



**INTERNATIONAL FEDERATION  
OF ACCOUNTANTS**

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**PSC MEETING  
NEW YORK – JULY 5-7, 2004**

**ADDITIONAL MATERIAL FOR AGENDA ITEMS 10 AND 14**

Additional Items:

1. **Item 10.2**  
Please insert 10.2A (pages 10.36A to 10.36M) behind Agenda Item 10.2. These pages are an appendix to the updated ED *Accounting for Development Assistance*. The Appendix illustrates the proposed disclosures. They were not included in previous distribution.
2. **Item 10.4**  
Please insert pages 10.52 to 10.54 at Agenda Item 10.6. This is an additional response from a PAP member.
3. **Item 14.6**  
Please insert pages 14.12A to 14.12B at Agenda Item 14.6. This is an additional response re: IASB Harmonization.

## **Appendix 1: Illustration of the Notes to the Financial Statements for a Government Entity**

This appendix is illustrative only and does not form part of the standard. It illustrates note disclosure for a government that has received development and humanitarian assistance loans and grants during the current and preceding years. Its purpose is to assist in clarifying the meaning of the standards by illustrating their application in the preparation and presentation of general purpose financial statements under the cash basis of accounting.

## **Appendix 1**

### **Development or Humanitarian Assistance Received by a Government**

#### **Note XX Undrawn Development and Humanitarian Assistance**

Undrawn development assistance consists of the amount of development assistance agreed to be provided by development assistance agencies which has not been utilized at the close of the respective fiscal year ends.

Changes in undrawn development assistance

	<b>200X</b>			<b>200X – 1</b>		
	<b><u>Loan</u></b>	<b><u>Grant</u></b>	<b><u>Total</u></b>	<b><u>Loan</u></b>	<b><u>Grant</u></b>	<b><u>Total</u></b>
Opening balance	xxx	xxx	xxxx	xxx	xxx	xxxx
Additional development assistance	<u>xx</u>	<u>xx</u>	<u>xxx</u>	<u>xx</u>	<u>xx</u>	<u>xxx</u>
Total available	xxx	xxx	xxxx	xxx	xxx	xxxx
Development assistance utilized	xx	xx	xxx	xx	xx	xxx
Development assistance cancelled	xx	xx	xxx	xx	xx	xxx
Exchange difference	<u>xx</u>	<u>xx</u>	<u>xxx</u>	<u>xx</u>	<u>xx</u>	<u>xxx</u>
Closing balance	<u>xxx</u>	<u>xxx</u>	<u>xxxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxxx</u>

Undrawn humanitarian assistance consists of the amount of development assistance agreed to be provided by humanitarian assistance agencies which has not been utilized at the close of the respective fiscal year ends.

Changes in undrawn humanitarian assistance

	<b>200X</b>			<b>200X – 1</b>		
	<b><u>Loan</u></b>	<b><u>Grant</u></b>	<b><u>Total</u></b>	<b><u>Loan</u></b>	<b><u>Grant</u></b>	<b><u>Total</u></b>
Opening balance	xxx	xxxx		xxx	xxx	
Additional humanitarian assistance	<u>xx</u>	<u>xxx</u>		<u>xx</u>	<u>xxx</u>	
Total available	xxx	xxxx		xxx	xxxx	
Humanitarian assistance utilized	xx	xxx		xx	xxx	
Humanitarian assistance cancelled	xx	xxx		xx	xxx	

Exchange difference	<u>XX</u>	<u>XXX</u>	<u>XX</u>	<u>XXX</u>
Closing balance	<u>XXX</u>	<u>XXXX</u>	<u>XXX</u>	<u>XXXX</u>

Undrawn Development Assistance has been provided by the following sources and is denominated in the following currencies.

