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## ***New Suggested Guidelines Will Help Governments Provide a More Complete Picture of Their Performance***

Following a unanimous vote of the Board, the GASB has issued Suggested Guidelines for Voluntary Reporting, *SEA Performance Information*. The issuance of the Suggested Guidelines comes after more than two decades of extensive research, monitoring, and constituent outreach.

Traditional financial statements provide vital information regarding a government's fiscal and operational accountability. Service efforts and accomplishments (SEA) performance information complements financial statements to provide a more comprehensive portrait depicting how a government is managing the financial resources entrusted to it. SEA information allows constituents to better evaluate not only a government's performance in delivering services, but also to what degree it is addressing priorities.

The Suggested Guidelines is composed of four essential components of an effective SEA report and six qualitative characteristics representing the attributes SEA performance information needs to possess. The document also identifies the keys to effectively communicating SEA performance information.

### **SEA Reporting: The Basics**

The expected goal of SEA reporting is to assist users of this information (including citizen groups, state legislators, city council members, and other interested persons) to evaluate 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 firefighters, or tons of asphalt used to repair roads)
- Outputs (such as the graduation rate at area high schools, or miles of roadways maintained each year)
- Outcomes (for instance, percentage of emergency medical service incidents responded to within 5 minutes, or the physical condition rating of roadways)
- Cost-output and cost-outcome measures (cost per ton of trash collected, or cost per student reading at grade level by grade 4).

## The Makings of an Effective SEA Report

What are the critical ingredients of an effective SEA report? The four essential components described in the Suggested Guidelines set out the kinds of information an effective SEA report would contain in order to allow users of governmental financial information to assess the efficiency and effectiveness by which the goals and objectives of governmental services are being achieved.

The four essential components are:

- *Purpose and scope*—this component conveys why the SEA performance information is being reported and what portion of a government it relates to.
- *Major goals and objectives*—this component provides a basis for assessing the degree to which a government has or has not achieved the intended results of its various programs and services by providing the major goals and objectives established by the government.
- *Key measures of SEA performance*—this component presents the key indicators identified by the government as being the most important to report users, and that reflect a government’s efforts toward achieving its major goals and objectives.
- *Discussion and analysis of results and challenges*—this component addresses, in narrative form, the factors that affected the level of achievement of results and discusses the government’s plan for addressing the challenges of the future.

The six qualitative characteristics are those that information in general purpose external financial reports should possess. These characteristics were identified in Concepts Statements No. 1, *Objectives of Financial Reporting*, and No. 2, *Service Efforts and Accomplishments Reporting*. They represent the attributes of the information contained in an SEA report that effectively communicates SEA performance to users. The six qualitative characteristics of an SEA report are:

- *Relevance*—Relevant information 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 comprehended by users of the information.
- *Comparability*—Comparable information 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 entities. 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. The passage of time can limit the value of even the most accurate information.
- *Consistency*—Consistent information 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 readers to know they can rely on the reported SEA performance information and that it is verifiable.

### **Effectively Communicating SEA Performance Information**

For an SEA report to effectively communicate SEA performance information to users, three key issues need to be considered:

- The intended audiences
- The level of reporting necessary to meet the needs of the intended audiences
- The forms of communication most appropriate for the intended audiences.

Due to the importance of these three considerations, a section on how to effectively communicate SEA performance information is included in the Suggested Guidelines.

*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 needed to communicate SEA performance information. Many forms can be considered when deciding how to communicate an SEA report. Printed materials, electronic documents, articles, and news segments are just a few examples of the different forms through which SEA performance information may be communicated.

### **Further Information**

- [Order the Suggested Guidelines](#)
- [Read the news release](#)
- [Read more about SEA Performance Information](#)