

Basic Facts about Service Efforts and Accomplishments Reporting

What is service efforts and accomplishments reporting?

Service efforts and accomplishments (SEA) reporting refers to the communication of selected measures of a government's performance results. This includes the public reporting of key service performance indicators that provide decision-useful information about the government's actual accomplishments achieved in pursuit of its goals and objectives.

Why is SEA reporting important for governments and their constituents?

Traditional financial statements provide financial performance information about a government's fiscal and operational accountability, but they do not provide all of the information needed to determine the degree to which the government was successful. Without SEA performance information, it is impossible to know how efficiently government services were provided and how effective those services were. The objective of SEA reporting is to provide the public with just this kind of information. Helping governments communicate their most important accomplishments to constituents has been a focus of the GASB's SEA efforts. The GASB's research efforts reveal that SEA reporting provides important information that can help citizens and their elected representatives better assess how well their government is achieving its public policy mission.

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. Also, 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.

What work has the GASB done on SEA reporting?

For the past 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, and has contributed significantly to the advancement of practice. 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 report containing suggested criteria for effective communication of SEA performance information. In December 2006, the GASB staff reported the results of the final phase of the research project. The research indicates that users of governmental financial statements view SEA reporting as an important initiative and generally support the GASB's continuing involvement.

What is the GASB doing now?

Since the beginning of 2007, the GASB has been 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 consider the development of suggested guidelines for governments that choose to voluntarily report on their SEA performance.

What did the GASB propose to revise in its SEA Concepts Statement?

In April 2008, the GASB proposed updates to Concepts Statement 2 that would make it clear that *it is not the GASB's role to*:

- Develop the goals and objectives of state and local government services
- Develop specific nonfinancial measures or indicators of service performance
- Set targets or benchmarks for service performance.

The GASB also proposed to eliminate the entire section of Concepts Statement 2 titled "Developing Standards for Reporting SEA Information."

What has the GASB done related to suggested reporting guidelines?

On July 31, 2008, the GASB published for public comment a Request for Response, *Suggested Guidelines for Voluntary Reporting of SEA Performance Information*. The purpose of this document is to obtain feedback in the early stages of this part of the project, before the Board decides how the project should proceed. The GASB proposes four essential components of an effective SEA report and incorporates the six qualitative characteristics that SEA performance information needs to possess. The qualitative characteristics—comparability, consistency, relevance, reliability, timeliness, and understandability—are those expected of all information in general purpose external financial reports according to Concepts Statement No. 1, *Objectives of Financial Reporting*, and Concepts Statement 2. The proposed essential components are:

- *Purpose and scope*—Why is the information being reported and what portion of a government does it relate to?
- *Major goals and objectives*—A basis for assessing the degree to which a government has achieved the intended results of its programs and services.
- *Key measures of SEA performance*—Focus on the measures most important to readers.
- *Discussion and analysis of results and challenges*—An explanation of what has been achieved and what factors affect the level of achievement.

What is the status of the SEA reporting project?

The GASB is currently reviewing the public comment it received on the proposed update of Concepts Statement 2. It is expected that the document will be revised to address those comments and issued in its final form by the end of 2008. The comment deadline for the Request for Response is October 31, after which the GASB will hold a public hearing and a forum for users of SEA performance information. After the GASB has reviewed and analyzed all of the public input it receives, it will consider how to proceed with this portion of the project.

Where can I get more information?

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