International Public Sector Accounting Standards Board

Public Sector Conceptual Framework

Project Brief: Collaborative project of the IPSASB and National Standards Setters and similar organizations.
Introduction

When it first actioned its standards setting program, the PSC (subsequently reconstituted as the IPSASB in November 2004) determined that it would initially develop a credible core set of IPSASs, and build its knowledge of concepts in conjunction with the development of specific standards.

Many of the IPSASs currently on issue are based on IASs/IFRSs to the extent that the requirements of the IASs/IFRSs are relevant to the public sector. The current IPSASs therefore draw on concepts and definitions in the IASB Framework with modifications where necessary to address public sector circumstances. The IASB is proposing changes to the concepts and definitions in its Framework as part of a joint project with the Financial Accounting Standards Board of the USA.

The IPSASB is of the view that it is now timely to develop a framework for general purpose financial reporting by public sector entities to make explicit the concepts that underpin financial reporting in the public sector.

At its meeting in Paris in July 2006, the IPSASB met with representatives of a number of National Standards Setters and similar organizations (NSSs) from Argentina, Australia, Canada, France, Israel, Malaysia, Italy, the Netherlands, New Zealand, Spain, South Africa, Switzerland, the United Kingdom and the United States of America to discuss working collaboratively on the development of a public sector conceptual framework. Also participating in the discussion were members and/or staff of the Public Sector Committee of the Fédération des Experts Comptables Européens (FEE), the International Accounting Standards Board (IASB), the Task Force on Harmonization of Public Sector Accounting (TFHPSA) and Eurostat.

At that meeting, it was agreed that the IPSASB would lead a collaborative project to develop a public sector conceptual framework in conjunction with a number of participating NSSs. Accordingly, this project brief was developed in conjunction with the NSS and establishes the major characteristics of the project and the proposed process for its development. As for any long term project, the process is evolutionary and it may be necessary to update and or refine particular components with the benefit of experience. This applies to timing of key milestones and the contents of individual consultation papers. Any comments on this project brief, including the components of the framework, and its proposed authority and scope, or other aspects of the project may be directed to IPSASB staff and will be considered by the IPSASB and/or its sub-committee as the project progresses.

The project will be coordinated by a sub-committee comprising IPSASB and NSS members. A broad based group of NSSs will monitor project development on an ongoing basis. NSS participants will have primary responsibility for preparing first drafts of consultation papers. The subcommittee will review first drafts of consultation papers and other documents developed as part of this project and provide input for their further development. The consultation papers and other documents will then be provided to the IPSASB for review and, approval in accordance with the IPSASB’s due process.

Membership of the subcommittee and monitoring group is included as Attachment 2 of the project brief.

Preliminary work on certain components (for example, objectives and qualitative characteristics, which are common components of most, if not all, frameworks) will commence in early 2007.
BACKGROUND

When it first actioned its standards setting program, the PSC (subsequently reconstituted as the IPSASB in November 2004) determined that it would initially focus on developing a credible core set of IPSASs that could be adopted by those entities seeking guidance on financial reporting issues. This approach was supported by the funders of the standards setting program. It also reflected the approach of many standards setters - that is, to develop their knowledge of concepts in conjunction with the development of standards before formally developing and publishing a Conceptual Framework.

Many concepts, definitions and principles are embedded in specific IPSASs. However, a document which draws together and makes explicit these concepts, definitions and principles, and identifies, explains and tests their interrelationships has not been articulated and issued.

The need for an IPSASB Conceptual Framework has been recognized by IPSASB members and observers, by the IPSASB Consultative Group and by others in the financial reporting community. It is an important component in the literature of standards setters around the world, will reinforce the ongoing credibility of the IPSASB and will support efficient and consistent decision making by the IPSASB.

PROJECT OBJECTIVE

The objective of this project is to develop a Public Sector Conceptual Framework which is applicable to the preparation and presentation of general purpose financial reports of public sector entities, including but not necessarily limited to financial statements and notes thereto. In developing this Conceptual Framework, the IPSASB and its subcommittee will consider the information that may be included within general purpose financial reports in addition to financial statements and notes thereto, and the implications of any such information for each component of the Framework as appropriate.

PROJECT FOCUS

It is intended that the Public Sector Conceptual Framework will be developed primarily for public sector entities other than Government Business Enterprises (GBEs). GBEs are profit seeking entities. As noted in the “Preface to International Public Sector Accounting Standards”, GBEs apply IFRSs issued by the International Accounting Standards Board (IASB) and are therefore subject to the IASB’s “Framework for Preparation and Presentation of Financial Statements” (the IASB Framework).

The operating/performance objectives of profit seeking entities in the private sector focus on sustainable long run profit maximization within operating parameters established by legislation and legal and social norms and, in most cases, with the
objective of being good corporate citizens. However, the performance objectives of GBE’s often also include the achievement of certain non-profit/social policy objectives imposed on them by governments. Their operations are therefore subject to, and conditioned by, the achievement of these service delivery objectives. In the development of the Public Sector Conceptual Framework and the revised IASB Framework, the IPSASB and the IASB will need to consider whether the social policy/service delivery objectives that GBE’s may be subject to will influence the objectives of financial reporting by GBE’s and/or other components of the conceptual Framework that applies to them.

**IPSASB DUE PROCESS**

The IPSASB follows a formal due process for the development of IPSASs. That process involves the preparation and issuance for comment of an exposure draft (ED) that identifies the proposed requirements of an IPSAS and consideration of responses to the ED in the process of finalizing the IPSAS. The due process may also include the issuance of consultation papers prior to the development of an ED.

The development of the Conceptual Framework will be subject to this due process, with consultation papers and an ED of the proposed Framework being developed and issued for comment. Comments received will then be fully considered in the process of finalizing the Framework.

As noted below, the Public Sector Conceptual Framework will be developed as a collaborative project with other national standards setters and similar bodies, which may also have their own due process. Documents developed as part of this project and issued by the IPSASB may also be issued by national bodies be subject to their national due process.

**COLLABORATIVE PROJECT**

The IPSASB will lead the Conceptual Framework project in collaboration with national standards setters and similar authoritative bodies which have responsibility for financial reporting by public sector entities in their jurisdiction (the term NSS is used in this document to encompass all such national standards setters and similar bodies that are party to the collaborative project).

Actioning the development of the Framework as a joint project with a number of NSS in IPSASB member and other jurisdictions provides the opportunity for the development of a substantially harmonized Conceptual Framework across a number of jurisdictions, provides the opportunity for the IPSASB to be informed by the work already undertaken at the national level in many jurisdictions, and has the potential to be a resource efficient mechanism for all that are party to it.

