



PO Box 1077  
St Michaels, MD 21663  
T. 410-745-8570  
F. 410-745-8569

May 12, 2012

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

Dear Ms. Fox:

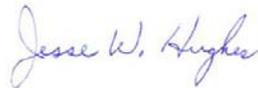
1. The International Consortium on Governmental Financial Management (ICGFM) welcomes the opportunity to respond to the IPSAS Consultative Paper (CP) on the Conceptual Framework for GPFR by Public Sector Entities: Presentation in GPFRs. We are pleased to see the IPSASB address presentation issues since much of the financial data presented is not clearly understood by many governmental decision makers.
2. Working globally with governments, organizations, and individuals, ICGFM is dedicated to improving financial management by providing opportunities for professional development and information exchange. ICGFM conducts two major international conferences each year and publishes an international journal twice each year. Services are provided to its membership through an international network. ICGFM represents a broad array of financial management practitioners (accountants, auditors, comptrollers, information technology specialists, treasurers, and others) working in all levels of government (local/municipal, state/provincial, and national). Since a significant number of our members work within government and audit institutions around the world, our response to this consultative paper is one from an international perspective.
3. Our response to each of the specified comments is as follows:
  - a. In response to Comment 1 (With respect to the descriptions of “presentation”, “display”, “disclosure”, “core information”, and “supporting information”, and the proposed relationships between these terms: (a) Do you agree that the proposed descriptions and relationships are appropriate and adequate? (b) Do you agree that identification of core and supporting information for GPFRs should be made at a standards level rather than as part of the Conceptual Framework?), we agree with the approach to relate core to the face

of the statements (display) and supporting to required notes (disclosure) plus another section for optional supporting information. In addition, we agree that the detail should be in the standards and not in the conceptual framework.

- b. In response to Comment 2 (With respect to the IPSASB's approach to presentation of information: (a) Do you agree with the development of presentation concepts that can be adopted for the more comprehensive scope of GPFs including, but not restricted to, financial statements? (b) Do you agree with the approach of (i) focusing on user needs to identify presentation objectives, (ii) application of the qualitative characteristics (QCs) to presentation decisions, and (iii) separate presentation concepts?), we agree with both of these items.
  - c. In response to Comment 3 (This CP discusses the importance of developing presentation objectives as part of standard setting. (a) Do you agree that presentation objectives should be developed? (b) If so, in your view, should they be developed at a standards level, or as part of the Conceptual Framework?), we agree that presentation objectives should be developed at the standards level.
  - d. In response to Comment 4 (This CP proposes three presentation concepts. Please provide your views on these concepts, in particular whether: (a) Any of these concepts should be excluded from the Conceptual Framework; and (b) The description of each concept could be improved and, if so, indicate how.), the concepts look good to us but we still have problems as to how they will help in the presentation of information.
  - e. In response to Comment 5 (In addition to the three concepts proposed in Section 6, please provide your views on: (a) Whether there are further concepts that should be included in the Conceptual Framework; and (b) What those further concepts should be.), it seems to us that we are dancing around on the head of a pin without really zeroing in on answers to the basic questions: 1. Has fiscal discipline been applied? (budgetary information) and 2. Has fiscal sustainability been maintained? (accrual information). 3. Has the fundamental concept of fiscal transparency been met? (full disclosure).
  - f. In response to Comment 6 (Each presentation concept refers to the possibility of developing criteria to determine the presentation techniques to be used in setting accounting standards. Please provide: (a) Your views on whether it would be useful and workable for the IPSASB to apply such techniques; and (b) Any suggestions you have for developing these techniques.), we think each IPSAS should identify the core information for display on the face of the financial statements. We also think each IPSAS should identify which supporting information is required (and disclosed in the notes) and which is optional (and disclosed as supplemental information). Although it might not permit easy comparability between governmental entities, we think each entity should have the latitude to use those techniques for required and optional information in a manner that is most easily understood by their constituents.
4. Additional general comments are as follows:
- a. We would not consider this as part of a Conceptual Framework. Rather it is a statement of overall goals and standards for the individual IPSAS.
  - b. The whole point about financial statements is to enhance fiscal transparency, yet this concept is mentioned only once, and not even as one of the objectives.

- c. It does not address the question as to why sovereign governments should provide financial statements in addition to statistical reporting systems? What do financial statements add? For example in the Eurozone sovereign financial performance and risk is judged exclusively using the statistical reports produced under Eurostat rules (similar to GFS). Very few are interested in government financial statements.
  - d. It does not begin to address the assumption in IPSAS that accrual is superior to cash - how can a conceptual framework not address an underlying assumption that is regularly challenged?
5. We would also like the following specific comments to be considered:
- a. At the end of the third bullet in paragraph 1.4, we would like to see the following added: "and the costs of these services are not passed on to future generations. If there are legitimate reasons for inter-generational transfers, these should be disclosed."
  - b. In paragraph 2.11, we would argue that there are two types of supporting information: required (to elaborate on data reflected on the face of the statements) and optional (to provide trend information over the past 10 or so years, i.e. budget deficits, tax rates, etc.)
  - c. In paragraph 4.3, we would recommend the following:
    - i. At the end of bullet three, add "and the costs of these services are not passed on to future generations. If there are legitimate reasons for inter-generational transfers, these should be disclosed."
    - ii. Bullet six is too subjective and should be deleted.
  - d. In paragraph 4.4, we would add the following to the Objective: "and to hold responsible officials accountable for the decisions made."
  - e. In paragraph 6.4, some users look for answers to the following questions: 1. Has fiscal discipline been applied? (budgetary information) and 2. Has fiscal sustainability been maintained? (accrual information). 3. Has the fundamental concept of fiscal transparency been met? (full disclosure). These are not adequately addressed in this list.
  - f. In paragraph 6.23, we would add "to determine the degree of fiscal discipline" to subparagraph a. Also add "such as Gross Debt to Gross Domestic Product to determine degree of fiscal sustainability" to subparagraph b.
6. We appreciate the opportunity to comment on this consultative paper and would be pleased to discuss this letter with you at your convenience. If you have questions concerning this letter, please contact Dr. Jesse Hughes, CPA, CIA, CGFM at [jhughes@odu.edu](mailto:jhughes@odu.edu) or 757.223.1805.

Sincerely,



ICGFM Accounting Standards Committee

Jesse W. Hughes, Chair

Masud Mazaffar

Michael Parry

N. Tchelishvili

Andrew Wynne

Cc: Linda Fealing  
President, ICGFM