<b>200X - 1</b>					
	<b>US Dollar</b>	<b>Euro</b>	<b>Yen</b>	<b>Others</b>	<b>Total</b>
UN Agencies	XX	XX	XX	XX	XXX
Multilateral Development Banks	XX	XX	XX	XX	XXX
Bilateral Agencies	XX	XX	XX	XX	XXX
Other sources	<u>XX</u>	<u>XX</u>	<u>XX</u>	<u>XX</u>	<u>XXX</u>
Closing Balance	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXXX</u>

<b>200X</b>					
	<b>US Dollar</b>	<b>Euro</b>	<b>Yen</b>	<b>Others</b>	<b>Total</b>
UN Agencies	XX	XX	XX	XX	XXX
Multilateral Development Banks	XX	XX	XX	XX	XXX
Bilateral Agencies	XX	XX	XX	XX	XXX
Other sources	<u>XX</u>	<u>XX</u>	<u>XX</u>	<u>XX</u>	<u>XXX</u>
Closing Balance	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXXX</u>

Undrawn Humanitarian Assistance has been provided by the following sources and is denominated in the following currencies.

<b>200X - 1</b>					
	<b>US Dollar</b>	<b>Euro</b>	<b>Yen</b>	<b>Others</b>	<b>Total</b>
UN Agencies	XX	XX	XX	XX	XXX
Bilateral Agencies	XX	XX	XX	XX	XXX
Other sources	<u>XX</u>	<u>XX</u>	<u>XX</u>	<u>XX</u>	<u>XXX</u>
Closing Balance	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXXX</u>

<b>200X</b>					
	<b>US Dollar</b>	<b>Euro</b>	<b>Yen</b>	<b>Others</b>	<b>Total</b>
UN Agencies	XX	XX	XX	XX	XXX
Bilateral Agencies	XX	XX	XX	XX	XXX
Other sources	<u>XX</u>	<u>XX</u>	<u>XX</u>	<u>XX</u>	<u>XXX</u>

Closing Balance	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxxx</u>
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**Note XX+1 Restrictions on Access to Development and Humanitarian Assistance**

**Development Assistance**

**General Restrictions**

The balance of undrawn development assistance may be subject to prior performance of specific agreed actions or the maintenance of agreed economic or financial performance levels by the government or the project specific implementation agency. The table below indicates the extent to which development assistance is subject to agreed actions or performance targets. Subject to adherence to the agreed actions or performance targets the funds then available may be used to procure goods or services subject in some cases to procurement restrictions described below.

200X - 1					
	Budget Support		Other		Total
	Loans and Grants		Loans and Grants		
	Unrestricted	Restricted	Unrestricted	Restricted	
UN Agencies	xx	xx	xx	xx	xxx
Multilateral Development					
Banks	-	xx	xx	xx	xxx
Bilateral Agencies	xx	xx	xx	xx	xxx
Other sources	<u>xx</u>	<u>xx</u>	<u>xx</u>	<u>xx</u>	<u>xxx</u>
Closing Balance	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxxx</u>

200X					
	Budget Support		Other		Total
	Loans and Grants		Loans and Grants		
	Unrestricted	Restricted	Unrestricted	Restricted	
UN Agencies	xx	xx	xx	xx	xxx
Multilateral Development					
Banks	-	xx	xx	xx	xxx
Bilateral Agencies	xx	xx	xx	xx	xxx

Other sources	<u>xx</u>	<u>xx</u>	<u>xx</u>	<u>xx</u> <u>xxx</u>
Closing Balance	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u> <u>xxxx</u>

### Agreed Actions and Performance Targets

The Government has prepared an economic development plan including a poverty reduction strategy which is supported by the donor community. The government and donor community have agreed targets for reducing the fiscal deficit to sustainable levels within five years through a program of tax reforms, sale of state owned enterprises and by focusing expenditures within the poverty reduction strategy. Fiscal expenditures will be increased for the agricultural, health and education sectors. The government and the donor community have agreed on targets to monitor progress to achieve agreed targets and have agree to meet annually to review progress and to ensure continued donor financial support for the government's economic development plan.

Loans and grants to support specific projects include financial performance targets for all electricity and water utilities to ensure adequate revenue to cover the cost of providing services, to properly maintain existing utility assets and to contribute to a program of asset replacement and renewal.

### Procurement Restrictions

Development assistance may in some cases be restricted as regards the nature of goods or services that may be purchased with available funds or the country in which the goods or services may be purchased. All multilateral development bank loans or grants are restricted in that they prohibit the use of their funds for the purchase of military goods or services, luxury goods or environmentally damaging goods and that the purchase of goods or services must be from their respective member countries. Purchases utilizing World Bank funds are limited to 184 countries and those utilizing XXX Regional Development Bank funds are limited to XX countries. Bilateral Agencies are either unrestricted or limit purchases of goods or services to the country providing the funds. All "Other Loans and Grants" fund specifically defined projects and as such the procurement of goods and services is restricted to the agreed inputs for each project.