Mechanisms for the development of draft documents, the role of the NSS in the project and the operation of the collaborative process are explored further below.

**RELATIONSHIP OF THE PUBLIC SECTOR FRAMEWORK DEVELOPED BY IPSASB TO THE IASB FRAMEWORK AND FRAMEWORKS IN IPSASB MEMBER JURISDICTIONS**

Many of the IPSASs currently on issue are based on IASs/IFRSs to the extent that the requirements of the IASs/IFRSs are relevant to the public sector. The current IPSASs
therefore draw on concepts and definitions in the IASB Framework with modifications where necessary to address public sector circumstances.

Attachment 1 summarizes the result of a brief survey of IPSASB members (in February 2006) regarding the existence, nature and contents of Frameworks in place in their jurisdictions. It indicates that Frameworks are in place or under development in a number of member jurisdictions. It also indicates that those Frameworks have a similar coverage in respect of scope, nature and content.

While most, if not all, of the components of the IASB Framework are likely to be relevant for the IPSASB’s Framework, the objective of this project is not simply to interpret the IASB Framework for application to the public sector. Rather, the objective is to develop the IPSASB’s own Framework using the work of the IASB and other standards setters as appropriate.

It is then appropriate to consider whether all matters dealt with in the IASB Framework, and the way in which those items are dealt with, is appropriate for the public sector. It is also appropriate to consider whether additional matters such as disclosure of budget information, reporting performance against budget and disclosure of non-financial performance indicators should be included in the IPSASB Framework.

The IASB is proposing changes to the concepts and definitions in its Framework as part of a joint project with the FASB. A group of 4 national standards setters (NSS-4) with public sector responsibilities is currently monitoring the IASB-FASB joint project and preparing papers that draw out implications of proposed amendments to the IASB Framework for not-for-profit entities in the public and private sectors. An IPSASB subcommittee is an observer on that NSS-4 group. The monitoring process has identified that in some cases the current draft changes being proposed to the IASB Framework do not appear to fit well with public sector needs. The collaborative project will draw on the work already done by the NSS-4 group of standards setters as appropriate.

**RESOURCE REQUIREMENTS AND PROJECT DEVELOPMENT**

The development of a Conceptual Framework is a long term project. The original IASC Framework project was commenced in the early eighties with a series of separate projects on, for example, objectives, assets and liabilities. It was then brought together as a Framework project in the mid 1980’s and finalized and issued in 1989.

The current IASB-FASB project was actioned in late 2004 and was originally scheduled for completion in 2010, though the time frame will be modified/extended if necessary during the developmental process. Significant IASB-FASB staff resources and Board meeting time are being allocated to the current project.

The IPSASB Conceptual Framework project is also likely to be resource intensive, in terms of both IPSASB meeting time and member and staff resources. The IPSASB already has a heavy work program and additional projects are being considered for inclusion on the active work program from 2007. A project schedule identifying key milestones in a collaborative Conceptual Framework project is included later in this project brief. It anticipates completion of the Framework in 2011 and its publication.
in 2012. This is a demanding timeframe and will be monitored as the project develops.

The project development process and IPSASB meeting time allocation proposed in this project brief is intended to deliver key outcomes of the project (initial consultation papers, an exposure draft of the proposed Framework and the final Framework) in a timely and efficient manner within the resource capabilities of the IPSASB and of the participating NSS. It envisages that the participating NSS provide staff resources for the project on a “per task” basis, and that the IPSASB:

(a) Allocate one half day of each meeting during 2007, 2008, 2009, 2010 and 2011 as necessary to progress the project. (The IPSASB meets three times a year for 3 to 4 days.);

(b) Use a subcommittee (comprising IPSASB members and members of the NSS) to undertake initial review of papers and other materials being prepared for IPSASB consideration;

(c) Allocate the equivalent of approximately .333 of a full time IPSASB staff member to the project - including the time of the IPSASB Technical Director and other IPSASB staff to oversee development of the project and to work with the subcommittee and NSS staff in the capacity of project co-ordinator. The IPSASB staff will:

• Support the subcommittee chair in co-ordinating materials for subcommittee meetings, in reporting progress to the IPSASB, in providing IPSASB feedback to the subcommittee and to the authors of the consultation papers;
• Raise specific technical matters for consideration by the subcommittee and the IPSASB as appropriate; and
• Assist NSS staff and others in presenting materials to the subcommittee and the IPSASB; and

(d) Make use of additional consultants as the project demands and resources allow.

The IPSASB subcommittee

The IPSASB subcommittee will operate to implement the directions of the IPSASB and to ensure that documents prepared for IPSASB consideration are balanced and identify viable options and approaches to different concepts. In this context, it will undertake initial review of materials being prepared by NSS staff for discussion at IPSASB meetings, and provide input to the further development of those materials as appropriate. The subcommittee will also ensure that papers for IPSASB review are prepared on a timely basis, are circulated to the NSS who are party to the collaborative project as subcommittee or monitoring group members and, through the subcommittee chair, will report to each IPSASB meeting on progress.

The major characteristics of the subcommittee and its operating procedures, including its interaction with the IPSASB and NSS, are outlined below:

(a) Composition of the subcommittee – the subcommittee will be broadly based, representing the wide IPSASB constituency to the extent possible. It will comprise 4 to 5 IPSASB members and representatives of the national standards setters who provide staff resources to lead development of specific components of the project. (Technical advisors to subcommittee members,
including the NSS staff responsible for specific project tasks, will also be welcome to participate.) The subcommittee will be chaired by the IPSASB chair if possible, or other IPSASB member if not. The subcommittee membership is identified at Attachment 2. This is a long term project and membership of the subcommittee may change over time;

(b) Working procedures – the IPSASB will establish broad parameters for each stage of the project based on a key decisions or similar issues paper prepared by an NSS member as agreed. That NSS will then be responsible for preparation of drafts of key documents which will be subject to initial review by the subcommittee. The subcommittee chair and/or the responsible NSS will then present papers, together with subcommittee comments thereon, to each IPSASB meeting. The subcommittee chair will also provide a report on progress on other papers at each IPSASB meeting;

(c) Subcommittee materials – papers for subcommittee review will be developed by an NSS consistent with directions of the IPSASB as per above. All subcommittee papers will also be made available to all IPSASB members and a designated member of other of the participating NSS with an interest to monitor developments. These papers will be made available through the IPSASB web page;

(d) Subcommittee meeting arrangements - the subcommittee will conduct its business primarily by electronic means, but will retain the option of meeting to ensure some discussion occurs on a face to face basis. These meetings may take place at a time convenient for subcommittee members, including immediately before or following each IPSASB meeting. (Travel, accommodation and other costs to be met by subcommittee participants);

(e) Publication of consultation papers, exposure drafts and other materials - the issuance of documents for comment (consultation papers, exposure drafts and/or other documents) will be subject to the usual voting rules of the IPSASB. Once approved by the IPSASB for release at the international level, documents may also be released by the NSS for domestic review together with any contextual commentary considered necessary by the NSS in each jurisdiction.

