September 8, 2011

Ms. Stephenie Fox, Technical Director
International Public Sector Accounting Standards Board
International Federation of Accountants
277 Wellington Street West
TORONTO ON M5V 3H2

Dear Ms. Fox:

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

Thank you for the opportunity to comment on the Exposure Draft of the International Public Sector Accounting Standards Board (Board) entitled Key Characteristics of the Public Sector with Potential Implications for Financial Reporting. We are pleased to continue to provide comments from a Canadian perspective for the development of International Public Sector Accounting Conceptual Framework and Standards.

The Board has asked for specific comments on whether or not the document provides useful information and identifies potential implications on key characteristics of public sector financial reporting. Generally, we are in agreement with the views and positions expressed in the Exposure Draft. Overall, we feel that the document is an excellent introduction to the Conceptual Framework as it provides a basis of understanding of the unique characteristics of the Public Sector when reviewing the Conceptual Framework.

The Board has asked for specific comments on how the document should be included in the Board’s various forms of literature. The various areas of discussion could be incorporated into the introduction and/or similar sections of the Conceptual Framework with some sections (i.e. Nature of Property, Plant and Equipment) being incorporated into the respective sections of the Standards if the Board so chooses. We do not believe that there is any merit in having the Exposure Draft as a stand alone document given the breadth of information contained in the document and how closely it is linked to the Conceptual Framework.
We have the following additional comments on specific sections of the Exposure Draft.

Paragraph 6.3 discusses the ability to tax and control of rights to natural resources and whether or not they meet the definition of assets. While we agree this is a valid theoretical accounting discussion, it should take place only after the fundamental or "core" standards are in place.

Paragraph 6.6 indicates the need for future, prospective financial information for accountability and decision-making purposes. We continue to question the appropriateness of including prospective information references and believe the Board should limit its focus to historical-based financial information.

Thank you again for the opportunity to comment on the Exposure Draft.

Sincerely,

Terry Paton, FCA
Provincial Comptroller

cc: Chris Bayda, Executive Director, Financial Management Branch, Provincial Comptroller’s Office, Ministry of Finance
    Jane Borland, Manager, Financial Management Branch, Provincial Comptroller’s Office, Ministry of Finance
    David Langen, Analyst, Financial Management Branch, Provincial Comptroller’s Office, Ministry of Finance