200X - 1					
	Budget Support		Other		Total
	Loans and Grants		Loans and Grants		
	Unrestricted	Restricted	Unrestricted	Restricted	
UN Agencies	xx	xx		xx	xxx
Multilateral Development					
Banks	-	xx		xx	xxx
Bilateral Agencies	xx	xx		xx	xxx
Other sources	<u>xx</u>	<u>xx</u>		<u>xx</u>	<u>xxx</u>
Closing Balance	<u>xxx</u>	<u>xxx</u>		<u>xxx</u>	<u>xxxx</u>

200X					
	Budget Support		Other		Total
	Loans and Grants		Loans and Grants		
	Unrestricted	Restricted	Unrestricted	Restricted	
UN Agencies	xx	xx		xx	xxx
Multilateral Development					
Banks	-	xx		xx	xxx
Bilateral Agencies	xx	xx		xx	xxx
Other sources	<u>xx</u>	<u>xx</u>		<u>xx</u>	<u>xxx</u>
Closing Balance	<u>xxx</u>	<u>xxx</u>		<u>xxx</u>	<u>xxxx</u>

The government has complied with all agreed covenants and reached all economic targets except investment targets in education were one percent below the target. Steps have been taken to correct the underinvestment in the education sector and the government and the donor community support the corrective actions planned. The government has complied with all procurement regulations applicable under all outstanding loans.

**Humanitarian Assistance**  
**General Restrictions**

The balance of undrawn humanitarian assistance is not subject to general restrictions such as prior performance of specific actions or maintenance of economic or financial performance levels.



### Procurement Restrictions

All humanitarian assistance is restricted to the use agreed between the provider of the assistance and the government and in some cases to purchases of goods or services or the provision of goods or services in-kind from the country providing the assistance.

### Note XX + 2 Amortization of Debt

Development assistance debt is provided on concessional terms which are more favorable to the government than commercial debt. The terms include grace periods which range from at least five years to a maximum of seven years. Interest rates negotiated include both fixed rates and variable rates. Interest rates on fixed rate loans, as of fiscal year ending 200X-1 range from 5.25 percent to 6.75 percent with a weighted average of 5.95 percent, and for the fiscal year ending 200X range from 5.25 percent to 6.70 with a weighted average of 5.92 percent. Interest rates on variable rate loans range from LIBOR plus 1 percent to LIBOR plus 1.25 percent with a weighted average at the end of fiscal year 200X-1 of 7.35 and at the end of fiscal year 200X of 7.27 percent.

International Development Association (IDA) credits include a grace period of ten years and are interest free but a service charge of 0.75 percent applies.

#### **200X - 1**

#### **Outstanding Debt by Grace Period** **Expired 0 - 4 5 - 7 Over 7 Total**

Fixed rate loans	XX	XX	XX	-	XXX
Variable rate loans	XX	XX	XX	-	XXX
IDA Credits	<u>XX</u>	<u>XX</u>	<u>XX</u>	<u>XX</u>	<u>XXX</u>
Closing Balance	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXXX</u>

#### **200X**

#### **Outstanding Debt by Grace Period** **Expired 0 - 4 5 - 7 Over 7 Total**

Fixed rate loans	XX	XX	XX	-	XXX
Variable rate loans	XX	XX	XX	-	XXX
IDA Credits	<u>XX</u>	<u>XX</u>	<u>XX</u>	<u>XX</u>	<u>XXX</u>
Closing Balance	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXXX</u>

The amortization period on existing development assistance loans varies from 20 years to 25 years subsequent to the grace period with a weighted average for outstanding debt of 27.7 years including the grace period. In all cases the amortization is based on a fixed payment of principal plus interest accrued. IDA Credits are interest free and principal payments are equal amounts over 30 years following the grace period with a weighted average of 32.4 years including the grace period.

