



À Paris, le 19 AVR. 2012

**Comité consultatif sur la normalisation des comptes publics/
Advisory Committee on Public Sector Accounting Standards**

Le Président/the Chairman

Objet : IPSAS Board Consultation Paper on « Reporting Service Performance Information »

I am writing on behalf of the French Court of Audit Advisory Committee on Accounting Standards to express its views on the IPSASB Consultation Paper on “*Reporting Service Performance Information*”. The Committee reflects the Court position on accounting standards for the whole General Government Sector (Central Government, Social Security Funds and Local Governments).

As a preliminary remark, we would like to stress that in our opinion an Accounting Board should give absolute priority to the issuance of accounting standards. To this respect, we draw the attention on the current gap expectations relating to the IPSASB outputs, in particular the lack of standards relating to social benefits or public sector specific intangible assets.

We nevertheless decided to provide you with our reply given our interest in the subject and our experience in auditing the Central Government annual performance reports: each year, in addition to the certification of the Central Government Financial Statements and the Social Security General Scheme Financial Statements, we carry out an audit the Statement of the Central Government Budget execution in which annual performance reports are included. Our related report to the Parliament is available on the Cour des comptes website.

In this context, the Court has gained expertise on auditing performance reporting and strives in France for improving it. In November 2011, the Court took the opportunity of the 10th anniversary of the 2001 law which makes compulsory the performance reporting at the Central Government level to publish a global assessment with recommendations aiming at further improvements (the November 2011 report is available on the Cour des comptes website, with *inter alia* observations on performance indicators).

Preliminary View 1: So far, we understand that the IPSASB has not defined the term “*Financial Reporting*” and « *General Purpose Financial Report* ». This makes it difficult to give an opinion on this PV1. As stated in our reply to the ED on the Conceptual Framework Phase 1, the Court of Audit has no objection in essence as regards the scope of “*financial reporting*” as it willingly agrees that financial information clearly extends beyond financial information. However, the term “*GPF*” should be defined before asking whether performance information should be included or no. At this stage and pending further clarification, we emphasize that service

performance information may include non financial information. With respect to the term “*General Purpose*”, we would like to recall our previous observation (made in the reply to the ED on Conceptual Framework phase 1): the statement made by the IPSASB in its ED phase 1 in & 1.3 (“*GPFs are financial reports intended to meet the information needs of users who are unable to require the preparation of financial reports to meet their specific information needs*”) does not make sense to us (as explained in our response, in a democracy, government officials are required to report to citizens or to their representatives; in that sense, the Parliament or the legislature not only is “able to require the preparation of financial reports” but this is a legal obligation.

Preliminary View 2: It may be indeed appropriate to develop a standardized service performance information terminology. However, the proposed terminology and working definition would not work in the French context and therefore guidance on this base would not be suitable (the definitions we use can be found on the Ministry of Budget website).

Preliminary View 3: while being in agreement with the components mentioned in PV3, we consider that it is not up to the IPSASB to determine the list of components to be reported. It is rather the role of the Parliament or legislative body.

Preliminary View 4: We do not agree. The Qualitative Characteristics relate to the financial statements, not to service performance information, even if some principles (such as relevance or, as regards pervasive constraints, the cost-benefit constraint) are valid in both cases (Financial Statements and Performance Information). Please refer to our response to the ED on Conceptual Framework phase 1 – Qualitative Characteristics.

Specific Matter for Comment 1: We would suggest that the IPSASB consider an alternative option consisting in issuing a comparative study between jurisdictions having implemented reporting on service information with some general guidelines. We do not favor the publication of a non-authoritative guidance and we do not agree with an authoritative guidance.

Specific Matter for Comment 2: We agree (the project should not identify specific indicators).

Specific Matter for Comment 3: As stated above, we consider that the key terminology “GPF” should be defined. Without definition, we are not in a position to reply.

Specific Matter for Comment 4: We consider that there is an excessive focus on the “client” or service recipient at expenses of the other users, namely citizens and tax-payers. As a result, all relevant dimensions are not identified.

Specific Matter for Comment 5: Consistent with our previous position, we consider that it is up to the legislative body or to the reporting entity (and not to the IPSASB) to determine in which report should be included the performance reporting.


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