

GASB project – concepts statements – no. 2 (two)

Enhancing usefulness

The following text is adapted from Concepts Statement No. 2: *Service Efforts and Accomplishments Reporting*, Governmental Accounting Standards Board.

ENHANCING THE USEFULNESS OF PERFORMANCE INFORMATION

68. The Board recognizes that there are limitations associated with performance measurement and reporting. The Board believes, however, that some of the limitations can be mitigated, and that, even with the limitations, performance measurement and reporting provides essential information to assist users in assessing accountability and making decisions. The following can be used to overcome the limitations of performance information and to enhance its usefulness:
- a. The uses of performance information and the potential difficulties associated with its use should be clearly communicated. This could include a description of how performance information is a necessary part of the data needed to measure the performance of governmental agencies, departments, programs, and services. Descriptions also could explain that this information is intended to assist users in determining whether goals and objectives are being achieved in terms of efforts, outputs, and outcomes and the efficiency of operations.
 - b. The descriptive information also could be used to comment on the fact that performance measures should be considered in conjunction with explanatory information to help understand why performance is at the reported level and the degree to which the items reported in the explanatory information may have affected the reported results. When surrogate measures are used, an explanation of what would be considered an ideal measure and why it was not used, combined with an explanation of how to interpret the surrogate measure, would be helpful.
 - c. Even with comparative information, there often is not a clear cause-and-effect relationship between the service provided and the resulting outcome. There may be numerous explanatory factors, completely or partially beyond the control of the entity, that also have a significant effect on results. These factors, when identified, should be reported as explanatory information with the performance measures together with an explanation of their possible effect.
 - d. Performance information, even with comparisons and explanatory factors, may not provide sufficient information about why a program or service is performing at the reported level. Therefore, additional information gathered through program evaluations, performance audits, or other means would

help users understand the reasons for a given level of performance. Such information could be provided with the reported performance measures.

- e. Disaggregation of reported performance information by geographical location within a jurisdiction, by operating division or facility within a department, and so forth, may be particularly helpful in enhancing users' ability to understand performance. Disaggregation helps in communicating by providing information at a more meaningful level and by separating variations in performance that may be hidden by aggregated information.
- f. Performance information should include only those measures that are essential to provide a basis for assessing accomplishments or that have potentially significant decision-making or accountability implications. However, it is important to balance this need for conciseness with concern for completeness. If reported performance information is less than comprehensive, the user may be left with gaps in understanding about the results of the service or with an incomplete picture of results. Comprehensive reporting of performance information will also help to prevent the selective reporting of only those measures that provide a positive indication of results. At the same time, the inclusion of too many measures can confuse and overwhelm users.