**200X – 1**

**Amortization Payments Including Interest**  
**US Dollar   Euro   Yen   Others   Total**

Fixed rate loans	xx	xx	xx	xx	xxx
Variable rate loans	xx	xx	xx	xx	xxx
IDA Credits	<u>xx</u>	<u>xx</u>	<u>xx</u>	<u>xx</u>	<u>xxx</u>
Closing Balance	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxxx</u>

**200X**

**Amortization Payments Including Interest**  
**US Dollar   Euro   Yen   Others   Total**

Fixed rate loans	xx	xx	xx	xx	xxx
Variable rate loans	xx	xx	xx	xx	xxx
IDA Credits	<u>xx</u>	<u>xx</u>	<u>xx</u>	<u>xx</u>	<u>xxx</u>
Closing Balance	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxxx</u>

## **Appendix 2: Illustration of the Notes to the Financial Statements for a Project Specific Entity**

This appendix is illustrative only and does not form part of the standard. It illustrates note disclosure for a project specific entity that has received development assistance loans and grants during the current and preceding years. Its purpose is to assist in clarifying the meaning of the standards by illustrating their application in the preparation and presentation of general purpose financial statements under the cash basis of accounting.

## **Appendix 2**

### **Development Assistance Received by an Individual Project**

#### **Note XX - Undrawn Development and Humanitarian Assistance**

Undrawn development assistance consists of the amount of development assistance agreed to be provided to fund the Urban Water Supply System by the XXX Development Bank, the AAA Bilateral Agency and the national government which has not been utilized at the close of the respective fiscal year end.

Changes in undrawn development assistance

	<b>200X</b>			<b>200X – 1</b>		
	<b><u>Loan</u></b>	<b><u>Grant</u></b>	<b><u>Total</u></b>	<b><u>Loan</u></b>	<b><u>Grant</u></b>	<b><u>Total</u></b>
Opening balance	xx	xx	xxx	xx	xx	xxx
Additional development assistance	-	xx	xx	-	xx	xx
Total available	xx	xx	xxx	xx	xx	xxx
Development assistance utilized	x	x	xx	x	x	xx
Development assistance cancelled	-	x	xx	x	x	xx
Exchange difference	x	x	xx	x	x	xx
Closing balance	<u>xx</u>	<u>xx</u>	<u>xxx</u>	<u>xx</u>	<u>xx</u>	<u>xxx</u>

Undrawn Development Assistance has been provided by the following sources and is denominated in the following currencies.

	<b>200X</b>			
	<b><u>US Dollar</u></b>	<b><u>Euro</u></b>	<b><u>Local</u></b>	<b><u>Total</u></b>
XXX Development Bank	xx			xx
AAA Bilateral Agency		xx		xx
National Government			xx	xx
Closing Balance	<u>xx</u>	<u>xx</u>	<u>xx</u>	<u>xxx</u>

	<b>200X – 1</b>			
	<b><u>US Dollar</u></b>	<b><u>Euro</u></b>	<b><u>Local</u></b>	<b><u>Total</u></b>
XXX Development Bank	xx			xx
AAA Bilateral Agency		xx		xx
National Government			xx	xx
Closing Balance	<u>xx</u>	<u>xx</u>	<u>xx</u>	<u>xxx</u>

## **Note XX+1 - Restrictions on Development Assistance**

### **General Restrictions**

Loans from the XXX Development Bank and the AAA Bilateral Agency require that the water supply utility set water tariffs at a level to cover the cost of providing potable water, the proper maintenance of all assets and to provide a reasonable contribution to replacement and renewal of existing assets. Both loans are guaranteed by the National Government for which a fee of .25 percent of the outstanding loan amount is charged, no other conditions result from the guarantee. Funds from the National Government have been provided as a grant.

### **Procurement Restrictions**

Procurement under the XXX Development Bank loan is limited to an agreed list of water purification equipment, distribution pipes and other equipment as well as services needed to increase the capacity of the water supply system to agreed levels. All procurement must take place under agreed international competitive bidding procedures. All goods and services must be purchased from manufacturers located in one or more of the 55 member countries of the XXX Development Bank.

Procurement under the AAA Bilateral Agency loan is limited to financing a contract to develop a ground water field on land owned by the city and leased to the utility. The services must be procured from a firm located in AAA Country using agreed competitive bidding procedures. Up to twenty percent of the agreed loan amount may be used to procure domestic goods and services ancillary to the main drilling contract.

