

Basic Facts about Service Efforts and Accomplishments Reporting

What is service efforts and accomplishments reporting?

Service efforts and accomplishments (SEA) reporting is a form of general purpose external financial reporting that is intended to include information about the services provided and the effect of those services to assist users in assessing the degree to which the government is achieving its program or government-wide goals. The objective of SEA reporting is to assist citizens, elected officials, and other interested parties (collectively referred to as “users”) in assessing the performance of services provided.

Why is SEA reporting important for governments and their constituents?

The primary purpose of a government is to help maintain and improve the well-being of its citizens by providing services. Traditional financial statements provide financial performance information about a government’s fiscal and operational accountability. However, those financial statements do not provide all of the information necessary to determine the degree to which the government was successful in helping maintain or improve the well-being of its citizens. Without SEA performance information, it is difficult to know how efficiently government services were provided and how effective those services were in helping the government to achieve its goals. The objective of SEA reporting is to provide users of governmental financial reports with just this kind of information.

What does SEA reporting have to do with accounting and financial reporting?

The idea that SEA reporting is a part of accounting and financial reporting was embraced by the accounting profession and academia before either the GASB or the Financial Accounting Standards Board (FASB) were created. GASB Concept Statement No. 1, *Objectives of Financial Reporting*, explains that financial reporting should provide information to assist users both in assessing accountability and in making economic, social, and political decisions. One of the objectives of financial reporting included in Concepts Statement 1 directly relates to SEA reports: “Financial reporting should provide information to assist users in assessing the service efforts, costs, and accomplishments of the governmental entity.” In November 2006, the Trustees of the Financial Accounting Foundation, the organization that oversees the GASB and the FASB, affirmed the long-held position that SEA reporting is appropriately included within “general purpose external financial reporting” and, therefore, is within the GASB’s jurisdictional authority. Although the GASB’s role includes the external reporting of SEA performance information, it is beyond the scope of the GASB to establish the goals and objectives of state and local government services, specific nonfinancial measures or indicators of service performance, or to set benchmarks for service performance.

What work has the GASB done on SEA reporting?

For more than 20 years, the GASB has been conducting research and constituent outreach on SEA reporting as it has been implemented and refined by state and local governments. The results of these efforts contributed significantly to the advancement of practice. During the research phase of the SEA project, the GASB staff has conducted two nationwide surveys of

state and local governments, developed case studies of best practices, held citizen roundtables, and published a staff report containing suggested criteria for effective communication of SEA performance information. In 2006, the GASB staff reported the results of the final phase of the research project. The research indicated that users of governmental financial statements view SEA reporting as an important initiative and generally supported the GASB's continuing involvement.

In 2007, the GASB began working on a project focused on SEA reporting with two objectives: (1) to update GASB Concepts Statement No. 2, *Service Efforts and Accomplishments Reporting*, to reflect what has been learned since 1994 from the research of the GASB and others; and (2) to develop suggested guidelines for governments that choose to voluntarily report on their SEA performance. These efforts resulted in the issuance in 2008 of the Concepts Statement No. 5, *Service Efforts and Accomplishments Reporting*, and recent publication of the GASB's Suggested Guidelines for Voluntary Reporting, *SEA Performance Information*,

What has the GASB done regarding suggested guidelines?

The Suggested Guidelines describes the four essential components of an effective SEA report and the six qualitative characteristics that SEA performance information needs to possess, and includes a section on how to effectively communicate SEA performance information.

The four essential components of an SEA report identified in the Suggested Guidelines are:

- *Purpose and scope*—Why is SEA performance information being reported and what portion of a government does it relate to?
- *Major goals and objectives*—What are the major goals and objectives of the programs and services being reported or what is government intending to accomplish?
- *Key measures of SEA performance*—What are the key measures most important to readers that reflect the governments achievement, or lack thereof, of their major goals and objectives?
- *Discussion and analysis of results and challenges*—What factors affected the level of achievement of results, and what is the government's plan for addressing the challenges of the future?

The six qualitative characteristics—comparability, consistency, relevance, reliability, timeliness, and understandability—are those expected of all information in general purpose external financial reports according to GASB Concepts Statement 1 and Concepts Statement 2.

The section on how to effectively communicate SEA performance information recognizes the importance of considering the intended audiences of an SEA report, the level of reporting necessary to meet the needs of the intended audience, and the forms of communication most appropriate for the intended audience.

In addition, the document offers an appendix with illustrations for each of the essential components and qualitative characteristics, which are designed to enhance the understanding of the Suggested Guidelines. The illustrations are included for demonstrative purposes and do not represent the endorsement by the GASB of any particular measure or method of presentation.

Where can I get more information?

Additional information about the GASB's SEA reporting project can be found at www.gasb.org and www.seagov.org.

How can I obtain the Suggest Guidelines for Voluntary Reporting?

The Suggested Guidelines for Voluntary Reporting can be purchased by visiting www.gasb.org and clicking "GASB Store." There you also will find information about ordering by telephone, fax, and mail.