

Swiss Comments to

Consultation Paper IPSASs and Government Finance Statistics Reporting Guidelines

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1. Introduction

The Swiss Public Sector Financial Reporting Advisory Committee (SRS-CSPCP) was established in 2008 by the Swiss Federal Ministry of Finance together with the intercantonal Conference of Cantonal Finance Directors (Finance Ministers at the States level). One of its aims is to provide the IPSAS Board with a consolidated statement for all the three Swiss levels of government (municipalities, cantons and Confederation).

The SRS-CSPSP has discussed *Consultation Paper IPSASs and Government Finance Statistics Reporting Guidelines* and comments as follows.

2. General Remarks

In principle the SRS-CSPCP welcomes the fact that the IPSASB is addressing the differences with the rules of finance statistics. A narrowing of the gap between GFS and IPSAS is useful for the reader of financial statements and finance statistics. As mentioned in the CP, differences exist in various areas. As the objectives of finance statistics and financial statements are not the same, although differences between the two can be narrowed, they cannot be eliminated entirely. Care must be taken that neither the financial statements nor the finance statistics are falsified or misleading, but remain true to their objectives. This is particularly important in respect of valuation principles and the scope of consolidation.

2.1 Specific Matter of Comment 1

a) Do you agree that the issues categorized as resolved (Category A in Table 2) are indeed resolved ?

If the questions in Category A are resolved, only because IPSAS provides an option as a solution, which is GFS conform, it is a token solution. Some IPSASs actually give a choice between various possibilities, not in order to chime with finance statistics, but in order that the financial statements present the economic fact in line with reality from the management's viewpoint. In this sense the questions in Category A are not resolved. It should not be the case that a public entity, possibly to the detriment of a "true and fair view", decides for an IPSAS possibility under the pretext that it most closely complies with GFS. At the same time the SRS-CSPCP recognizes the necessity of a pragmatic narrowing of the gap, which permits simplification of the complexity of the material.

b) Are there further differences between IPSASs and GFS reporting guidelines that should be added to this list? If so, please describe these.

This question is unanswerable, because it is too time consuming to draw up a list of differences between IPSASs and GFS. Such a task demands detailed knowledge and requires specialists. We have no indications that this work was not carefully carried out in developing this CP.

2.2 Specific Matter of Comment 2

Do you agree that the IPSASB, in conjunction with the statistical community, should develop guidance on the development of integrated Charts of Accounts, which would include (i) an overview of the basic components of an integrated Chart of Accounts, and (ii) wider coverage such as that listed in paragraph 4.16 of this CP?

The SRS-CSPCP believes that a certain standardisation of the accounting framework is desirable. For this an integrated Chart of Accounts is not necessary, but rather explanations of how one moves from one set of rules to the other to contribute to convergence. For example, it would be necessary in the 4th part of the Framework to mention what are the guidelines to be followed when designing a Chart of Accounts. It is not the task of the standard setter to issue these explanations.

2.3 Specific Matter of Comment 3

a) Do you think that the IPSASB should take a more systematic approach to reducing differences between IPSASs and GFS reporting guidelines?

This question is to be answered in the affirmative, provided the objectives of the IPSASs are not impaired.

b) If so, are there changes other than those listed in paragraph 5.4, which the IPSASB should consider adopting?

The changes listed in Paragraph 5.4. appear sensible. The *inclusion of GFS comparisons in all IPSASs already included* (Item e) is considered to be important.

2.4 Specific Matter of Comment 4

Are there other areas where IPSAS changes could address GFS differences? Please describe these.

The SRS-CSPCP thinks it is wrong to adapt the IPSASs to the need of finance statistics. The IPSASs should not lose their characteristics, only to serve finance statistics.

2.5 Specific Matter of Comment 5

This CP describes three options concerning IPSAS 22: Option A, revisions to improve IPSAS 22; Option B, withdrawal of IPSAS 22 without replacement, and, Option C, replacement of IPSAS 22 with a new IPSAS.

a) Are there further IPSAS 22 options that should be considered ? If so, what are these?

No.

b) Which one of the options do you consider that the IPSASB should consider adopting?

The SRS-CSPCP is of the opinion that IPSAS 22 can be withdrawn without replacement. However, in the individual standards the differences to GFS should be mentioned and discussed, as is already the case in the IFRS (see Paragraph 5.4.). In the 4th part of the General Framework (Presentation of financial information and non-financial information in GPFs) the framework for a narrowing of the practices in financial statements and GFS can be laid, to the extent that from the aspect of IPSAS this is possible without impairing their own objectives.

2.6 Preliminary View 1

The IPSASB should amend Study 14, „Transition to the Accrual Basis of Accounting: Guidance for Governments and Government Entities“ to include a chapter on IPSAS options that reduce differences with reporting guidelines

Yes.

Lausanne, March 7, 2013