MATTERS TO BE DEALT WITH IN THE PROJECT

A Framework for the Cash Basis and a Framework For The Accrual Basis

The Framework of the IASB deals with only one basis of accounting – the accrual basis. This approach is reflected in the Frameworks of standards setters in IPSASB member jurisdictions – see Attachment 1. It reflects that those standards setters issue standards for financial reporting under the accrual basis of accounting.

Discussions of the development of a Public Sector Framework by the IPSASB have focused, explicitly or implicitly, on a Framework for preparation and presentation of financial statements under the accrual basis of accounting.

However, the IPSASB has developed a comprehensive Cash Basis IPSAS as well as a series of accrual IPSASs. Therefore it is appropriate that the IPSASB also articulate the conceptual underpinnings of its approach to financial reporting under the cash basis of accounting.
The concepts to be dealt with under a cash basis may not be as extensive as for the accrual basis, and there may be some common components and some common ground. While some concepts will be similar for the cash and accrual Frameworks (for example, notions of the reporting entity and the objectives of financial reporting), others are likely to differ in some respects (for example, elements of financial statements and presentation and disclosure).

In anticipation that the greatest interest and priority of the IPSASB and NSS will be to develop the Framework that underpins the accrual basis of financial reporting, implications of the accrual Framework for, and other conceptual underpinnings of, the cash basis Framework will be developed as the last phase of the project.

As the project develops, the IPSASB may determine to issue its Public Sector Conceptual Framework as one document including both the cash and accrual Frameworks. However, the cash and accrual concepts should be identifiable as stand alone components and concepts for each Framework identified and explained independently. This will facilitate use of the Framework as developed by the IPSASB by those NSS which currently develop standards only under the accrual basis or only under the cash basis.

**Components of the Framework – accrual basis**

As illustrated in Attachment 1, Conceptual Frameworks have been developed and/or are being developed and improved in many jurisdictions currently represented on the IPSASB. In some cases those Frameworks have been developed to apply to public sector entities.

Frameworks in member jurisdictions deal with objectives, qualitative characteristics, assets, liabilities, revenue (currently under development in Canada), expenses, equity/net assets, recognition criteria, measurement bases (descriptive only in Australia) and financial statements (Australia and Canada have requirements outside the Framework). A number, but not all, also deal with characteristics of the reporting entity and the scope of financial reporting. In some jurisdictions, Frameworks may also address concepts of capital and capital maintenance, non-financial performance reporting (service efforts and accomplishments), management analysis and discussion, communication, and accounting for interests in other entities.

The IASB Framework also deals with many of these components: for example it includes consideration of objectives, qualitative characteristics, the elements of financial statements for presentation of financial position and performance (assets, liabilities, equity, expenses, and income, which encompasses revenue and gains), recognition criteria, underlying assumptions of going concern and the accrual basis, measurement bases and capital and capital maintenance. The current review of the IASB Framework includes consideration of the reporting entity, purpose and status/authority of the Framework and presentation and disclosure.

Clearly there is a consensus about the core items that should be dealt with in Conceptual Frameworks: objectives, qualitative characteristics, elements of financial statements (assets, liabilities, revenue, expenses, equity/net assets), recognition criteria, measurement bases, and presentation and disclosure. However, given that users of public and private sector financial statements and certain of their information needs may differ, there may well be some differences in the definition and
consequences of these concepts – for example, whether private sector objectives which focus on use of financial statements as predictors of future cash flows and whether notions of equity/net assets adopted in the private sector are applicable in the public sector will need to be explored and tested as part of the developmental process.

There is also a case for including guidance on the reporting entity and the scope of financial reporting in the public sector within the IPSASB Framework, and for clarifying the purpose and authority of the Framework itself.

**Reporting Entity**

Notions of reporting entity and what may be encompassed within a particular reporting entity, whether at the individual entity or consolidated economic entity level, may be well understood in the private sector and in statistical reporting bases in the public sector. However, they are not as well developed for financial reporting consistent with accounting models in the public sector. In addition, the objectives of statistical reporting models and accounting reporting models differ. Consequently, it may well be that notions of the reporting entity that are appropriate for financial reporting consistent with statistical reporting models will differ from the notions that are appropriate for financial reporting consistent with accounting models. The IPSASB Framework should provide needed guidance in this area.

**Scope of Financial Reporting**

The following matters may well be included within the scope of financial reporting in the public sector, may extend that scope beyond that conventionally considered as applicable to private sector for-profit entities in many jurisdictions and may have implications for such matters as the objectives of financial reporting and the elements of financial reports beyond those elements reflected in financial statements.

**Performance Reporting**

The focus of Conceptual Frameworks for financial reporting by private sector entities is primarily on the disclosure of information about the current financial position and immediate past financial performance of the reporting entity, often as input to better enable users to form views about the likely future financial performance of the entity or economic entity. This is consistent with the objectives of such entities which focus on the delivery of financial returns to stakeholders over the long term. Statistical financial reporting models also focus on the disclosure of the financial characteristics of performance as input for economic analysis and decision making.

Public sector entities operate to achieve service delivery and social policy objectives as well as financial objectives. Assessments of the performance of public sector entities, including their financial performance, cannot be isolated from their achievement of service objectives - this is particularly, but not exclusively, so for non-GBE’s. There is then a strong case that general purpose financial reports intended to discharge the accountability of a public sector reporting entity will encompass not only the financial characteristics of their performance, but also the achievement of their service delivery objectives – that is, disclosure of information about non-financial characteristics of their performance.
Whether disclosures of non-financial characteristics of performance are included within general purpose financial reporting will be considered in the process of developing the Framework. This is likely to encompass consideration of the status and “location” of disclosure of performance indicators and explanatory narrative which may be included as notes to the financial statements or in management discussions and analysis (MDA) or operations review which accompany those financial statements, and which may (or may not) be subject to audit.

