

Dear Sirs,

Our reference number: A 3.063.634

Concerns: IFAC Exposure Draft 24 – Financial Reporting Under the Cash Basis of Accounting – Disclosure Requirements for Recipients of External Assistance;

Please find hereafter the comments on the Exposure Draft 24. **Those comments are not the official point of view of the Belgian Court of Audit.**

1. Is the definition of external assistance (paragraph 5) sufficiently broad?

External assistance is being defined as “all official resources which the recipient can use or otherwise benefit from in pursuit of its objectives’, the terms *official resources* meaning, in this instance, “all loans, grants, technical assistance, guarantees or other assistance provided or committed under a binding agreement by multilateral external assistance agencies or by authorities or government agencies, including bilateral external assistance agencies, at their own risk and responsibility”.

This definition of external assistance by authorities is sufficiently broad.

2. Should other sources of assistance, such as assistance provided by NGOs, also be included in the definition of “external assistance”?

The assistance provided by NGOs is often also regarded as a form of external assistance.

If the assistance provided by NGOs should be incorporated into the definition of external assistance, it should still be possible to make, at any time, a distinction between the assistance provided by authorities and assistance provided by NGOs (at least in the disclosures).

3. Should the exposure draft specify the categories of external assistance (paragraphs 13-15) or only require the disclosure of external assistance by “major classes” without further specification?

A distinction is operated between the following classes of external assistance:

- Development assistance;
- Trade finance;
- Emergency assistance;
- Military assistance;
- Balance of payments assistance; and
- Other assistance.

It would be useful that the exposure draft defines these different classes. This subdivision should be regarded as a minimal requirement. Should

the concerned entity consider it convenient to further break down a subdivision, this operation must always be possible.

4. What do you think of the proposal to disclose the balance of, and changes in, undrawn external assistance (paragraph 24)?

This seems indeed to be a good manner to grasp in an orderly fashion the evolution of external assistance.

5. What do you think of the proposal to disclose the terms and conditions of external assistance agreements (paragraphs 26-28), and any non-compliance (paragraph 36)?

It is certainly instructive to have at all times detailed information available on the contractual terms and conditions relating to obtaining external assistance, but such is not really relevant.

It is only if uncertainty should prevail as to assistance because certain contractual terms and conditions cannot be abided by that it would be necessary to specify this in the disclosures.

6. Are the proposals in paragraph 44 appropriate (a) to disclose the fair value of non-cash goods-in-kind; and (b) to base this fair value on the prices of equivalent goods or services in the recipient country?

Supplying disclosure on goods-in-kind provides a more complete picture of assistance.

However, it seems convenient to base the actual value in the first instance on international market prices and not so much on the prices of comparable goods and services in the recipient country. For example, in the case of food aid, the scarcity on the recipient country's market impacts the price of food, yet does not necessary affect international market prices. Consequently, these prices constitute a more objective foundation for assessment (in order to avoid manipulation).

7. Are the proposed disclosures appropriate? Which disclosures are excessive? Which disclosures are lacking?

The proposed disclosures are appropriate.

8. (a) Is a transition period of two years (paragraph 54) sufficient to apply this IPSAS? Or is a longer transitional period necessary? (b) Can the requirement to disclose comparative figures during the first year be left out?

A two year transitional period constitutes a reasonable time. Comparative figures that are unavailable cannot yet be included.

However, it is to be recommended to also provide, as far as possible, comparative information during the transitional period.

Sincerely,

