

**University of Otago**

**Service Performance  
Reporting Methodology**

**January 2020**

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## 1. Introduction

This document provides the University of Otago methodology for the development and reporting of Service Performance Information in order to comply with incoming accounting standards.

Service Performance Information is information about what an entity has done during the reporting period in working towards its aims and objectives. Service Performance Reporting is the process of developing and presenting Service Performance Information. Both terms are used throughout this document

The primary users of Otago Service Performance Information are its resource providers (Central Government and its Agencies) and service recipients (including Students, Staff, Employer and Professional Groups; Higher Education and Research Organisations; Local Government and the Community).

Service Performance Information provides the opportunity to “tell the story” to stakeholders about what Otago has achieved.

For the University, the Annual Report is the mechanism where Service Performance Information is presented. It is presented alongside the financial statements and includes other information that the University is required to provide, or determines it wishes to provide to give a full view and useful of its activities.

There is an incoming regulatory requirement for reporting Service Performance Information that has been issued by the New Zealand Accounting Standards Board (XRB), named *Public Benefit Entity Financial Reporting Standard 48 Service Performance Reporting (PBE FRS 48)* issued November 2017. The Standard requires public benefit entities to apply the Standard for annual financial reports covering periods beginning on or after 1 January 2021. Earlier application is permitted.

This methodology document outlines the requirements for the University’s to move to compliance with PBE FRS 48.

## 2. Standards

The New Zealand Accounting Standards Board (XRB) has issued the following Standard to address the requirements of service performance reporting: *Public Benefit Entity Financial Reporting Standard 48 Service Performance Reporting (PBE FRS 48)* issued November 2017, amendments 31 January 2019.

The Standard provides high-level requirements for the selection and presentation of information. It provides high-level, not detailed requirements, because:

*Standard paragraph IN3 states:*

- a) Service performance reporting is an area of reporting that continues to evolve;*
- b) Entities may be subject to a range of service performance reporting requirements, including legislative requirements and may use a variety of performance frameworks; and*
- c) It provides flexibility for entities to determine how best to ‘tell their story’ in an appropriate and meaningful way.*

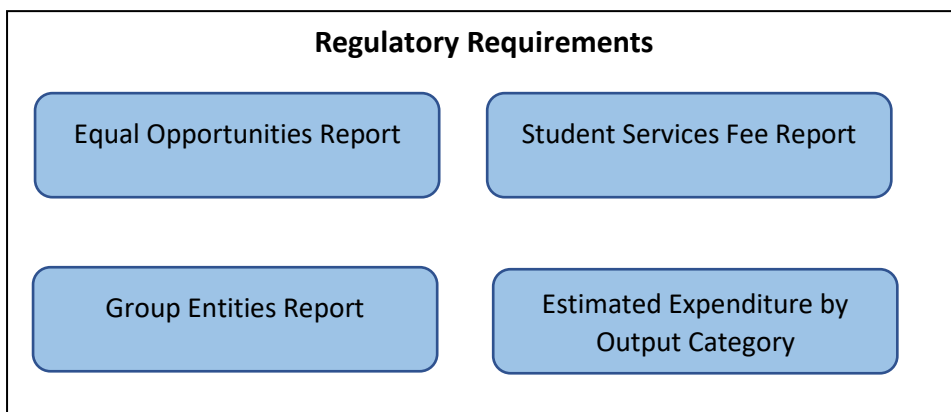
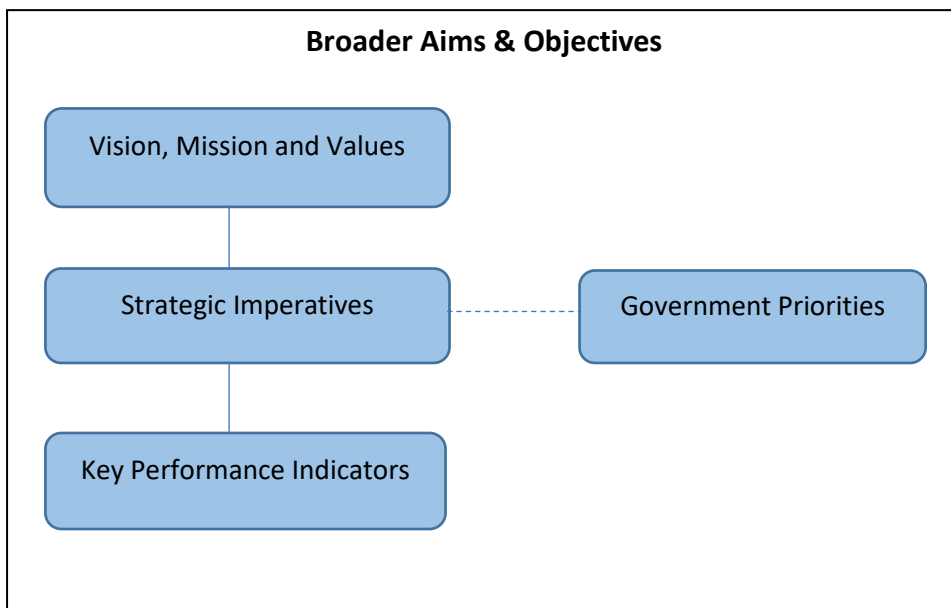
### 3. Governance