**Budget Reporting**

Most governments prepare and issue as public documents, or otherwise make publicly available, their annual financial budgets. The budget documents are widely distributed and promoted. They reflect the financial characteristics of the government’s plans for the forthcoming period and form the basis of financial data used to compile the national accounts of most countries. Monitoring and reporting on budget execution is necessary for ensuring compliance with Parliamentary (or similar) authorization and is the central component of the process that provides for government and parliamentary (or similar) oversight of the financial dimensions of operations. Making budget data publicly available is necessary to enable transparent reporting of the government’s financial intentions and of its use of taxes and other revenues. In many respects, and for many external users, the budget documents are the most important financial statements issued by governments.

Budget reporting models often embrace the notion of commitments. While there is not a generally accepted single definition of this term, it is generally acknowledged as the government’s responsibility for a possible future liability based on a contractual agreement. In many jurisdictions, reporting commitments has had an important role in financial reporting in the public sector.

As part of the process of developing the Public Sector Conceptual Framework it will be necessary to explore and clarify whether presentation of prospective budget data and reporting on budget compliance is within the scope of general purpose financial statements and/or general purpose financial reports in the public sector. In this context, it will be necessary to clearly distinguish between budget formulation and presentation of budget data as GPFSs, and the role of commitment accounting in the Framework.

**Prospective Financial Information and Reporting on the Long Term Sustainability of Government Programs**

Many governments initiate social benefit programs intended to provide benefits to constituents in the future and over the long term. These programs are to be funded by revenues raised from constituents in the future in the form of taxes and government charges, and/or by transfers from other levels of government. The financial consequences of these programs and the resources to be generated in the future to fund them, are unlikely to be adequately captured by concepts of assets, liabilities, revenues and expenses which are constructed to ensure that the economic consequences of past transactions and events can be reported on a reliable and consistent basis in financial statements that are subject to audit.

Profit seeking entities which operate in a competitive environment may make disclosures of prospective financial information based on assumptions about events
that may occur in the future and possible actions the entity may take. However, any
such disclosures are likely to be broad in nature. This is because they may include
commercially sensitive information about future plans and strategies which may
undermine the competitive advantage of an entity and its ability to achieve its profit
objectives, to the detriment of stock holders and other stakeholders.

However, the potential loss of commercial advantage is not a significant factor in
assessing whether such disclosures should be made by public sector entities (other
than GBEs). Disclosure of prospective financial information may be a necessary
adjunct to information recognized in the financial statements consistent with the
objective of financial reporting by such entities. Such disclosure may include financial
information about the long term fiscal sustainability of social benefit programs at
different levels of service delivery.

Governments are already responding to this potential information need of users of
their financial statements. For example, in some jurisdictions government entities are
required to disclose forecasts of long range cash inflows and outflows for major
classes of social benefits, information about the present value of future benefits to be
provided to current and anticipated beneficiaries and key assumptions underlying
those forecasts and estimates. In addition, some governments provide “whole of
government” information useful as input to assessments of the extent to which current
social policies are sustainable in the medium and long term, including the projected
impact of those policies on taxation, debt and the government’s overall financial
condition. Such information may be included in “generational reports” which are
presented as part of the budget process; or as separate reports and papers on projected
revenues, expenses and cash flows under existing policies.

Development of the public sector Framework could usefully include consideration of
whether the disclosure of prospective financial information is included within the
scope of general purpose financial reporting.

Relationship to Concepts in the System of National Accounts (SNA)

Accounting and statistical bases for reporting financial information have different
objectives, focus on different reporting entities and treat some transactions and events
differently. However, they also have many similarities in treatment, deal with similar
transactions and events and in some cases have a similar type of report structure.

The overarching model for financial reporting of data for macroeconomic statistical
analysis is the System of National Accounts, 1993 (1993 SNA). Statistical models of
financial reporting in various jurisdictions around the world are broadly harmonized
with the SNA. Currently, the 1993 SNA is being updated, with the objective of
publishing a revision in 2008. The IPSASB has been contributing to the 2008 update
of the SNA through its involvement in the international Task Force on Harmonization
of Public Sector Accounting (TFHPSA). The mandate of the TFHPSA included
encouraging convergence between accounting and statistical bases of financial
reporting where feasible and desirable. A number of proposed changes to the 2008
SNA will contribute to ongoing convergence of accounting and statistical bases of
financial reporting.
There is then merit in considering the concepts underlying the statistical reporting models, and the potential for convergence therewith, as the IPSASB Framework develops.

**Purpose and Authority of the Framework**

The authority of the Frameworks in IPSASB member jurisdictions differs – see Attachment 1.

The current IASB Framework is of a lesser authority than an IAS or IFRS developed to deal with a specific transaction or event. However, the IASB Framework does guide the selection of accounting policies when an IAS/IFRS has not been established on a particular matter. It is then a relevant source of guidance to management in selecting accounting policies to deal with circumstances not specifically dealt with in an IFRS.

Establishing authoritative requirements for recognition, measurement and disclosure of particular transactions in specific IPSASs will ensure that these requirements are subject to due process. It allows potential differences in legal and institutional conventions in different jurisdictions and different practices and policies to be fully considered in that due process. It will also provide the IPSASB with the opportunity to include appropriate transitional provisions in each IPSAS to respond to practicalities of implementation in different jurisdictions, and thereby ensure that there is an orderly adoption of the IPSAS.

It is therefore intended that the IPSASB Framework have similar authority to that of the current IASB Framework. Such a Framework will be of use to the IPSASB and its subcommittees in guiding decisions and deliberations in the standards setting process, and to users of IPSASs when faced with establishing accounting policies for matters not specifically dealt with by IPSASs.

**DUE PROCESS**

**Consultation Papers and Exposure Drafts**

The IPSASB has initiated a number of its major projects with a consultative document, whether an Invitation to Comment (ITC), Research Report or Study. Similarly, in a number of jurisdictions a discussion paper or series of discussion papers has set the ground work for the development of the Conceptual Framework.

At the international level, the IASB commenced its original Framework project with the issuance of a series of EDs in the early 1980’s. The IASB process for finalization of its Framework is evolving in the light of experience with recent developments including the issue of discussion papers as the first step in the due process, with an exposure draft to draw all the components together at a later stage in the project, and a recent interim agreement to issue chapters of the IASB revised Framework progressively as finalized.

The IPSASB will similarly issue consultation papers of the key components of the Framework, followed by an exposure draft of the full Framework. This will enable it to take advantage of the recent and current development work undertaken in member jurisdictions and by the NSS and IPSASB subcommittee monitoring the IASB developments. Such an approach will build and maintain momentum for the project.
during the early stages of the project, and draw together the individual components in
the final stages of the project.

