

**Agenda Item 6D:
Conceptual Framework: CF–
ED4, *Presentation***

Gwenda Jensen, Senior Technical Manager

IPSASB Meeting

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Objectives of this Session

- To **review** responses to CF–ED4, *Presentation in General Purpose Financial Reports* (CF–ED4);
- **Provide direction** on the issues identified; and,
- **Identify** issues for further discussion in March 2014.

Background

- CF–ED4 issued in April 2013, with comments requested by August 15 2013
- High level overview of responses provided to IPSASB's September meeting
- 33 responses received
- Collation of responses provided in Agenda Item 6D.2
- CF–ED4 included seven specific matters for comment (SMCs)

Overview of Issues

- Level of support for CF–ED4’s overall approach, fundamental issues, and level of detail (SMC 7)—maintain high level approach
- SMCs 2 to 6: Description and specific issues described—refer specifics to chapter development
- *Issue 1*: Terminology—presentation, display and disclosure

1. Support for CF–ED4’s Overall Approach

- (a) Staff assessment of General Comments: 13 support (+ 7 no comment), 3 support with exceptions, 8 do not support, identify fundamental issues, 3 unclear
- (b) Fundamental issues:
 - Should focus on financial statements only (3);
 - Should align with IASB’s coverage of concepts (5 & 3); and,
 - CF-ED4’s coverage is inadequate (not useful, guidance rather than concepts, needs to include “framework”, only repeats Phase 1 coverage) (5)
- (c) Other issue: Language of reports (1); Staff view that this is outside of Phase 4’s scope

1. CF–ED4’s Overall Approach: Fundamental Issues

- (a) Focus exclusively on the financial statements:
 - Issue considered during development of Consultation Paper and CF–ED4
 - IPSASB has consistently concluded that focus should extend beyond the financial statements
 - Staff assumes IPSASB’s position remains the same
- (b) Alignment with IASB’s Conceptual Framework:
 - Terminology (See Issue 1/SMC 1)
 - Staff proposal: IPSASB’s discussions of IASB developments (September and December) to guide staff and TBG consideration of other aspects of IASB’s Conceptual Framework Discussion Paper

1. CF–ED4’s Overall Approach: Fundamental Issues

(c) Inadequate coverage:

- Respondents: Coverage not useful, guidance rather than concepts, needs to include “framework”, only repeats Phase 1 coverage
- IPSASB view during development:
 - Concepts need to apply broadly (financial statements and other reports)
 - Avoid descending into detailed, standards level requirements
- Issues of detail, raised by respondents to the CP, were considered during development of CF–ED4
- Responses to SMC 7 relevant (address level of detail)

1. CF–ED4’s Overall Approach: Sufficient Detail?

- (a) SMC7: Does CF–ED4 contain sufficient detail?
 - Yes, agree 21 respondents
 - Partially agree 3 respondents
 - Disagreed 5 respondents
 - No comment 4 respondents
- (b) Detailed suggestions on additional coverage (R7, R22 and R31), and specific concerns (R23 and R30)
- (c) Staff proposal: Review suggestions and concerns raised for scope to improve usefulness *without* change to high level approach

Action Requested

- 1 Members are asked to **indicate** whether they agree with staff proposals with respect to respondents':
 - (a) Fundamental concerns:
 - Phase 4's focus: *Continues* broader than financial statements
 - IASB alignment: *Guided by* Board's discussions in September and December
 - (b) Suggestions for additional coverage:
 - Review for scope to improve usefulness *without change* to the high level approach in CF–ED4

2. SMC 2 Identification of presentation decisions (selection, location and organization)

SMC 2 asked whether respondents agreed with CF–ED4’s identification of three presentation decisions:

(a) 28 agreed, 4 partly agreed, 1 disagreed

(b) Reasons for partial agreement:

- Fundamental issues, while acknowledging that the three decisions are useful (2 respondents);
- Information organization should not be a separate category (see SMC 5) (1 respondent); and
- Too generic to be useful (1 respondent)

(c) Disagreement: Reasons related to responsibility for decisions, user rights, and availability of information

2. SMC 3 Proposed Approach to Making Presentation Decisions

SMC 3 asked whether respondents agreed with CF–ED4’s proposed approach to making presentation decisions

(a) 24 agreed, 2 partly agreed, 6 disagreed (1 no comment)

(b) Reasons for disagreement or partial agreement:

- Fundamental issues (4 respondents)—approach is not useful, lacks impact, and implications for standard setting are unclear;
- Specific points (5 respondents)—detailed proposals to expand and improve coverage, better focus needed on users, explain what happens to meet objectives, identify responsibility for information selection decisions; address presentation consistency

2. SMC 3 Proposed Approach to Making Presentation Decisions

Staff proposes that the specific points raised with respect to SMC 3 be reviewed as part of development of the draft chapters

Outcome of the review will be reported to IPSASB in March 2013

2. SMC 4 Description of Information Selection

SMC 4 asked whether respondents agreed with CF–ED4’s description of information selection

(a) 22 agreed, 6 partly agreed, 4 disagreed (1 no comment)

(b) Specific points raised:

- Provide more detail on information outside the financial statements;
- Operationalize the qualitative characteristics;
- Provide criteria for information selection (IPSASs and RPGs);
- Emphasize review of selection decisions;
- Stress need for audit of reporting information; and
- Financial statements should not be expected to provide information to assess service delivery

2. SMC 4 Description of Information Selection

Staff proposes that the specific points raised with respect to SMC 4 be reviewed as part of development of the draft chapters

Outcome of the review will be reported to IPSASB in March 2013

2. SMC 5 Description of Information Location

SMC 5 asked whether respondents agreed with CF–ED4’s description of information location

(a) 23 agreed, 3 partly agreed, 6 disagreed (1 no comment)

(b) Reasons for disagreement or partial agreement:

- Treat organization as part of location (2);
- Specific points re. additional coverage (4);
- Detailed proposals to expand and improve coverage (1);
- Notes do not always relate to information statements’ face (2)
- Other specific disagreements (impact of location on the QCs and apparent endorsement of jurisdiction specific laws that may be incompatible with IPSASs) (2)

2. SMC 5 Description of Information Location

Staff proposes that the specific points raised with respect to SMC 5 be reviewed as part of development of the draft chapters

Outcome of the review will be reported to IPSASB in March 2013

Staff also proposes that the distinction between location and organization decisions be maintained

2. SMC 6 Description of Information Organization

SMC 6 asked whether respondents agreed with CF–ED4’s description of information organization

(a) 24 agreed, 4 partly agreed, 3 disagreed (2 no comment)

(b) Reasons for disagreement or partial agreement:

- Further explanation and detail needed with suggestions (2);
- Further clarification on organization in GPFRs (1);
- Lacks useful criteria (1);
- Issues fundamental to overall approach (3)

2. SMC 6 Description of Information Organization

Staff proposes that the specific points raised with respect to SMC 6 be reviewed as part of development of the draft chapters

Outcome of the review will be reported to IPSASB in March 2013

Action Requested

2. Members are asked to **indicate** whether they agree with the staff proposals that:
 - (a) Respondents' specific suggestions with respect to SMCs 2 to 6 be considered by staff and the TBG as part of further development of the draft chapters; and
 - (b) Decisions on information location and information organization continue to be treated as separate presentation decisions.

3. Issue 1—Terminology (SMC 1)

SMC 1 asked whether respondents agreed with CF–ED4’s descriptions of “presentation”, “display” and “disclosure”.

(a) 17 agreed, 7 partly agreed, 9 disagreed

(b) Main reasons for disagreement:

- Differ from accepted terminology, confusing, and need to align with IASB terms;
- Display and disclosure imply :
 - Disclosures less important than displayed information
 - Disclosures must always relate to displayed information
- More description/ criteria needed for decisions on what information is displayed and what disclosed

3. Issue 1—Terminology (SMC 1)

(c) Presentation:

- Fewer respondents (7) disagreed with “presentation”
- Main reasons for disagreement were that the description of presentation would:
 - Change an already established term; and/or
 - Introduce an unnecessary difference between IPSASB concepts and those of the IASB

Action Requested

3. Members are asked to:

- (a) **Provide direction** on whether alignment of terminology with IASB's approach should be considered and recommendations brought back to March IPSASB meeting; and
- (b) **Confirm proposals** on how to proceed on the other three main concerns—staff and TBG to address:
 - (i) Disclosures are equally important (clarification)
 - (ii) Disclosures could be unrelated to item on face of statements, and
 - (iii) Provide more description/criteria to extent appropriate

Next Steps

- Staff and TBG to develop chapters.
- Submit draft chapters to IPSASB for review at the March 2014 meeting