

# International Public Sector Accounting Standards Board

Conceptual Framework: Preface

Agenda Item 2A

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## Objective of Session

- Review and approve Preface

# Background

- Originally staff draft intended as limited informal information piece
- Member view that more significant to Framework and broader standard setting
- Key Characteristics ED issued: April 2011
- 38 responses
  - Generally supportive and most favored inclusion in the Framework
  - Reservations about (i) whether characteristics adequately highlighted & (ii) public sector specificity
- Decision to develop into Preface to Framework
- Directions at December meeting to make more concise
- Circulated out of session in February

## Key Issues

- Indication of Impact of Characteristics
- Involuntary Transfers and Non-Exchange Transactions
- Longevity of Public Sector
- Regulatory Role of Public Sector
- Statistical Bases of Accounting

## Impact of Characteristics on Framework (paragraph 8)

- Recurrent and pervasive issue
- Competing tensions
  - Inappropriate to go into detail when Phase 2-4 incomplete
  - Saying nothing leads to “so what?”
- Middle road
  - General pointers, but no detail e.g., specialized assets (paragraph 12)

*Matter for Consideration: Is approach appropriate?*

# Volume & Financial Significance of Involuntary Transfers and Non-exchange Transactions (paragraphs 9-10)

- Direction to make firmer distinction between (i) involuntary transfers and (ii) non-exchange transactions
- Retention of discussion of involuntary transfers
  - Respondent view: term not in literature- Delete references in paragraph 5 and paragraph 6
  - Staff view: volume and significance of involuntary transfers linked to accountability- Retain
- Link between taxation and debt servicing/repayment
  - Respondent view: Adds little of value – Delete last sentence of paragraph 5
  - Staff view Important consideration in current financial environment - Retain

## *Matters for Consideration*

- *Should references to, and discussion of, involuntary transfers be retained?*
- *Is reference to taxation and debt servicing useful?*

## Longevity of Public Sector (paragraphs 11-12)

- Direction to shorten and put “going concern” at core
- Restructuring
  - Assertion that going concern difficult to interpret (para. 15)
  - Nature and longevity of governments and public sector entities (para.15)
  - Long-term nature of many public sector programs (para.16)
  - Obligations not meeting definition of liability (para.16)
  - Rights to levy taxation may not meet asset definition (para.16)
  - Need for information on long terms sustainability of public finances
  - Renaming of section

*Matter for Consideration: Are restructuring and change of name of subsection appropriate?*

## Regulatory Role of Public Sector (paragraphs 17-18)

- Direction at December meeting to note that governments can regulate themselves and potential consequences
- Revision of paragraph 18

*Matter for Consideration: Is revision of section on Regulatory Role of Public Sector appropriate?*



## Importance of Statistical Bases of Accounting (paragraphs 19-22)

- Introductory material inserted from Consultation Paper (para. 13)
- Further explanatory material on SNA
- Restructuring of para. 20
  - SNA overarches GFS and ESA
- Respondent questioned assertion in paragraph 22
  - Staff view that justified by summaries in EDs of Phases 1-3

*Matter for Consideration: Is revision of section on Importance of Statistical Basis of Accounting appropriate?*

# Page-by Page Review