



June 8, 2012

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

Dear Stephenie Fox:

**RE: Consultation Paper Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities: Presentation in General Purpose Financial Reports**

Thank you for the opportunity to comment on the consultation paper (CP) titled “Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities: Presentation in General Purpose Financial Reports.” The views expressed in this letter reflect the views of the Government of the Province of British Columbia.

The Summary Financial Statements of the Province are prepared in accordance with Canadian Public Sector Accounting Board (PSAB) standards. We have a particular interest in the development of IPSASB’s guidance as it may influence future PSAB standards.

The consultation paper states that IPSASB will not make a decision on whether to issue an umbrella or integrated exposure draft of the full Conceptual Framework until work on the individual phases are further advanced. We support the issuance of an integrated exposure draft that links the various phases of the Conceptual Framework project before a final standard is issued.

General Purpose Financial Statements (GPFS) provide historical accounting information. Performance Reporting, Statistical Reporting and the other types of Reporting (PRS) proposed by IPSASB to be included in IPSASs under the conceptual framework of general purpose financial reporting would include information that is inconsistent with the purpose of GPFS, such as future oriented information, statistics, and non-financial performance reporting. Attempting to serve the requirements of both GPFS and PRS in the same conceptual framework may compromise the objectives of both because the requirements of each set of constituents are different from each other.

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IPSASB should evaluate the direction the Conceptual Framework project is taking and ensure that the IPSAS set of accounting standards focus solely on the accounting principles related to GPFS. Recommendations related to PRS should be included in guidance separate from IPSASs. Extending the conceptual framework to include PRS objectives would compromise the reliability of GPFS because PRS includes future orientated information as well as non-financial performance reporting that is inconsistent with the fundamental principles of GPFS, which are based on past transactions and events.

GPFS represent one of the main accountability documents of governments. A key component of all the information contained in GPFS is that it is focussed on reporting on past transactions, contracts that were entered into on or before the financial statement date, and other events that occurred in the past. The IPSAS body of guidance should focus on providing IPSASs that support the preparation of GPFS and provide accountability for transactions, contracts and events that occurred on or before the financial statement date.

There is a role for information reporting recommendations that go beyond the requirements of GPFS. These additional reporting recommendations could provide guidance on such topics as:

- the sustainability of a government's spending practices;
- performance reporting; and
- asset condition reporting.

These reports could be supported by a conceptual framework; however, that conceptual framework must be separate from the conceptual framework that supports the preparation of GPFS.

The Canadian practice is to publish guidance as Statements of Recommended Practice (SORPs) that are separate and distinct from Canadian public sector generally accepted accounting principles (GAAP).

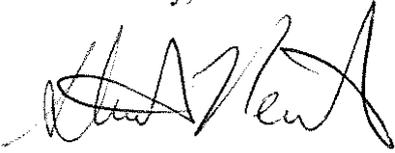
Initially the guidance for Canadian SORPs was contained in the same body of guidance as Canadian GAAP; however, after consultation with preparers and users, the Canadian Public Sector Accounting Board transferred Canadian SORPs to a separate body of SORP guidance.

Bodies that publish recommended practices for PRSs already exist. In Canada, the CCAF is such a body ([www.ccaf-fcvi.com/](http://www.ccaf-fcvi.com/)). Consideration should be given to collaborating with these bodies so that a uniform and consistent body of supplementary reporting guidance is made available to all public sector entities. Guidance related to supplementary reporting should not be constrained solely by the biases of accounting and its reporting requirements.

IPSASB should initiate a project on the presentation and disclosures associated with GPFS before proceeding with a project on presentation in general purpose financial reports. Such a project would enhance the quality of GPFS by ensuring there is consistency of financial reporting and disclosure requirements between the IPSAS conceptual framework and the various IPSASs.

Responses to specific questions posed in the consultation paper are attached. Should IPSASB have any comments or questions, please contact me at 250-387-6692 or by e-mail: [Stuart.Newton@gov.bc.ca](mailto:Stuart.Newton@gov.bc.ca), or Carl Fischer, Executive Director, Financial Reporting and Advisory Services Branch, at 250-356-9272 or by e-mail: [Carl.Fischer@gov.bc.ca](mailto:Carl.Fischer@gov.bc.ca).