As the Service Performance Information is contained in the University Annual Report, the existing governance process in place for the development and publishing of the Annual Report will also apply to the Service Performance Report.

### 4. Framework diagram

The diagram below outlines the key components that drive the development of the University's Service Performance Information. It demonstrates the two key components of (1) the University's Vision, Mission and Values that provide the foundation for setting the Strategic Imperatives and related Key Performance Indicators (KPIs); and (2) the University also has several regulatory reporting requirements which are included within the scope of Service Performance Reporting.

Each component is discussed in this Methodology document.



## 5. Scope of reporting

The University's Service Performance Information is contained within the Service Performance Report.

The University has reported service performance information in prior Annual Reports under the title of the Statement of Service Performance. Where other current standards or reporting requirements still reference specifically the Statement of Service Performance, these requirements are considered to have been met by the Service Performance Report.

## 6. Requirements of Otago's Service Performance Reporting

In undertaking Service Performance Reporting, the University shall<sup>1</sup>:

1. Provide users with:
  - a. Sufficient contextual information to understand what the University intends to achieve in broad terms over the medium to long term and how it goes about this; and
  - b. Information about what the University has done during the reporting period in working towards its broader aims and objectives. *[FRS 48 para 15]*
2. Present its Service Performance Information and its financial statements together in the Annual Report. *[FRS 48 para 6]*
3. Present Service Performance Information for the same entity and same reporting period as the financial statements. *[FRS 48 para 11]*
4. Apply the following qualitative characteristics in the context as described in the Public Benefit Entities' (PBE) Conceptual Framework: Relevance, Faithful Representation, Understandability, Timeliness, Comparability and Verifiability. *[FRS 48 para 7]*
5. Disclose judgements that have the most significant effect on the selection, measurement, aggregation and presentation of service performance information. *[FRS 48 para 44]*
6. Provide comparative information. *[FRS 48 para 37]*

## 7. Approach for developing Service Performance Information

PBE FRS 48 requires an approach for developing Service Performance Information that contains the following attributes:

- The contextual information about an entity's objectives and how it intends to achieve them should be drawn from the entity's founding documents, governance documents and accountability documents. As such, Otago will be drawing this information from the University Vision, Mission, Values and Strategic Imperatives.
- A mixture of quantitative measures, qualitative measures and qualitative descriptions shall be used to provide an appropriate and meaningful mix of performance measures and/ or descriptions for the reporting period.
- Judgement is required in deciding how much information to provide about the current reporting period and also how much information to provide about progress towards the long-term objectives.

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<sup>1</sup> PBE FRS 48 requires the University to comply with the reporting requirements outlined in this section.

- Entities are subject to a range of reporting requirements from different standard bodies, as such the methodology for presenting Service Performance Information needs to be flexible to allow for the different reporting requirements.

It is acknowledged that the University may change the Strategic Imperatives or other governance planning and strategy objectives, however the framework outlined in this Methodology document will continue to apply to the updated governance documents.

## 8. The key components of Otago Service Performance Information

The University's Service Performance Reporting is developed based on the following information:

### 1. Vision and Mission Statement

This provides the broader context as to the University's aims and objectives.

### 2. Strategic Imperatives

This provides context for the Vision and Mission Statement within a set of Strategic Imperatives.

There are currently seven Strategic Imperatives that have been developed with substantial input from the University community and other interested parties. Otago's current lead strategic document, *Strategic Direction to 2020*, has been in effect since August 2013, and is an evolution of the approach taken in the University's two previous lead strategic documents.

It provides a framework for units of the University to use in their own strategic and operational planning. It also provides a focus and structure for other key strategic documents, including key whole-of-University documents such as the Maori Strategic Framework and the Teaching and Learning Plan.

As is currently the case, each Strategic Imperative will be reported against annually in the Annual Report. This includes qualitative and quantitative reporting.

### 3. Alignment with Government Tertiary Priorities

The *Tertiary Education Commission (TEC) Tertiary Education Strategy* identifies the priorities for the tertiary sector.

