

**Denise Silva Ferreira Juvenal**

[rio1042370@terra.com.br](mailto:rio1042370@terra.com.br)

**Accountant**

**Individual Commentary**

**Rio de Janeiro / Brazil**

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

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

**31 August 2011**

I'm Denise Juvenal this is pleased to have the opportunity to comment on this consultation Key Characteristics of the Public Sector with Potential Implications for Financial Reporting. This is my individual commentary for International Public Sector Accounting Standards Board - International Federation of Accountants

**Guide for Respondents**

The IPSASB would welcome comments on all of the matters discussed in the ED. Comments are most helpful if they indicate the specific paragraph or group of paragraphs to which they relate, contain a clear rationale and, where applicable, provide a suggestion for proposed changes to the ED. The IPSASB would particularly value comments on the Specific Matters for Comment below.

**Specific Matter for Comment 1**

**Do you agree that this document provides useful background information on the key characteristics of the public sector and identifies some potential implications of those key characteristics for financial reporting? If not, please indicate how you would modify the document.**

I agree and considering very important this proposal about the key characteristics for financial reporting of public sector with implications for financial reporting as part of project of the IPSASB. I think that as described Kearney and Benedict as follows, the principal points of the conceptual framework are the accordance with accounting standards and manage activities and operations properly.

Kearney et al (2006, 101) comments that: "Historically, within the federal government, considerable effort was expended to meet only legally required reporting mandates of Congress. Although such reports were important, these requirements were not the reporting information most needed by federal entity executives to manage activities and operations properly."

In Benedict (2008, 337;339) comments: "the framework suggests that the financial statements would convey a true and fair view if they are prepared in accordance with accounting standards and if the information they contain possesses identified qualitative characteristics which make the statements useful. ... as explain about "understandability is whether the users of financial statements will be able to recognize the significance of the information. This depends on both the preparer of the financial statements and the users themselves."

These comments is relationship the numbers 1.2 will be observed how's the procedures for Audit for Government, principally in the point 1.4 about Public sector entities may contribute to wealth generation through the application of economic stimulus measures and fiscal interventions. Governments also make decisions on the distribution of resources between different sectors of the economy.

In the point 2.3 described those users of public sector financial reports may need information in order to answer questions such as for example: services in an efficient and effective; finance its activities; revenues from current-year; and others questions about procedures for government services. I have doubt if some information that will be included in the financial reporting is possible, the transparency is very different than publicly, I think must be observed and described what's the idea of the financial reporting for public sector.

For example, in the page 330 Benedict et al, "the objective of financial reports is to provide information that is useful to those for whom they are prepared. The same set of financial reports is expected to satisfy the information needs of a variety of stakeholders we have identified above."

Kearney et al (2006; 103) comments that: "the federal government operates as a network of somewhat autonomous entities: departments, agencies, subdepartments and subagencies, commissions, and other federally funded or federally assisted organizations. Each entity manage activities, can legally obligate the government, and

is authorized by Congress to spend federal monies. ... Historically, federal accounting and reporting for some departments and agencies was based on congressional legislation that provided a single appropriation to a single federal agency as the primary financing resource for operations, which considerably simplified accounting and reporting. ... Financial information on individual federal entities and programs arrayed only by appropriation or budget authority was of limited value to federal executives and managers in operating the day-to-day activities. These were macrolevel reports and statements of appropriation balances, essentially a cash-basis reporting, that provided few clues as to the economy, efficiency, or relative effectiveness of federal operations.”

The government has many stakeholders, don't be users only, citizens as Kearney et al (2006, 102) described that:

“FASAB suggested that there could be several levels of accountability: policy, program, performance, processes and procedural, and legal. In its statement of objectives, FASAB noted that this accountability must have utility to a variety of users, which FASAB categorized into four groups:

1. Individual citizens (e.g. taxpayers, voters, or service recipients of federal assistance);
2. Congress (individual members, committees, plus legislative agencies with budget and other federal financial responsibilities, such as CBO and GAO);
3. Federal executives and those with oversight responsibilities (including the President and those acting as the President's agents);
4. Program managers (i.e., those federal entity executives responsible for operating plans, program operations, and budget execution).

To meet the needs of this myriad of users, FASAB recommended that financial statements and reports be issued for individual federal entities and for all entities, in total, government-wide.”

These points are very important for discuss for the government in this moment, principally, Provision of goods and services in a non-market or limited-market environment; The importance of the budget; The nature of property, plant, and equipment; Responsibility for national and local heritage; The longevity of the public sector; The regulatory role of government; Ownership or control of rights to natural resources and phenomena; Statistical bases of accounting.

So, I think that is very important to described and make definitions for integrated and relationship more the functions of government with relationship in the jurisdictions and laws of countries around the world, the experience of regulators for government is fundamental for process of implementation of IPSASB.

### **Specific Matter for Comment 2**

**Do you agree that this document should be included as part of the IPSASB's literature? If you agree, where do you think the material in this document should be located:**

- (a) As part of the Conceptual Framework;**
- (b) As a separate section of the *Handbook of International Public Sector Accounting Pronouncements*; or**
- (c) Elsewhere with some other status – please specify?**

I agree with this document I think that these information can be included in the Conceptual Framework and one indicated considering the importance in the Handbook of International Public Sector Accounting Pronouncements documents.

### **References:**

BENEDICT, Augustine and ELLIOT, Barry. Financial Accounting – An Introduction. Prentice Hall. Financial Times. England: 2008.

KEARNEY, Edward F.; GREEN, Jeffrey W.; FERNANDEZ, Roldan; TIERNEY, Cornelius E. Federal Government Auditing. Wiley. New Jersey: 2006.

Thank you for opportunity for comments this proposal, if you have questions don't hesitate contact to me, [rio1042370@terra.com.br](mailto:rio1042370@terra.com.br).

Yours Sincerely,

Denise Silva Ferreira Juvenal

[rio1042370@terra.com.br](mailto:rio1042370@terra.com.br)

552193493961