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PUBLIC SECTOR  
ACCOUNTING BOARD



CONSEIL SUR  
LA COMPTABILITÉ  
DANS LE SECTEUR  
PUBLIC

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Toronto, ON M5V 3H2 Canada

**Re: PSAB Staff Comments on Exposure Draft, “Improvements to IPSASs 2015”**

Thank you for the opportunity to provide input on the Exposure Draft, *Improvements to IPSASs 2015*.

Overall, PSAB staff is in support of the proposals in the Exposure Draft (ED). A few comments for your consideration are set out in the Appendix to this letter and represent the views of PSAB staff, not those of the Public Sector Accounting Board (PSAB).

We hope that you find our comments helpful.

Sincerely,

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## APPENDIX – COMMENTS FOR CONSIDERATION

### ***Part I: Conceptual Framework Improvements to IPSASs***

#### **Overall Comment**

In reviewing this part of the ED, it was noticed that in most cases only two qualitative characteristics are noted, relevance and faithful representation. IPSASB should consider the context of where the original wording came from. If the original wording is due to IASB convergence, it is important to note that the IASB considers relevance and faithful representation as “fundamental” qualitative characteristics. However, IPSASB does not have a similar hierarchy for the qualitative characteristics. As a result, IPSASB may want to consider whether there should also be mention of the other qualitative characteristics as noted in revised IPSAS 3 paragraph 12 which states:

*“In the absence of an IPSAS that specifically applies to a transaction, other event, or condition, preparers shall use their judgment in developing and applying an accounting policy that results in information that is relevant to the accountability and decision-making needs of users, represents faithfully the financial position, financial performance, and cash flows of the entity, meets the other qualitative characteristics and takes account of the constraints on information included in general purpose financial reports.”*

For example, paragraph 44 or IPSAS 1 could be rewritten as follows:

*“An entity changes the presentation of its financial statements only if the changed presentation provides information that is faithfully representative, is more relevant to users, meets the other qualitative characteristics and takes account of the constraints on information, and the revised structure is likely to continue, so that comparability is not impaired. When making such changes in presentation, an entity reclassifies its comparative information in accordance with paragraphs 55 and 56.”*

Other paragraphs to consider include the following:

- IPSAS 1 – 70, 73, 74, 109, 116;
- IPSAS 20 – 27(c), 32;
- IPSAS 30 – AG7.

#### **Amendments to IPSAS 1, *Presentation of Financial Statements***

Paragraph BC 15 discusses the Board’s conclusion not to make changes to the recognition criteria in advance of a more general review. However, based on a review of the amendments made to IPSAS 1, there does not appear to be any amendments pertaining to this. As a result, it is suggested that this paragraph be removed to help avoid any confusions that may arise with retaining it.

#### **Amendments to IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors***

It was noted that the Basis for Conclusions explains the amendments in all the bold paragraphs except for paragraph 14. To be consistent with the other amendments proposed, an explanation for the amendments to paragraph 14 should be provided.

#### **Amendments to IPSAS 18, *Segment Reporting***

In this IPSAS, a discussion of the Qualitative Characteristics which covered just over two pages was deleted. Although the explanation for the removal appears in “Basis for Conclusions” for IPSAS 1, it may be worthwhile

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to repeat the explanation for the deletion in the Basis for Conclusions for this IPSAS as they are two separate IPSASs.

**Amendment: Part I-2 – Insertion of footnote**

It was noted that the explanation for the amendment (i.e. the footnote) does not appear in any of the affected IPSASs. The explanation of the amendment only appears in the Basis for Conclusion for IPSAS 1 (paragraph BC15). As each IPSAS is a stand-alone standard, it is suggested that the paragraph that appears in IPSAS 1 (paragraph BC 15) be replicated in all the affected IPSASs.

***Part IV: IASB Improvements to IPSASs***

***Amendments to IPSAS 17, Property, Plant, and Equipment***

The second half of paragraph 107G states “An entity shall apply those amendments retrospectively, in accordance with IPSAS 3, ...except as specified in paragraph 107G.” However, the first half of the same paragraph indicates that “An entity shall apply those amendments prospectively...” As a result two questions arise:

1. How should an entity apply the amendments, prospectively or retrospectively?
2. Should the paragraph be referencing itself?