In recent years there has been a strong synergy between Government priorities for universities and the institution-specific priorities for Otago. This synergy has enabled Otago to respond to the Tertiary Education Commission's goals, objectives and priorities for the sector in a manner which anchors that response in the University's own strategy.

### 4. Key Performance Indicators (KPIs) for Strategic Imperatives

The University Council sets annually, within the Statement of Service Objectives, the Key Performance Indicators (KPIs) for each Strategic Imperative.

The KPIs relating to each Strategic Objective will continue to be reported against in the Service Performance Report.

### 5. Reports required for regulatory requirements

The following reports are required for their respective regulatory requirements:

#### a) Equal Opportunities Report

- Has been prepared in accordance with s220 (2A) of the Education Act 1989, providing a summary of activities related to supporting equal opportunities in education and employment
- b) **Group Entities Report**
- Reports significant entities of the University Group that sit outside the University parent. It is a requirement under IPSAS 1 PBE International Public Sector Accounting Standard 1 Presentation of Financial Statements and assists in linking the Service Performance Reporting to the Group Entity reported in the Financial Statements.
- c) **Student Services Fee Report**
- Has been prepared in accordance with the Education Act 1989 s227A and the Ministerial Direction on Compulsory Student Services Fees for 2019.
- d) **Estimated Expenditure by Output Category**
- Has been prepared in accordance with the Education Act 1989 s227A and the Ministerial Direction on Compulsory Student Services Fees for 2019.
- e) **Estimated Expenditure by Output Category**
- Has been prepared as requested by the Office of the Auditor General

## 9. Qualitative Characteristics

The Qualitative Characteristics outlined in this section refer to the attributes that make the information useful to users and support the achievement of Service Performance Reporting objectives.

The Qualitative Characteristics are a requirement of the PBE FRS 48 Standard.

Otago will apply the following Qualitative Characteristics to its Service Performance Reporting.

### 1. Relevance

Relevance is particularly important in selecting and aggregating service performance information. It is strongly linked with judgements about the materiality of information and the appropriate level of aggregation of information.

The following aggregation's apply to Otago:

- Reporting against the Strategic Imperatives.
  - This allows Otago to report to stakeholders using strategic objectives that have been developed in consultation with those stakeholders including the wider community.
- Reporting by whole-of-University Parent/Group Entity.
  - Due to the cross-functional and inter-related nature of University activities, the most appropriate form of aggregation is at the University level, with a separate report for the most significant entities that comprise the University Group that sit outside the University Parent.

### 2. Faithful Representation

Otago abides by the attributes of providing service performance information that is complete, neutral and free from material error.

- Service performance information will report on both favourable and areas for development, in an unbiased manner.
- The Annual Report development and review process reduces the risk of errors or omission that are individually or collectively material.

### **3. Understandability**

Otago will strive to report service performance information with clarity. This includes ensuring that adequate information is presented to aide stakeholders understanding of the information.

### **4. Timeliness**

Otago publishes the Annual Report in a timely manner each year which ensures the service performance information communicated to stakeholders is useful for their accountability and decision-making purposes.

### **5. Comparability**

Otago will provide comparative information, which in the Annual Report means providing a comparison against the previous years for certain key information. This allows users to view service performance over time periods.

### **6. Verifiability**

Service performance information will be capable of measurement or description in a consistent manner, capable of independent verification and exclude unsubstantiated claims.

- The assumptions underlying the information will be explicit.
- Transparency in the methods adopted in compiling the information and transparency in the factors that support opinions expressed.

## **10. Pervasive constraints**

As acknowledged for entities in the PBE Conceptual Framework, the pervasive constraints on reporting Service Performance Information are materiality, cost-benefit and balance between the qualitative characteristics. Each of these constraints are relevant for Otago in selecting information and the level of detail that can be provided.

## **11. Cross-references**

As per the PBE FRS 48 Standard, paragraphs 33 to 35, cross-reference to information outside of the Annual Report may be performed in the following circumstances:

- A list of cross-referenced information is provided in the service performance report.
- The cross-referenced information is available to users of the service performance information on the same terms as the Annual Report, i.e. publicly available.

## **12. Comparative information**

Otago shall report comparative information for:

- All amounts reported in the current period;



- Where relevant, for the narrative and descriptive information

Where Otago changes what it reports or how it reports its service performance information, it will explain the nature of those changes and their effect on the current period's service performance information. [para 40]

Otago will correct material prior period errors, in the first service performance information authorised for issues after the discovery of the errors, by restating the comparative information for any prior period(s) presented in which the error occurred and will disclose an explanation of the error. In the error relates solely to narrative information, an explanation of the error shall be disclosed. [para 43]

### 13. Disclosure of Judgements

Otago will disclose those judgements that have the most significant effect on the selection, measurement, aggregation and presentation of service performance information. [para 44]