

International Federation of Accountants
International Public Sector Accounting Standards Board
To: Ms Stephenie Fox
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date
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Re: Comments on the proposals in CF-ED4: Conceptual Framework for General Purpose Financial Reporting (GPFR) by Public Sector Entities: Presentation in General Purpose Financial Reports

Dear Ms Fox,

Please find included the comments of the Belgian Institute of Registered Auditors (Royal Institute) on the specific matters for comments of the Conceptual Framework Exposure Draft 4 (CF-ED4); Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities: Presentation in General Purpose Financial Reports.

The Belgian Royal Institute of Registered Auditors, a professional organization with legal personality, created by the law of 22 July 1953 and member of the International Federation of Accountants (IFAC), represents approximately 1,050 auditors registered in the public register of the Institute. It coordinates the training and the ongoing organization of a body of specialists capable of performing the function of registered auditor in the public and private sector with every guarantee of competence, independence and professional integrity.

The Institute is also strongly involved in the regulation and follow-up of its members regarding their activities in financial accounting (accrual and budgetary accounting) and auditing in Belgian governmental financial statements and has thus a special interest in the ongoing projects of the International Public Sector Accounting Standards Board.

With these comments the Institute would like to contribute to the development of high-quality public sector accounting standards and guidance.

Yours sincerely,

Daniel Kroes
President

Specific Matter for Comment 1

Do you agree with the proposed description of “presentation”, “display” and “disclosure” and the relationship between them in Section 1? If not, how would you modify them?

The Institute agrees with the proposed descriptions and the relationship between them.

Specific Matter for Comment 2

Do you agree with the identification of three presentation decisions (selection, location and organization) in Section 1? If not, how would you modify the identification of presentation decisions?

We agree with the identified three presentation decisions (selection, location and organization) but suggest the IPSASB to consider a fourth presentation decision, namely the publicity of GPFs (decisions on how the GPFs will be made publicly available to the different external users, e.g. web site facilities, certain social media, open or closed groups, ...).

Specific Matter for Comment 3

Do you agree with the proposed approach to making presentation decisions in Section 1? If not, how would you modify it?

The Institute confirms the IPSASB’s view that presentation decisions should be made in response to the needs of users for information about economic or other phenomena. However any legal provisions should also be taken into account in the presentation decisions. Such legal provisions should also be a relevant factor to decide about selecting, locating (already mentioned in Section 3, paragraph 3.3), organizing (and publishing) information in the GPFs.

Regarding the user needs, we would like to emphasize also their importance in determining the presentation of general purpose financial reports. Actually, the prescriptions developed by the IPSASB in current exposure draft should be based on preferably empirical user need research instead of on presupposed needs. In other words, it is advisable to examine the usefulness and applicability of the prescriptions by organizing a field study or survey to ascertain the appropriateness of the ED’s prescriptions. The comments of specialists on this ED are welcome, but one needs also the perception of different users.

Specific Matter for Comment 4

Do you agree with the description of information selection in Section 2:

- (a) In the financial statements; and**
- (b) Within other GPFs?**

If not, how would you modify the description(s)?

The current European sovereign debt crisis and related government debt issues highlights the need for audited GPFs in order to restore the public’s confidence in public sector financial reporting. This fact was also one of the recommendation of the IFAC for consideration by the

G-20 Nation meeting on November 2011. Eurostat is also committed to verify the degree of assurance provided by internal controls and external audits by supreme audit institutions or other external audit bodies of the quality of public accounts used as inputs to the EDP compilation processes. We strongly recommend the IPSASB to add a paragraph in Section 2 of the CF-ED4 that stresses that information needs to be audited by an external body (Supreme Audit Institutions or other professional audit bodies) before being reported.

Specific Matter for Comment 5

Do you agree with the description of information location in Section 3:

- (a) In the financial statements;**
- (b) In other GPFs; and**
- (c) Between different reports within GPFs?**

If not, how would you modify the descriptions(s)?

The Institute agrees with the proposed descriptions of information location in Section 3.

Specific Matter for Comment 6

Do you agree with the description of information organization in Section 4:

- (a) In the financial statements; and**
- (b) In other GPFs; and**

If not, how would you modify the descriptions(s)?

Except for the remark formulated under Specific Matter for Comment 3 (including legal provisions as a factor influencing information organization), the Institute agrees with the proposed descriptions of information organization in Section 4.

Specific Matter for Comment 7

Do you consider that CF-ED4 contains sufficient detail on concepts applicable to presentation in GPFs, including the financial statements, of governments and other public sector entities? If not, how would you extend the proposals?

In our opinion the CF-ED4 contains sufficient detail on concepts applicable to presentation in GPFs and we share the IPSASB's view that further details on presentation requirements of specific GPFs should be discussed in the Standards and not at the Conceptual Framework level.