On behalf of the Government of British Columbia,  
Sincerely,

A handwritten signature in black ink, appearing to read 'Stuart Newton', written in a cursive style.

Stuart Newton  
Comptroller General

Encl.

cc: Peter Milburn, Deputy Minister  
Ministry of Finance

Sabine Feulgen, Deputy Secretary to the Treasury Board  
Ministry of Finance

Jim Hopkins, Assistant Deputy Minister  
Ministry of Finance

Carl Fischer, Executive Director  
Financial Reporting and Advisory Services  
Office of the Comptroller General

**Specific Matter for Comment 1 (See paragraphs 2.1 to 2.18)**

With respect to the descriptions of “presentation” “display”, “disclosure”, “core information”, and “supporting information”, and the proposed relationships between these terms:

- (a) Do you agree that the proposed descriptions and relationships are appropriate and adequate?
- (b) Do you agree that identification of core and supporting information for GPFRs should be made at a standards level rather than as part of the Conceptual Framework?

International Public Sector Accounting Standards for GPFS should be distinct from the Statements of Recommended Practice related to performance reporting, statistical reporting and the other types of reporting (PRS). This project should be replaced with a project that focuses on presentation in GPFS.

**Specific Matter for Comment 2 (See paragraphs 3.1 to 3.12)**

With respect to the IPSASB’s approach to presentation of information:

- (a) Do you agree with the development of presentation concepts that can be adopted for the more comprehensive scope of GPFRs including, but not restricted to, financial statements?

Presentation concepts should be developed for PRSs. However, IPSASB should adopt the Canadian practice and develop a separate body of guidance for supplementary reporting that is distinct from IPSASs.

- (b) Do you agree with the approach of (i) focusing on user needs to identify presentation objectives, (ii) application of the qualitative characteristics (QCs) to presentation decisions, and (iii) separate presentation concepts?

The IPSAS conceptual framework of GPFS must be distinct and separate from the conceptual framework of supplementary reports. The proposed approach could be used for both a GPFS conceptual framework and a distinct conceptual framework for supplementary reporting.

**Specific Matter for Comment 3 (See paragraphs 4.1 to 4.5)**

This CP discusses the importance of developing presentation objectives as part of standard setting.

- (a) Do you agree that presentation objectives should be developed?

Presentation objectives should be developed; however, there should be separate presentation objectives for GPFS contained in IPSASs and a distinct set of supplementary reporting objectives contained in a separate set of recommendations for PRSs.

**(b) If so, in your view, should they be developed at a standards level, or as part of the Conceptual Framework?**

Prior to making this determination, IPSASB should undertake a project on the presentation and disclosures associated with GPFS that are already included in IPSASs. Such a project would provide the background necessary to determine whether presentation objectives should be developed at a standards level or as part of the Conceptual Framework.

**Specific Matter for Comment 4 (See paragraphs 6.1 to 6.27)**

**This CP proposes three presentation concepts. Please provide your views on these concepts, in particular whether:**

- (a) Any of these concepts should be excluded from the Conceptual Framework; and**
- (b) The description of each concept could be improved and, if so, indicate how.**

The three presentation concepts are supported; however, GPFS presentation objectives should be distinct and separate from the presentation concepts of supplementary reporting.

**Specific Matter for Comment 5 (See paragraphs 6.1 to 6.27)**

**In addition to the three concepts proposed in Section 6, please provide your views on:**

- (a) Whether there are further concepts that should be included in the Conceptual Framework; and**
- (b) What those further concepts should be.**

No comment on this question.

**Specific Matter for Comment 6 (See paragraphs 6.12, 6.17, 6.24, and 6.27)**

**Each presentation concept refers to the possibility of developing criteria to determine the presentation techniques to be used in setting accounting standards. Please provide:**

- (a) Your views on whether it would be useful and workable for the IPSASB to apply such techniques; and**
- (b) Any suggestions you have for developing these techniques.**

Feedback on the presentation techniques to be used in setting accounting standards will be provided once a draft of those standards has been issued for public comment.