

March 27, 2009

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

Dear Sir,

I take pleasure in submitting to you the comments of the Direction générale des finances municipales in the ministère des Affaires municipales, des Régions et de l'Occupation du territoire on the Consultation Paper entitled *Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities*.

The scope of the document is very broad. Aside from general purpose financial statements, the document also covers prospective financial information and non-financial information. Paragraph 1.15 mentions that “[g]eneral purpose financial statements may comprise historical information, prospective information or both historical and prospective information.” It is acknowledged that financial reporting may contain both general purpose financial statements (or special purpose financial reports, as the case may be) and other information. However, only financial statements prepared according to generally accepted accounting principles must bear the indication “general purpose.” In fact, other information is not subject to standards and must not be, in our view, as you mention in paragraph 3.21.

Ideally, a conceptual framework should only cover general purpose financial statements. To avoid any confusion, we believe that the document warrants being divided in order to examine in a separate document prospective financial information and non-financial information.

The document uses the expression “comptabilité d’engagement” as the French translation of the expression “accrual basis accounting” in the English version of the document. The expression “comptabilité d’exercice” should be used instead. The notion of commitment, which is the English translation of the French word “engagement”, refers to accounting systems that allow, for the purposes of budgetary oversight, to remove from the budget the amount of future expenditures as soon as they are committed through the signing of a contract or the issuing of a purchase order, i.e. before their realization and accounting for them in the prescribed way for the purposes of presenting financial information according to accrual basis accounting.

In the second-to-last bullet in paragraph 2.14, the term “sagesse” should be replaced by “pertinence” in the French version of the Consultation Paper.

Paragraph 4.41,<sup>1</sup> which refers to the IASB Framework, strikes us as noteworthy since it distinguishes between fundamental (relevance and faithful representation) and enhancing qualitative characteristics. By thus prioritizing certain characteristics, this approach facilitates the assessment of the right balance struck between the characteristics.

Section 5 focuses on the reporting entity and the criteria for the inclusion of other entities for consolidation purposes. The approach advocated, which centres on two basic criteria, i.e. the power criterion and the benefit or financial burden/loss criterion, strikes us as promising. The section proposes an interesting perspective likely to facilitate in many instances decisions on whether or not to include other entities in the reporting entity. However, in our opinion, everything directly or indirectly related to this important topic warrants to be covered in a separate document on the reporting entity.

Generally speaking, the notions presented in the document are put forward in a clear, understandable manner. However, the document contains numerous redundancies, which the authors probably use to underscore the notions examined. This results in a very long document that may discourage many readers. The document should present a concise, overall picture and avoid unduly repeating the notions that have already been presented beforehand.

Should you require additional information, please do not hesitate to contact Claude Brochet, CA, at 418-691-2015, extension 3815, or Yvon Bouchard, CA, at 418-691-2015, extension 3812.

Yours truly,

Jean Monfet  
Director  
Ministère des Affaires municipales, des Régions et de l'Occupation du territoire  
Québec, Canada

cc: Tim Beauchamp  
Director  
Public Sector Accounting  
Canadian Institute of Chartered Accountants

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<sup>1</sup> There is a misprint in the third bullet in paragraph 4.41: “en tant sur” should read “en tant que.”