

Consultation Paper
IPSASs and Government Finance Statistics Reporting Guidelines
response to consultation

31 March 2013

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CANADA
Submitted electronically

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Dear Stephenie Fox

Consultation Paper
IPSASs and Government Finance Statistics Reporting Guidelines

CIPFA is pleased to present its response to this consultation paper, which has been reviewed by CIPFA's Accounting and Auditing Standards Panel.

General comment

CIPFA agrees with the descriptive material in the introduction to this paper which sets out the general background to government finance statistics (GFS) and general purpose financial reporting (GFPR) by governments.

CIPFA also agrees that there are potential benefits from integrating the systems which governments use to produce GFS and GFPR. While our principal concern is that both sets of reports are produced in a timely way and are reliable, CIPFA support convergence between IPSAS and GFS where this can be achieved without disproportionate effort, and the resulting reporting for both IPSAS and GFS still fulfils its underlying objectives.

We would note that most of the development since 2005 seems to have been on the part of IPSASB. While this also reflects some improvement in IPSAS, we would envisage that in future some further harmonisation will be occurring as a result of initiatives on the GFS side.

Response to specific questions

Comments on the specific matters for comment are provided in the attached Annex.

I hope this is a helpful contribution to the development of the Board's guidance in this area. If you have any questions about this response, please contact Steven Cain (e:steven.cain@cipfa.org, t:+44(0)20 7543 5794).

Yours faithfully

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ANNEX A
Specific Matters for Comment

Specific Matter for Comment 1 (See Section 3 and Appendix B)

With respect to the summary in Table 2 of progress on reducing differences and the supporting detail in Appendix B:

- (a) Do you agree that the issues categorized as resolved (Category A in Table 2) are indeed resolved?
- (b) Are there further differences between IPSASs and GFS reporting guidelines that should be added to this list? If so, please describe these.

- (a) The issues categorized in Table 2 Category as resolved appear to be resolved, except inasmuch as, for example, unresolved issues in respect of A6 are taken forward to Category B and Category C headings.
- (b) We have no proposals for consideration.

Specific Matter for Comment 2 (See paragraphs 4.11 to 4.17)

Do you agree that the IPSASB, in conjunction with the statistical community, should develop guidance on the development of integrated Charts of Accounts, which would include (i) an overview of the basic components of an integrated Chart of Accounts, and (ii) wider coverage such as that listed in paragraph 4.16 of this CP?

CIPFA agrees that using an integrated COA to manage differences between long-term or permanent differences between IPSAS and GFS will normally be a sensible and pragmatic approach, which may improve the efficiency of the overall process. However, jurisdictions will need to take care to avoid the risk of developing systems around the COA which are insufficiently flexible to cope with changes to IPSAS or to GFS reporting guidelines.

Given this, we can see that it would be beneficial for the IPSASB, in conjunction with the statistical community to develop guidance on this topic, having regard both to pronouncements which are currently in issue, and future developments which might arise, for example, following IPSASB development of its conceptual framework.

Specific Matter for Comment 3 (See paragraphs 5.2 to 5.4)

(a) Do you think that the IPSASB should take a more systematic approach to reducing differences between IPSASs and GFS reporting guidelines?

(b) If so, are there changes other than those listed in paragraph 5.4, which the IPSASB should consider adopting?

Generally speaking a systematic approach to reducing unnecessary differences would be beneficial. A key element of this would be to avoid sacrificing important principles relevant to public sector GFSs, and the development of criteria per 5.4(b) might be particularly important.

We would also envisage some further harmonisation occurring as a result of initiatives on the GFS side.

Specific Matter for Comment 4 (See paragraphs 5.5 to 5.19)

Are there other areas where IPSAS changes could address GFS differences? Please describe these.

We have no additional matters to propose.

Specific Matter for Comment 5 (See paragraphs 5.20 to 5.28 and page 39)

This CP describe three options concerning IPSAS 22:

Option A, revisions to improve IPSAS 22;

Option B, withdrawal of IPSAS 22 without replacement; and,

Option C, replacement of IPSAS 22 with a new IPSAS.

(a) Are there any further IPSAS 22 options that should be considered? If so, what are these?

(b) Which one of the options do you consider that the IPSASB should consider adopting?

On balance we support Option C, although we would not attach any additional priority to this work, which we would expect to be progressed after other more urgent items.

IPSAS 22 may provide useful information, but it is written with a focus on Government Financial Statistics rather than as an enhancement to financial statements prepared under IPSAS. It does not read-across or cross-reference to other IPSAS standards on related topics. Rather than piecemeal revision we suggest that it would be better to develop a replacement standard, even though this might include some similar content.

Preliminary View 1 (See paragraphs 5.29 to 5.34)

The IPSASB should amend Study 14, Transition to the Accrual Basis of Accounting: Guidance for Governments and Government Entities, to include a chapter on IPSAS options that reduce differences with GFS reporting guidelines.

For the reasons set out in the Consultation Paper, we agree that synergy with the national system which produces GFS is an important additional argument for the adoption of IPSAS.

Given this, we agree that it would be sensible to include text within Study 14 which indicates how IPSAS development and GFS development can be progressed effectively. A key aspect of this would be to provide guidance on choice of accounting policies within IPSAS which might ease this process.