AUG 30 2011

The Technical Director
International Public Sector Accounting Standards Board
International Federation of Accountants
277 Wellington Street West, 6th Floor
Toronto, Ontario
M5V 3H2

Dear Sir/Madam:

Re: Exposure Draft: Key Characteristics of the Public Sector with Potential Implications for Financial Reporting

Thank you for the opportunity to comment on the Exposure Draft – Key Characteristics of the Public Sector with Potential Implications for Financial Reporting (ED) which is part of your development of the conceptual framework issued in April 2011.

The Government of Canada bases its accounting policies on the Accounting Standards issued by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA). Our government is therefore not required to follow the International Public Sector Accounting Standards (IPSAS). However, given that PSAB is reviewing its conceptual framework and will use the work of IPSASB in its deliberations, we have a vested interest in the ED. As well, IPSAS are an important secondary source of Generally Accepted Accounting Principles (GAAP).

In response to “specific matter for comment 1” we agree that the document provides useful background information on the key characteristics of the public sector. However, we feel that the link to potential implications of those key characteristics on financial reporting is not clear. The commentary is very high level and generic. Furthermore, as we noted in our responses to the documents for comment issued earlier this year on the conceptual framework, we believe that the scope of this ED goes beyond financial statements and we have concerns with IPSASB introducing characteristics related to other financial reports. In particular, we feel that incorporating the prospective financial information described in Section 6 and the statistical bases of accounting described in Section 9 introduces concepts that go well beyond the scope of financial statement reporting.
The Public Sector Accounting Board of the Canadian Institute of Chartered Accountants discusses unique characteristics of the public sector and directly links the characteristics to the financial reporting requirements within its standards. We feel that this format, outlined in section PS1100 Financial Statement Objectives provides a clearer link between the unique characteristics of the public sector and the financial reporting implications. We suggest that the IPSASB consider the format of the Canadian standard as it finalizes its conceptual framework.

In response to “Specific Matter for Comment 2”, if the document is restructured to provide a clearer link between the characteristics of the public sector and the financial reporting implications as suggested above, we feel that this should be part of the conceptual framework within the IPSASB literature. However, as the current exposure draft is worded, we do not feel that it provides information that should be part of the conceptual framework. It would be better positioned as a useful reference or information source on the IPSASB website, outside of its authoritative literature and standards, providing generic information on the public sector.

We thank you again for providing us with the opportunity to comment on this ED. If you have further questions related to these comments, please do not hesitate to contact either Ms. Diane Peressini at Diane.Peressini@lcs-sct.gc.ca (613-957-9671) or me at Suzie.Gignac@lcs-sct.gc.ca (613-952-0886).

Yours sincerely,

Suzie Gignac
Executive Director
Government Accounting Policy and Reporting Division

c.c.: James Ralston, Comptroller General of Canada