**Consultation Paper Development**

The components of the Framework are interconnected - decisions about the objectives
and scope of financial reporting will influence the elements of financial statements
and other information which may be included in notes to general purpose financial
statements or as part of general purpose financial reports. There is then a sound
argument that, in principle, consultation papers of all the components should be
developed together and issued for comment prior to the full Framework being issued
as an exposure draft. However, on practical grounds, it is not possible to deal with all
components at the one time. As such, it will be necessary to move forward on some
components of the Framework before others. This will also provide constituents and
the IPSASB and NSS with the opportunity to review and comment on components as
the Framework develops, and for later stages of project development to be informed
by responses to prior consultation papers.

In terms of sequences and groupings it is proposed that the components of the
Framework be grouped as follows – these groupings are based on the expectation that
staff resources will be allocated to the project by the NSS on a task by task basis, and
that the initial focus of the Framework project will be on the concepts underpinning
the accrual basis. Whether or not each component is developed as a separate
Consultation Paper, whether two or more components may be combined or individual
components further broken down, and whether the sequence of paper development
may need to be revised will be considered by the subcommittee as tasks are allocated
to each participating NSS and the development work progresses:

First group of Consultation Papers

(a) Objectives of financial reporting - this Consultation Paper will identify and
justify the objectives of financial reporting by public sector entities. It will
also draw out the relationship of the objectives to information provided by
general purpose financial statements and the wider notion of general purpose
financial reporting. As the draft of the objectives Consultation Paper is
developed, it will be used as the basis for “focus group discussions” and/or
similar public hearings, to facilitate additional input on users and user needs.
Other components of the Framework may also be included in focus group
discussions.

(b) The scope of financial reporting – this Consultation Paper will identify the
matters that may be included within financial reporting in addition to the
financial statements. This paper will explore and make recommendations on
whether such matters as performance reporting, budget disclosures, and
reporting on fiscal sustainability of government programs should form part
of general purpose financial reports and should fall within the mandate of
the IPSASB. This paper could also usefully consider whether, and in what
circumstances, these additional matters would be subject to audit as part of
the general purpose financial report.

(c) Qualitative characteristics of financial information – these are characteristics
that all information included within the general purpose financial reports
will need to possess. This Consultation Paper will identify and explain the
qualitative characteristics and their relationship to each other. Consideration
of the qualitative characteristics will illuminate notions of what will be included in primary financial statements and in notes thereto. This will also guide/influence consideration of the scope of financial reporting and whether financial reporting in the public sector may encompass additional information in supplementary statements and reports.

(d) Characteristics of the reporting entity - this Consultation Paper will explore such matters as the:

- criteria for determining which groups of activities, whether legal or administrative units or other organizational arrangements, are in the nature of reporting entities and should prepare and present financial reports; and
- types of reporting entities for which the IPSASs should be developed.

This component will also explore the basis on which the boundaries of a reporting entity should be established and therefore which assets, liabilities, revenues, expenses and other elements should be reported in the financial statements of a reporting entity.

Second group of Consultation Papers

(e) Definition and recognition of the elements of financial statements – this Consultation Paper will identify and define the elements that are reported in financial statements and the criteria that will need to be satisfied for their recognition. These will include assets, liabilities, revenues, expenses and notions of net assets/equity. They may also include other notions such as gains and losses which are included in the IASB Framework and the Frameworks of many national standards setters.

(f) The consequences of conclusions/recommendations on the scope of financial reporting (considered at consultation paper (b) above) for the elements of general purpose financial reports (in addition to those reflected in the financial statements) and other matters that might be addressed in general purpose financial reports.

Third group of Consultation Papers

(g) Measurement – this Consultation Paper will explore measurement basis that may validly be adopted for the elements that are recognized in the financial statements. It is not intended that the Framework will mandate requirements about the measurement bases to be adopted in specific circumstances. This will be dealt with by individual IPSASs which deal with specific transactions and events and are themselves subject to the full due process. Rather this paper will outline the measurement base(s) that are consistent with the objectives of financial reporting, the qualitative characteristics of financial information and the recognition criteria.

(h) Presentation and disclosure – this Consultation Paper (or series of papers) will deal with the nature and content of the primary financial statements and notes thereto. It may also include consideration of the presentation and audit status of information presented outside financial statements in a general purpose financial report – for example, presentation and disclosure of information about such matters as budget/prospective financial information,
compliance with budgets, and disclosures about the achievement of service objectives in financial reports.

Fourth group of Consultation Papers

(i) Cash Basis Framework – this Consultation Paper will deal with concepts as they apply to the cash basis, noting any differences to the concepts developed for the accrual basis when applied in the cash basis.

This grouping and sequencing of issues largely reflects that being adopted by the IASB in its joint project with the FASB except that the IASB project, at least in terms of the initial project plan proposed that: (a) consultative documents (discussion papers/exposure drafts) dealing with the elements of financial statements be issued before the consideration of the reporting entity; (b) consultative documents dealing with the boundaries of financial reporting be developed after the reporting entity phase of the project; (c) consultative documents dealing with the purpose and status of the Framework be issued towards the end of the project; and (c) does not draw out the additional non-financial performance or budget reporting matters as explicitly as in this brief and does not deal with a Framework for cash basis financial reporting.

The timing of the definition of the reporting entity and initial consideration of the scope (boundaries) of financial reporting in the public sector has been elevated in this plan because:

(a) Notions of the reporting entity are less well developed for financial reporting in the public sector than in the private sector. Consequentially, they may raise issues that need to be considered in the development of the elements of financial statements/financial reporting.

(b) The scope of general purpose financial reporting has the potential to impact on the objectives that financial reporting may reasonably be directed at achieving. Consequentially, the scope and objectives of financial reporting should be developed together during the first phase of the program. Staff of the NSS that are dealing with these components will need to liaise on the development of their respective papers.

A separate Consultation Paper on the purpose and status of the Framework is not included in the above schedule because the proposed status of the Framework is outlined in this project brief (see above), which will itself be made available for comment. However, it is intended that the purpose and status of the Framework will be identified in the composite exposure draft to be issued later in the project process.

The non-financial performance, budget reporting and cash basis Framework issues are specific to, or likely to be of greater significance for, the public sector, and therefore have been highlighted in this brief.

**TIMING AND KEY MILESTONES**

It is anticipated that the Framework will be completed by 2011 and issued in 2012. Key milestones are as follows:

2008 – Consultation Paper(s) dealing with Group 2 components developed and issued. Issue late 2008.

Responses to Group 1 Consultation Paper(s) reviewed and objectives, scope, qualitative characteristics and reporting entity agreed for inclusion in first draft of accrual Framework ED.

