, free from bias, and a faithful representation of what it purports to represent.

Together, these proposed essential components and qualitative characteristics form the GASB's proposal for a framework for effective communication of SEA performance information. Through the further development of this framework for external reporting of SEA performance information, governments would be better able to communicate publicly about the extent to which goals and objectives are being met, how effectively and efficiently services are being provided, and the degree to which these services are benefiting the citizens. If the GASB moves forward with this proposal and governments issue SEA reports, users of the information contained in SEA reports would be in a better position to assess a government's SEA performance and how it may have changed over time.

What Does Effective Communication Involve?

For an SEA report to meet its purpose of effectively communicating SEA performance information to users, the audiences for which it is intended, the multiple levels of reporting it will offer, and the forms in which it will be communicated all need to be considered.

Intended Audiences—Different potential audiences need different types of information and understand and analyze SEA performance information in different ways. Different audiences, for example, may need SEA performance information for different programs or services, different types of SEA performance measures, in different levels of detail—and may need to receive or access the information in different ways. While many citizens may find a high-level summary of selected results focused on major programs and services to be sufficient for their needs, elected officials may need much more detailed information to satisfy their informational needs. Investors and creditors may need different information to make assessments about a government's overall efficiency and effectiveness.

Multiple Levels of Reporting—An SEA report that communicates effectively contains different levels of detail so that users can find their appropriate and desired level. These levels of detail can be presented in many ways, such as in one comprehensive document, or in several separate documents organized by service area. An SEA report is most effective when it is organized in a hierarchical structure that proceeds through levels of information from more general to more specific and detailed. This structure may, for example, proceed from overview, to introductory summary, to information on specific programs or services as a whole, to performance data that provides measures relating to specific strategies or activities within programs and services. Ultimately, it is important to make multiple levels of reporting available to give users of SEA performance information access to as much or as little information as is necessary to satisfy their informational needs.

Forms of Communication—A government's intended audiences may impact the forms of communication that need to be used to communicate. Many forms can be considered when deciding how to communicate an SEA report. Printed materials mailed to homes and businesses, electronic files available on the government's website or via email, and presentations made in person at a community center are just a few examples of different forms of communicating SEA performance information.

How Can You Respond to the GASB?

You can assist the GASB in its effort to develop suggested guidelines for voluntary reporting of SEA performance information by reading the proposed suggested guidelines document and providing feedback. The document is available to download free from the GASB website, www.gasb.org/exp.

It is most helpful if you react not only on the aspects you disagree with, but also those that you support. In addition, it is most valuable to the GASB when respondents explain why they support or oppose a particular facet of a proposal. You can submit comments through an Internet comment form, by email, or traditional mail. *The deadline for submitting written comments is October 30.*

Additional information about responding to the proposal can be found in the front of the suggested guidelines document.

- **Download the [Suggested Guidelines for Voluntary Reporting](#)**
- **Find More Information about the GASB's [SEA Project](#)**
- **Visit the [Performance Reporting for Government Website](#)**
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