Procurement utilizing funds from the national Government grant must follow standard government procurement regulations.

### **Compliance with Loan Covenants**

The Urban Water Supply System has complied with all loan covenants including performance covenants and other covenants requiring submission of audited annual financial statements etc. and has followed all respective procurement regulations.

**Note XX+2 – Amortization of Development Assistance Debt**

The loan from the XXX Development Bank, in an amount not to exceed US \$XXX (XXXX Domestic currency units), has been drawn down in various currencies equivalent to US \$XX (XXX Domestic currency units) to pay suppliers in their required currencies. Interest is payable semiannually at a rate of 5.75 percent on the outstanding balance. The loan is currently within the second year of a grace period of five years. Interest payable during the grace period is financed under the loan. Principal payments on the loan will commence in 200X – 6.

The loan from the AAA Bilateral Agency, in the amount not to exceed Euro XXX (XXXX Domestic currency units), has been drawn down to pay the foreign drilling contract and domestic contractors in the amount of Euro XX (XXX Domestic currency units). Interest is payable semiannually at a rate of 3.75 percent on the outstanding balance. The loan is currently within the second year of a grace period of three years. Interest is payable during the grace period. Principal payments will commence in 200X – 4.

From: Charles Coe [ccoe@canada.com]  
Sent: Wednesday, June 23, 2004 3:26 AM  
To: bengt.ekman@sida.se  
Cc: imackintosh@worldbank.org; 'Paul Sutcliffe'  
Subject: RE: Comments on draft IPSAS

Dear Bengt:

I greatly appreciate your efforts and those of your colleagues regarding this draft exposure draft. I have read through your comments and very briefly skimmed the attachment. I want to acknowledge receipt of your comments and forward them to the IFAC Secretariat to see if there is any possibility to circulate them before the PSC meeting.

I agree we will have an interesting discussion in July which I look forward to attending and of course to meet with you again. There are a number of technical points that we might discuss prior to the meeting and then focus the meeting on matters of principle. Perhaps we could arrange to meet before the discussion to clear up some of the technical matters. I don't want to limit the opportunity for the meeting to discuss any matter but there might be more benefit if the meeting focuses on major points.

Best regards  
Charles

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-----Original Message-----

From: bengt.ekman@sida.se [mailto:bengt.ekman@sida.se]  
Sent: Tuesday, June 22, 2004 7:48 AM  
To: ccoe@canada.com  
Subject: Comments on draft IPSAS

Dear Charles,

I regret that I have not managed to comment earlier on the draft IPSAS in spite of my communicated intentions. However, I now make an attempt to - A Comment on the specific matters raised in the draft - B comment the draft IPSAS itself

A general comment is the need for a readable document. In present version there are a number of long sentences (see e g para 21 and 43)

A Specific matters

1. Military assistance

Military assistance should be treated in the same way as other payments, receipt/disbursements, third party payments, in-kind donations to the extent that military assistance is included in the DAC definition of ODA recently revised by the DAC HLM. I do not have immediate access to the definition, but trust that the DAC secretariat through Brian Hammond will comment on this further

## 2. IMF loans

From an accounting point of view IMF loans should be treated in the same way as other resource flows. However, I think that the DAC secretariat can provide a more qualified view on the issue of eligibility of IMF loans as development assistance.

## 3. Disaggregation of humanitarian assistance

Even though humanitarian assistance is defined in international conventions, it is almost impossible to define a very clear separation from development assistance. We do not see the great merit of such separation. It is much more important for the reporting entirely to have e g a clear separation of grants and loans and to inform the reader about short-term or long-term contacts and possible conditions. This also refers to the issue on the accountability purpose - this IPSAS is primarily for governments accountability towards its legislature and citizens and secondly to donors/lenders. Also, we think that the emphasis in the IPSAS should be a reflection of history rather than on sources of future cash receipts.