2009 – Consultation Paper(s) dealing with Group 3 components developed and issued. Issue late 2009.

Responses to Group 2 consultation papers reviewed and the following agreed for inclusion in first draft of Framework ED:

(a) definition of the elements of general purpose financial statements and criteria for their recognition; and

(b) consideration of other elements of financial reports (in addition to those recognized in financial statements) and criteria for their inclusion in general purpose financial reports.

2010 – Responses to Group 3 consultation paper(s) reviewed and measurement concepts and matters of presentation and disclosure for inclusion in first draft of Framework ED agreed.

Consultation Paper dealing with Group 4 component (Cash Basis Framework) developed and issued late 2010.

Exposure draft of full accrual Framework developed for issue late 2010. (or early 2011).

2011 – Responses to accrual Framework exposure draft reviewed and Framework finalized.

Responses to Cash Basis consultation paper reviewed and exposure draft of cash basis Framework finalized.

2012 – Accrual Framework issued.

Responses to exposure draft of cash basis Framework reviewed and Framework finalized.
### SUMMARY TABLE OF RESULT: SURVEY OF IPSASB MEMBERS RE CONCEPTUAL FRAMEWORKS
### IN THEIR JURISDICTIONS – March 2006

<table>
<thead>
<tr>
<th>Country</th>
<th>ARG</th>
<th>AUS</th>
<th>CAN</th>
<th>FRA</th>
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<th>MAL</th>
<th>MEX</th>
<th>NETH</th>
<th>NZ</th>
<th>NOR</th>
<th>S.AFR</th>
<th>SWIT</th>
<th>UK</th>
<th>USA</th>
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<td>1. In your country is there a conceptual framework (CF) for accounting standards?</td>
<td>Y</td>
<td>Y</td>
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<td>2. If Yes, does it:</td>
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<td>a) apply to public sector?</td>
<td>N</td>
<td>Y</td>
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<td>b) also apply to private sector?</td>
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<td>Y</td>
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<td>Are there separate CFs for the public and private sectors?</td>
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<td>Y</td>
<td>N</td>
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<td>n/a</td>
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<td>3. Are there plans for further developments which impact the public sector? Please attach a brief overview.</td>
<td>Y</td>
<td>Y*</td>
<td>Y</td>
<td>N</td>
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<td>4. Is the CF (A) authoritative or (B) a guide only?</td>
<td>B*</td>
<td>B</td>
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<td>A</td>
<td>DP</td>
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<td>5. Does the CF deal with:</td>
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<td>a) the cash basis?</td>
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<td>Y</td>
<td>b)</td>
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<td>b) the accrual basis?</td>
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<td>6. Does the CF deal with:</td>
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<td>d). Definitions of:</td>
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<td>Other terms (indicate in notes)</td>
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<td>e) Recognition criteria</td>
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<td>f) Measurement bases</td>
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<td>g) Financial statements</td>
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<td>h) Scope of financial reporting</td>
<td>N</td>
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<td>Y</td>
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<td>i) Frequency of presentation</td>
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<td>N</td>
<td>Y</td>
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<td>7. Are other Matters addressed</td>
<td>Y*</td>
<td>Y6</td>
<td>Y</td>
<td>N</td>
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</table>

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Summary Table of result from survey IPSASB members
Public Sector Conceptual Framework Project Brief (December 2006)
In some cases, members provided additional comments on Framework in their country. Those notes are identified below (they only identify notes in English):

**ARG – Argentina (2002 comment)**

The Inter-American Development Bank has requested the National Accounting Office of Argentina to harmonize Argentinean public sector accounting standards with International Public Sector Accounting Standards. The Law of Financial Administration states that the National Accounting Office shall be the body responsible for the issuance of any regulations for the national public sector.

**AUS – Australia (2006 Comment)**

With effect from 1 January 2005, Australia has adopted the International Accounting Standards Board’s (IASB’s) Framework for the Preparation and Presentation of Financial Statements (Framework), modified to include limited additional guidance on not-for-profit entities in the public and private sectors. The Australian Framework applies to entities in both the public and private sectors. As a consequence of issuing an Australian equivalent to the IASB Framework, the following Australian Statements of Accounting Concepts were withdrawn:

- SAC 3 Qualitative Characteristics of Financial Information
- SAC 4 Definition and Recognition of the Elements of Financial Statements

However, the following Statements of Accounting Concepts were retained:

- SAC 1 Definition of the Reporting Entity
- SAC 2 Objective of General Purpose Financial Reporting

SAC 1 was retained because the IASB Framework does not include a concept of a reporting entity. SAC 2 was retained as guidance to amplify the discussion of the objective of financial statements in the IASB Framework.

In relation to Question 4, the concepts in the Australian Framework are not set out as requirements. However, like International Financial Reporting Standards, some Australian Accounting Standards require application of the Framework in specific circumstances. The Australian equivalent to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors outlines a hierarchy to be followed in developing an accounting policy when an Australian Accounting Standard does not specifically address the transaction. The Framework is an integral part of this hierarchy. In addition, the Australian equivalent to IAS 1 Presentation of Financial Statements specifies application of the accrual basis of accounting (except for cash flow information), and describes the accrual basis as recognition of assets, liabilities, equity, income and expenses when they satisfy the definitions and recognition criteria for those financial statement elements in the Framework.

In relation to Question 3, the Australian Framework is incomplete. The Australian Accounting Standards Board (AASB) will monitor the joint project of the IASB and US Financial Accounting Standards Board to complete and update their conceptual frameworks, and will develop a revised Australian Framework in the light of that international project. That revision will apply to entities in both the private and public sectors.
In relation to Question 2, the AASB has yet to decide whether to develop a separate Statement composed of additional guidance for not-for-entities in the public and private sectors, as the UK Accounting Standards Board (ASB) is doing with its Proposed Interpretation for Public Benefit Entities in respect of the ASB’s Statement of Principles for Financial Reporting. The Financial Reporting Council (the federal government body that oversees the AASB) has commissioned research that may lead to consideration of whether the AASB should retain its policy of issuing sector-neutral pronouncements. The outcome of that research has the potential to lead to changes in the content and structure of Australian pronouncements, including the conceptual framework applicable to public sector entities.

Question 6(f) was answered in the negative because, although the Australian Framework (like the IASB Framework) discusses measurement bases, it does so only in a descriptive sense, not normatively.

In relation to Question 7, the Australian Framework (like the IASB Framework) also discusses concepts of capital and capital maintenance.

