

June 10, 2011

Technical Director
International Public Sector Accounting Standards Board
International Federation of Accountants
277 Wellington Street West
Toronto, Ontario M5V 3H2 CANADA

**Re: PSAB Board Comments on Exposure Draft (CF-ED1)
“Conceptual Framework for General Purpose Financial Reporting by
Public Sector Entities:**

- **Role, Authority and Scope;**
- **Objectives and Users;**
- **Qualitative Characteristics; and**
- **Reporting Entity”**

Thank you for the opportunity to provide input on the proposals in this Exposure Draft (CF-ED1). The PSAB Board received all of the IPSASB conceptual framework documents for comment issued in December 2010 and had a high level discussion of their contents at its March 2011 meeting. The Board is not in a position to comment on all aspects of those documents as its own conceptual framework project is in its preliminary stages. However, PSAB members feel that it is crucial that the nature of accountability as the primary driver for financial reporting in the public sector be further developed and emphasized in the IPSASB conceptual framework.

The case for accountability as an overriding objective for public sector financial reporting must be made and it must be made strongly. Accountability must be described, its importance explained and supported and its implications for public sector financial reporting set out for scrutiny. The text of CF-ED1 does not do this now. Yet the inclusion of compelling text on accountability is fundamental to crafting a conceptual framework that is tailored to the needs of the users of public sector financial reports. A similar weakness downplays accountability in the current Canadian framework and it will be addressed in PSAB’s current project, *Concepts Underlying Financial Performance*.

Accountability is greater than stewardship. Accountability is the obligation of a public sector entity to account for its activities, accept responsibility for them, and to disclose the results in a transparent

manner. It also includes the responsibility for and stewardship of, public money and other entrusted public resources.

The nature of accountability as a financial reporting objective in the public sector and its implications for financial reporting needed to be explored in more detail and given a higher profile in the IPSASB conceptual framework.

The Board is very supportive of the IPSASB conceptual framework initiative and we appreciate the opportunity to provide input.

Sincerely,



Nigel Bellchamber
Chair
Public Sector Accounting Board

Cc: Members of the Public Sector Accounting Board
Past Chair, Public Sector Accounting Board