## 4. Disaggregation within Development and Humanitarian assistance

We agree of the importance of segregating loans from grants, on the face of the statement of cash receipts and payments. Other forms of disaggregation should be disclosed in the notes. We question whether it is important to disaggregate sources of funds by type of provider. We think it could be too detailed to disaggregate the individual donor/lender, especially if not material. We further think that the general purpose statement must be seen in the context of other statements such as budget outcome reports. This disaggregation of funds for different purposes should only be made due to possible risks for repayment due to conditions attached.

## 5. Application of standard

We do not see that the standard should be applied to providers. The important issue is that all amounts appearing in the financial statements is verifiable.

## 6. Transition period

I think that this standard need to be compatible with the other work of the DAC JVPFM regarding predictability of funds. Simon Gill of DFID is responsible for developing a good practice and also concrete templates, and issues on definitions of commitments etc are included in this piece of work. I have advised his consultants of Crown Agents to contact you in this regard. Maybe the IPSAS is not the appropriate place for disclosing balances of committed funds also due to the arguments that is provided in the text.

## B. Specific comments

In the attached draft IPSAS a Sida colleague has made a number of detailed comments and proposed revisions. Rather than to overwork them I provide them in full. I hope that they will be useful to you.

In addition to those comments/proposals I have the following comments regarding para 46-51, Receipt of goods or services in-kind: Receipt of goods or services can sometimes meet the definition of "voluntary services" as described in IFAC PSC's ITC Revenue from Non-exchange transactions. This is when services provided to a reporting entity are of a type that the entity would not acquire if they were not provided voluntary. The ITC only requires general nature of voluntary



services received to be disclosed in the notes. The reason for this is that recognition/disclosure of all voluntary services at fair value would lead to considerable cost for entities. If this is the view in an accrual based standard, it does not make sense to require disclosure at fair value in a cash based standard.

I do hope that the above is useful. If any questions do not hesitate to contact me. It will be an interesting discussion in DAC in the July meeting.

See you there!

Best regards

Bengt Ekman



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June 23, 2004

Mr. Paul Sutcliffe, Director  
Public Sector Accounting Standards  
IFAC

Re: Item 12 IPSAS Harmonization with IASs/IFRSs

Dear Mr. Sutcliffe:

As the AGA representative to the IFAC PSC Consultative Group, I would like to offer the following comments regarding the above-referenced document.

**Issue 1 – A stable platform of 20 IPSASs rather than 21 IPSASs (not including the IPSAS on Impairment of Assets)**

Concur. I agree with the staff's position that announcing a stable platform of the existing 20 IPSASs is better than delaying the stable platform in order to include the Impairment IPSAS.

**Issue 2 – Date of Application of the all the second generation of IPSASs**

Concur with the staff position of an issue date of January 1, 2008 with application by January 1, 2009.

**Issue 3 – Whether to adopt an endorsement process, rewrite the IASs/IFRSs as was done during phase 1 of the program, rely on the hierarchy or a combination of all these approaches.**

Recommend adoption of an endorsement process, which retains the hierarchy, as proposed by staff. Under this approach, the PSC would issue as IPSASs, the IASs/IFRSs that are applicable to public sector entities without change and only rewrite those where there is a public sector reason to depart. I support this approach because it would require fewer resources and provides the PSC with the flexibility to rewrite the IASs/IFRSs if needed but retains the hierarchy. This method appears to be the most efficient utilization of existing resources and will result in more timely guidance.



**Issue 4 – Should all IASs/IFRs be converted into IPSASs, or only those IASs that are more relevant to the public sector.**

Recommend converting only the IASs that are relevant to the public sector. While some of the IASs which are not normally relevant to the public sector, might under certain circumstances affect the “whole of government financial statements”, I don’t believe the additional cost and burden is justified. For this reason, it is recommended that the IASs which are clearly not relevant to the public sector be excluded from the harmonization program.

**Issue 5 – Should a stable platform also be developed for the Cash Basis IPSAS**

Concur with staff position, at the current time, to delay establishment of a stable platform for the cash basis IPSAS. Concurrence with this position is based primarily on the fact that the PSC has agreed to review implementation of the cash basis in 2005.

Thank you for the opportunity to provide these comments. I regret I will be unable to attend the meeting. Best wishes for an extremely productive work session!

Sincerely,

A handwritten signature in black ink that reads "Sharon R. Russell". The signature is written in a cursive, flowing style.

Sharon R. Russell, CPA, CGFM