**CAN – Canada (2006 Comment)**

1) Canada’s conceptual framework for the public sector does not currently include a definition of revenue though a general revenue recognition principle is included in the general standards of financial statement presentation. This gap is currently being addressed with completion scheduled for November 2006.

2) Canada’s conceptual framework for the public sector does not constitute a financial reporting standard, however, where the Public Sector Accounting Handbook is silent on an issue, any proposed solution must be consistent with the conceptual framework if those financial statements are to be described as having been prepared in accordance with GAAP.

3) Canada has a separate financial reporting standard addressing the reporting entity Section PS 1300 Government Reporting Entity.

4) Definitions of ‘Financial Asset’, ‘Non-Financial Asset’ and ‘Tangible Capital Asset’ are also given in the public sector conceptual framework. The first two definitions necessary to providing a key measure of financial performance for Canadian governments – the measure of ‘Net Debt’.

5) The conceptual framework does discuss what information must be portrayed in the financial statements as well as naming those financial statements. However a separate financial reporting standard (Section PS 1200 Financial Statement Presentation) gives the actual directive as to what financial statements should be prepared.

6) Canada’s conceptual framework for the public sector provides discussion on user identification and user information needs. Further, the framework acknowledges the ‘benefit vs. cost’ constraint when complying with standards for example, in considering disclosure of information beyond that required by the standards.
ISRL – ISRAEL (2006 Comment)

In July 2005, the board of directors of the Israel Accounting Standards Board (private sector), approved a decision in respect of fully adoption of all IFRS's in Israel as of the year 2008.

One of the steps towards the adoption of IFRS's was adoption of the International Framework for the Preparation and presentation of Financial Statements in October, 2005.

The Israeli Government Accounting Standards Board (the Israeli GASB) has been established In the End of 2005. One of its mandatory goals is to adopt the International Public Sector Accounting Standards (Copyright 12/2005). As an integral part of the adoption process, the Israeli GASB will adopt a Conceptual Framework after one will be published by the IPSASB.

JAPN – Japan (2006 Comment)

Accounting Standards Board of Japan (ASBJ), the accounting standards setter for private sector entities issued Discussion Paper on Conceptual Framework in July 2004. The DP was developed by Working Group of ASBJ and does not necessarily represent formal view of Board of ASBJ. The DP has been under “field testing” since the issuance. The DP is considered when ASBJ develop or amend standards but DP itself might be revised by the result of this field testing process. ASBJ seems not to finalize the CF project in a few years.

Since ASBJ is the accounting standards setter for private sector entities, the DP may not impact directly on public sector. However, this is the first and only authoritative document regarding CF of accounting standards in Japan. The DP may have impact on public sector to some extent. My answer in this questionnaire is based on my understanding of the DP issued by ASBJ.

The Japanese Institute of CPAs (JICPA) set up a Project Team to discuss CF for the public sector in 2001. However, the PT did not reach consensus in many aspects. Points of discussion during intensive talks in the PT for one and half years were summarized into “Discussions on CF for public sector accounting” in March 2003. The document is open to the public through JICPA website to aim fostering discussions on CF of public sector accounting. It is in my opinion that, the document has not influence so much on developing public sector accounting standards so far. JICPA currently does not have a plan to further develop CF for public sector.

Malaysia (2006 comment)

In Malaysia, there are two accounting standards setters that are:

(i) Malaysian Accounting Standards Board (MASB), the accounting standards setter for private sector entities and

(ii) Public Sector Accounting Standards Committee (PSASC). the accounting standards setter for public sector entities

Summary Table of result from survey IPSASB members
Public Sector Conceptual Framework Project Brief (December 2006)
MASB formulates accounting standards within the framework of accrual basis of accounting whereas PSASC formulates accounting standards within the framework of cash basis of accounting.

MASB is established under the Financial Reporting Act 1997 (the Act) as an independent authority to develop and issue accounting and financial reporting standards in Malaysia.

The MASB, together with the Financial Reporting Foundation (FRF), make up the new framework for financial reporting in Malaysia. This new framework comprises an independent standard-setting structure with representation from all relevant parties in the standard-setting process, including preparers, users, regulators and the accountancy profession.

The Public Sector Accounting Standards Committee is established in the year 1992 in order to enhance accountability and improve standards of government financial reporting. Public Sector Accounting Standards Committee is responsible for issuing of Government Accounting Standards (GAS) in Malaysia. Public Sector Accounting Standards applies to Federal Government and all States Governments.

MEX – Mexico (2002 comment)

The legislation applicable to the Superior Audit Institution was changed a few months ago. It establishes that the Superior Audit Institution will have the responsibility for issuing (or at least approving) accounting standards for the public sector. The current private sector statement of concepts does not apply to the public sector.

NETH – The Netherlands

Public sector:


Consequently, there is not one overriding conceptual framework for financial reporting by all Dutch public sector entities. There is, however, one conceptual framework in the public sector: the accounting standards developed by the Ministry of Internal Affairs for the provinces and municipalities are based on a conceptual framework. I answered the questions in the survey table for this conceptual framework.

Other Matters addressed: Apart from the items mentioned in the table, this conceptual framework gives a brief guidance on the budget and the operating and financial review.
Companies and non-profit organizations:

The Dutch Accounting Standards Board (DASB) develops accounting standards for non-listed companies and non-profit organizations. The DASB developed a conceptual framework for these accounting standards.

Listed companies follow IFRS, as all listed companies in the European Union do.

NZ – New Zealand (2006)

*The Conceptual Framework is authoritative but not legally enforceable.

Up until the decision to adopt IFRS New Zealand had in place a single concepts statement - New Zealand’s Statement of Concepts for General Purpose Financial Reporting. This was issued in 1993 and some minor amendments were made in 2001.

In 2004 New Zealand adopted IFRS. New Zealand equivalents to IFRS are mandatory for reporting periods commencing on or after 1 January 2007, with early application permitted from 1 January 2005.

New Zealand has adopted the IASB Framework as the New Zealand Equivalent to the IASB Framework for the Preparation of Financial Statements. This Framework will supercede the Statement of Concepts and is applicable by all entities adopting the New Zealand equivalents to IFRS.

The NZ Framework is based on the IASB Framework. The NZ Framework is an essential component of New Zealand financial reporting pronouncements as it establishes definitions and recognition criteria that are applied in other pronouncements.

The IASB Framework was developed for application by profit-oriented entities. The NZ Framework includes material additional to that in the IASB Framework to ensure that it can be applied by all reporting entities required to prepare general purpose financial statements that comply with generally accepted accounting practice in New Zealand. In order to preserve the integrity of the IASB Framework and to enable this NZ Framework to be readily updated for future revisions of the IASB Framework, changes to the text of the IASB Framework have been minimized.

