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La Présidente

Paris, June 22, 2026

Mr Ross Smith

Program and technical director

International Public Sector Accounting Standards Board

International Federation of Accountants

70 York Street, Suite 710

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Re: Response to Exposure Draft ED94, *Linkages Between IPSAS Standards and the Government Finance Statistics Manual 2014* (Amendments to IPSAS 22)

Dear Mr Smith,

The French Public Sector Accounting Standards Council (CNOCP) welcomes the opportunity to comment on Exposure Draft ED94, *Linkages Between IPSAS Standards and the Government Finance Statistics Manual 2014* (Amendments to IPSAS 22) (ED94).

The detailed comparison between IPSASs and the corresponding provisions in GFSM 2014 is very useful, and we commend the IPSASB for their efforts. Our understanding is that this comparison is more specifically intended for statisticians. With this in mind, we would like to suggest that the IPSASB precede the detailed comparison with a more educational and concise summary aimed at statisticians. The presentation by major themes (presentation of financial statements, general principles, scope of accounting, non-financial assets, etc.), broken down standard by standard within each theme, should of course be retained in an appendix, having the merit of being comprehensive.

A summary of the most significant differences, with illustrations of related challenges, would indeed better inform statisticians who are not deeply familiar with IPSASs and who, with few exceptions, do not prepare IPSAS financial statements. We propose, for example, grouping the issues into categories rather than by standard, to facilitate linkages between IPSAS financial statements and GFSM statements. This grouping would also allow statisticians to focus on the key differences when reaching out to IPSAS accrual accounting data.

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Among these key differences, we would like to highlight the issue of the lack of systematic alignment between the IPSAS and GFSM consolidation scopes. Indeed, as noted in IG43, IG45, and IG46, the GFSM consolidation scope is governed by rules that, while using the concept of control, also go beyond it. Consequently, the groupings used in national accounts may not fully align with the consolidation scope under IPSASs.

For example, the local government subsector consists of entities that do not systematically share control relationships. Furthermore, the subsector is not an accounting entity per accrual accounting principles. Thus, even though the concept of control is common to both systems, its use and interpretation differ: the GFSM requires the production of "consolidated" data within a scope that is not an IPSAS consolidation scope. This point should therefore be highlighted in the summary we recommend above, as it is key to fully understand the comparisons between the two systems.

Still on the topic of consolidation, and beyond the issue of the scope of consolidation, it is also important to note the differences in how aggregated accounts are prepared under the two frameworks. These differences can be illustrated, for example, by the absence in the system of national accounts of the systematic elimination of transactions between entities included within the same scope of consolidation, for reasons related to the objectives and rules of national accounts. While these differences in how aggregated accounts are built-up are not direct differences in presentation, recognition and measurement principles as presented in ED94, they remain important to mention in order to fully understand the limitations of producing GFSM reports based on IPSAS-compliant data. In this regard, to facilitate the dialogue with statisticians, we believe it would be useful to clarify, based on the illustrative example of eliminations, that it takes more than a comparison of principles to fully explain all the differences between the two frameworks.

Another important point, in our view, is to clarify the reasons behind the conceptual differences, beyond simply identifying them, in order to concretely illustrate the different objectives between the two systems. For example, the principles for recognising assets are based on the concept of control under IPSASs and on that of economic ownership in the GFSM framework. Indeed, in national accounts—and more specifically for corporations—the concept of economic ownership entails recording all productive assets used by an entity in that entity's accounts, while under IPSASs the entity would not control those assets. In addition, as national accounts analyse the economic activity of general government—which, by its very nature, does not generate production—according to the same rules that apply to corporations, the concept of economic ownership and its consequences, also applies to general government. While the concept of control most often overlaps with the concept of economic ownership, in the case of service concession arrangements, for example, the assets in the arrangements may be recognised by the grantor under IPSASs and by the operator in national accounts. Another consequence of this conceptual difference relates to measurement principles: in national accounts, productive assets must be recorded at their current value and for the full amount of that value, whereas under IPSASs, several measurement options are possible, such as historical cost or current value. To echo the distinction proposed in the IFRS Conceptual Framework, we consider that GFSM reports adopt an approach based on the maintenance of physical capital, whereas IPSASs refer to the maintenance of financial capital. Thus, we suggest that the Board highlight, in the aforementioned summary, a category of differences based on the notion of capital maintenance, of which the conceptual difference in the accounting for controlled assets would be an illustration.

One final point that could be included in the summary outlined above is about differences in terminology. The two systems may indeed use different terms to refer to the same concept, or the same term to refer to different concepts. As we saw earlier for example with the terms "consolidation" and "eliminations", using the same term to refer to different concepts is problematic, and it would be particularly illuminating to analyse these cases. For instance, identifying instances resulting from uncoordinated historical developments between the two systems would provide an explanation that would help mitigating the perceived confusion.

We don't have any further particular observations regarding the Specific Matters for Comments requested for the ED.

Yours sincerely,

Marie-Christine LEPETIT