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October 24, 2012

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

Dear Ms. Fox:

On behalf of the Association of Government Accountants (AGA), the Financial Management Standards Board (FMSB) appreciates the opportunity to provide comments to the International Public Sector Accounting Standards Board (IPSASB) on its July 2012 Consultation Paper regarding the IPSASB's Work Program for 2013-2014. The FMSB is comprised of 25 members (list attached) with accounting and auditing backgrounds in federal, state and local government, as well as academia and public accounting. The FMSB reviews and responds to proposed standards and regulations of interest to AGA members. Local AGA chapters and individual members are also encouraged to comment separately.

The FMSB has reviewed the listing of Current Projects and the listing of Additional Potential Projects in the Consultation Paper and we have some general comments. Overall, the FMSB believes that the listing of Current Projects represents sound projects, the completion of which will help the IPSASB fulfill its mission to develop high-quality accounting standards for use in the public sector around the world. The past efforts of the IPSASB have served to enhance the quality of public sector financial reporting by providing better information to decision makers. We support your efforts as you work to improve transparency in government finances.

In reviewing the list of Current Projects, we concur with the IPSASB's assessment that the most important item on the list is the completion of the public sector Conceptual Framework project. The completion of this project will influence the standard setting for new issues as well as reviews of standards that have already been adopted. The experience of other standard setting bodies such as GASB and FASAB has found that the establishment of a Conceptual Framework is an essential ingredient for long term success and that such work is foundational in nature. As the work plan is implemented, we recommend that the IPSASB expend its utmost efforts to keep this project on track for completion by March, 2014.

Regarding the other projects on the IPSASB's agenda, we believe that projects that have already advanced to a comment stage be finalized within the timeframes outlined in the IPSASB Agenda Schedule on page 12 of the Consultation Paper. Timeliness is imperative for maximum impact. For the remaining projects on the 2013-2014 agenda, we believe that they all have merit and should advance. Recognizing that resources are limited, we recommend that current projects be completed as far as practicable before adding new projects to the agenda.



There were three specific questions posed by the IPSASB on page 10 of the Consultation Paper, the first two questions dealt with additional projects and their priorities. We have provided answers to the first two questions below. The third question asked for any further comments regarding the IPSASB's Work Program for 2013-14. We have no comments on the Work Program beyond the general comments provided in the third and fourth paragraphs of this letter. Following are our responses to questions one and two in the Consultation Paper.

1. Considering the additional potential projects identified above and described in Appendix C, are there any other projects that you think need to be added to the list of potential projects?

FMSB Response: The FMSB has reviewed the listing of potential projects identified by the IPSASB and we have no additional projects to suggest. We believe that IPSASB's current list of potential projects, in light of the current environment, limitations on resources and the need to proceed in a logical manner through the standard setting process, are sound.

2. Which projects do you think the IPSASB should prioritize for 2013-2014? In your response you could consider providing your assessment of the 3 most important projects or a ranking of all projects on the list. Please explain the reasons for your answers.

FMSB Response: We believe that the list of additional potential projects is sound. Should the IPSASB wish to add additional projects to its agenda, priority should be given to the projects on Social Benefits, Presentation of Financial Statements and Insurance Contracts, in this order.

Social Benefits - The future costs of the promises made by a government to its citizens is often the single largest obligation facing a sovereign entity. It is often the potential for changes to these social benefits which cause the largest concerns among citizens and stress on a country's finances. In order for citizens and government decision makers to deal with these issues, clear and objective financial information is needed. Nations need to understand the obligations it has incurred and the costs associated with these future obligations. Therefore we believe that this project should be added to the IPSASB's agenda.

Presentation of Financial Statements – As stated in our general comments, we concur with the IPSASB's assessment that the Conceptual Framework project is the highest priority project on the 2013-2014 agenda. The completion of this project will impact the standard setting process in many areas. Likewise, we believe that improving guidance on the organization and presentation of information in financial statements has a far reaching impact. The value of information can be diminished if it is not conveyed in the most effective manner.

Insurance Contracts – Governments often write substantial amounts of insurance and even more financial guarantees. The current IPSASB insurance standard is IFRS 4, which IPSASB notes was a temporary standard allowing preparers to use their existing, piecemeal practices until the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) finish their own comprehensive insurance projects. As the FASB and the IASB are nearing completion, it is logical that the IPSASB address this issue and provide clarity. Insurance accounting is in a state of flux and needs to be standardized, considering latest recognition and measurement approaches for liabilities.

We would like to thank you for allowing us to submit our comments to the exposure draft. Should there be any questions regarding our comments, please contact Steven Sossei at ssossei@agacgfm.org.

Sincerely,

A handwritten signature in black ink, appearing to be 'E. Berman', with a long horizontal flourish extending to the right.

Eric S. Berman, CPA, Chair
AGA Financial Management Standards Board

cc: Evelyn A. Brown, CGFM-Retired
AGA National President

**Association of Government Accountants
Financial Management Standards Board**

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