

Finance

Comptroller's Division

Provincial Comptroller
715 – 401 York Avenue
Winnipeg, Manitoba R3C 0P8
Phone: (204) 945-4919
Fax: (204) 948-3539
E-mail: betty-anne.pratt@gov.mb.ca

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

Dear Sir/Madam:

Re: Consultation Paper – Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities: Presentation in General Purpose Financial Reports (GPFRs)

Thank you for the opportunity to comment on the IPSASB's Exposure Draft (ED) "Presentation in General Purpose Financial Reports". The ED is the fourth and final exposure draft by the IPSASB in the development of its Conceptual Framework.

The Province of Manitoba continues to question the appropriateness of developing a conceptual framework for General Purpose Financial Reports (GPFR). The IPSASB's conceptual framework should be limited to providing historical financial information in General Purpose Financial Statements (GPFS). Developing a conceptual framework that includes non-financial and prospective information can only compromise consistency in financial reporting. It is the expressed desire of all senior governments in Canada to produce consistent and reliable financial statements.

The Province agrees that the IPSASB should include presentation standards as part of its conceptual framework. However, the Province found the concepts described in the ED to be too high level to address practical presentation issues facing governments. The proposed ED accommodates a wide variety of reports and public sector entities.

In comparison Canadian public sector presentation standards were initially designed for governments. The reporting principles under Canadian public sector standards are specific enough to produce consistent, comparable and reliable government GPFS. Admittedly IPSASB's ED may be better suited for the broader public sector. Generally the Province does not disagree with the contents of the ED but we do view the presentation framework to be helpful for the preparation of GPFS for Canadian governments.

We would like to again thank IPSASB for the opportunity to comment on this ED.

Yours truly,

"original signed by"

Betty-Anne Pratt, CA
Provincial Comptroller
Province of Manitoba

Specific Matters for Comment

- 1. Do you agree with the proposed descriptions of “presentation”, “display”, and “disclosure” and the relationships between them in Section 1? If not, how would you modify them?**

Information selected for display should be concise (i.e. lack of detail) and communicates the key messages to the users. Disclosed information makes displayed information more useful by providing details to understand the displayed information. The concepts in the ED are flexible and suitable for the preparation of ancillary reports, such as sustainability reports or service performance reports. However the concepts of display and disclosure are not detailed or specific enough to produce consistent and reliable GPFS for governments.

- 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 that the selection, location and organization of information are logical presentation decisions for preparing GPFRs or other ancillary reporting. However these concepts are so generic that they would not be of much assistance for the preparation of GPFS for governments.

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

The proposed approach is flexible and well suited for the preparation of GPFRs.

- 4. Do you agree with the description of information selection in Section 2:**

(a) In the financial statements; and

We agree that the information selected for financial statements should provide information on the financial position, financial performance, cash flows and the extent the government has met its approved budget. Financial statements do not usually provide information to users as to whether the government has efficiently and effectively used its resources towards meeting its service performance objectives.

(b) Within other GPFRs?

We agree that the objectives of the report and the needs of the users should direct the selection of information for GPFRs. The level of detail should also direct the selection of information. The level of detail should be at a level that does not reduce the users' ability to understand the information.

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

Financial statements enable users to assess the financial performance but are not designed to assess whether a government has achieved its service delivery objectives in an economic, efficient and effective manner. Management discussion and analysis and specific purpose reports are better suited for providing this information to the users of GPFS.

- 5. Do you agree with the description of information location in Section 3:**

(a) In the financial statements

Notes to the financial statements normally disclose information that supports information displayed on the face of the financial statements. However some notes go far beyond a supporting role for the displayed information. Notes often provide additional information to users for items that do not meet the recognition criteria, and thus are not displayed on the financial statements.

(b) In other GPFRs; and,

We agree that GPFS cannot meet the needs of all users. In order to ensure that displayed information is given its appropriate prominence the information should be presented in either a management discussion and analysis, or an ancillary report.

Specific Matters for Comment

(c) Between different reports within GPFRs?

We agree with the factors identified on locating information between different reports. The relevant factors are linkage, the nature of the reports (e.g. historical vs. prospective) and the legislative requirements of the jurisdiction.

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

We have not identified any possible modifications to the descriptions.

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

(a) In the financial statements; and

We agree with the concepts for the organization of displayed and disclosed information within financial statements. However the concepts presented are too general to ensure reliable, consistent and comparable reporting between governments.

(b) In other GPFRs?

We agree with the concepts within other GPFRs.

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

We have not identified any possible modifications to the descriptions.

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

While the concepts presented in the ED are useful, the Government of Manitoba does not view them to be sufficiently explicit and detailed enough to ensure reliable and consistent reporting between governments in Canada. Attempting to design a conceptual framework that will accommodate both GPFS and GPFR does not properly serve the objectives of either type of reports.

GPFS focus on reporting past transactions and are the main accountability documents of governments in Canada. IPSASB's conceptual framework project should focus solely on GPFS. The objectives of GPFS are inconsistent with GPFRs. Extending the conceptual framework to GPFRs compromises the reliability and consistency of GPFS.