In adopting the IASB Framework for application as the NZ Framework, the following changes have been made.

(a) The discussion in paragraphs 1-4 has been revised to reflect the purpose of the proposed NZ Framework and the role of the FRSB (paragraphs NZ 4.1 to NZ 4.4).

(b) The description of a complete set of financial statements has been amended for consistency with NZ IAS 1 Presentation of Financial Statements (paragraph 7).

(c) A discussion acknowledging the role of non-financial and supplementary information has been included (paragraph NZ 7.1).

(d) Additional paragraphs have been inserted to acknowledge the range of entities that are required to prepare general purpose financial statements (paragraphs NZ 8.1 to NZ 8.3).
A discussion of two additional users of financial statements (funders or financial supporters, and elected or appointed representatives) has been inserted (paragraph NZ 9.1).

A discussion of the role of financial statements in demonstrating accountability has been included (paragraphs NZ 14.1 and NZ 14.2).

A discussion of various types of non-financial and supplementary information has been included (paragraphs NZ 20.1 to NZ 20.8).

Additional guidance for public benefit entities in respect of materiality has been inserted (paragraph NZ 30.1).

An additional paragraph discussing “future economic benefits” and “service potential” has been inserted (paragraph NZ 49.1).

Additional guidance has been inserted stating that in the context of public benefit entities, references to contributions from (or distributions to) equity participants should be read as contributions from (or distributions to) equity holders acting in their capacity as equity holders (paragraph NZ 70.1).

A brief discussion of the elements of non-financial statements has been included. The NZ Framework requires that the quality of the information presented in non-financial and supplementary information should be considered with regard to the qualitative characteristics and constraints on those qualitative characteristics discussed in paragraphs 24 to 45 of the Framework (paragraphs NZ 101.1 to NZ 101.3).

A brief rationale for the New Zealand specific sections has been included as an Appendix.

Projects to revise the Framework

The NZ FRSB is actively monitoring the IASB project to revise the Framework. New Zealand Institute staff are on IASB-FASB project team revising the Framework.

In addition the FRSB is monitoring the project to review the revised IASB Framework from a public sector perspective. The FRSB plans to work with standard setters from other jurisdictions and expects that this work will assist the FRSB in considering what approach to take to the adapting the revised IASB framework for application to public benefit entities in New Zealand.

NOR – Norway (2006 Comment)

Norway has a set of codified basic accounting principles for private sector that have many similarities to a CF. The responses are based on the basic principles. The principles have previously been implicit used as basis for issuing accounting standards, but were explicit stated in the new accounting act from 1999.

SWIT – Switzerland (2006 Comment)

The Swiss Foundation for accounting and reporting recommendations, the issuer of Swiss GAAP FER, has issued a conceptual framework with an effective date of 01 January 2006. This framework, as well as the standards, is only applicable for private sector companies. It is only authoritative for companies applying Swiss GAAP FER.
There are currently discussions between the various stakeholders, whether a Swiss Public Sector Accounting Standard should be developed. While larger entities like the federal government, large states and cities have decided to apply the IPSASs, it remains unclear whether a national standard could prove to be helpful for the numerous small and very small entities. A draft project brief suggests to initiate such a potential project with the development of a conceptual framework.

SAFR – South Africa (2006 comment)

The South African conceptual framework applicable to the private sector is based on the International Accounting Standards Board’s Framework for the Preparation and Presentation of Financial Statements. The South African Public Sector Accounting Standards Board’s Framework for the Preparation and Presentation of Financial Statements is based on the private sector framework, but has been updated to reflect the public sector perspective.

South Africa’s conceptual framework for the public sector does not constitute a financial reporting standard, however, where no financial reporting standard exists on an issue, any proposed solution must be consistent with the conceptual framework if those financial statements are to be described as having been prepared in accordance with GRAP.

As with IFRS, the reporting entity has not been addressed.

We are monitoring developments at the IASB and will make the necessary public sector amendments when the IASB project is finalized.

UK – United Kingdom (2006 Comment)

In 1999 the UK Accounting Standards Board issued its Statement of Principles for Financial Reporting. This applies straightforwardly to the private sector, and has substantially influenced UK public sector standard setting.

The UK ASB has developed, but has not issued in final form, guidance on how the private sector Statement of Principles should be applied to non-profit or ‘public benefit’ entities. After a discussion paper released in 2003, a full exposure draft “Statement of Principles for Financial Reporting: Proposed Interpretation for Public Benefit Entities” was issued for comment in August 2005.

The Statement of Principles is authoritative for the private sector inasmuch as it sets out principles which must be considered in the development of UK GAAP. Its status will need to be reviewed in the light of adoption of or convergence with IFRS in the UK jurisdiction. As of 2006, the Statement of Principles remains extremely influential for public sector standard setters, particularly as financial reporting for central government is required to have due regard to UK GAAP.

In addition to the points listed, the Statement of Principles also considers accounting for interests in other entities.

US – United States of America (2006 comment)

There are two bodies responsible for public sector accounting standards – the Federal Accounting Standards Advisory Board (FASAB), which issues concepts and
standards for the federal government and its agencies, and the Governmental Accounting Standards Board (GASB), which issues concepts and standards for state and local governments and their agencies. FASAB has issued three Statements of Federal Financial Accounting Concepts (SFFAC) whilst GASB has issued three Concepts Statements.

*GASB’s current work program includes two conceptual framework projects, one on financial statements elements and one on recognition and measurement attributes. FASAB is currently requesting comments on its proposed work plan, which includes a project to develop a concepts statement on the elements of financial statements.

**Both the FASAB’s and the GASB’s concepts statements are considered to be “other accounting literature” in the authoritative hierarchy.

***Would have application to the cash basis to the extent that encompasses a cash flow statement.

In developing the elements concepts, the GASB is proposing definitions for inflows and outflows that will encompass multiple measurement focuses and deferral accounts. Deliberations on the recognition and measurement attribute concepts are scheduled to being the fourth quarter of 2006.

The statements currently on issue are:
SFFAC 1 Objectives of Federal Financial Reporting;
SFFAC 2 Entity and Display;
SFFAC 3 Management’s Analysis and Discussion – Concepts;
GASB Concepts Statement No. 1 Objectives of Financial Reporting;
GASB Concepts Statement No. 2 Service Efforts and Accomplishments Reporting; and
### Conceptual Framework Subcommittee

#### Proposed Membership (updated June 2007)

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#### Monitoring Group

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Conceptual Framework Subcommittee
Public Sector Conceptual Framework Project Brief (December 2006)