

Swiss Comments to

Exposure Draft Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities: Presentation in General Purpose Financial Reports

Table of Content	Page
1. Introduction.....	1
2. General Remarks	1
2.1 Specific Matter of Comment 1	1
2.2 Specific Matter of Comment 2	1
2.3 Specific Matter of Comment 3	2
2.4 Specific Matter of Comment 4	2
2.5 Specific Matter of Comment 5	2
2.6 Specific Matter of Comment 6	3
2.7 Specific Matter of Comment 7	3

1. Introduction

The Swiss Public Sector Financial Reporting Advisory Committee (SRS-CSPCP) was established in 2008 by the Swiss Federal Ministry of Finance together with the intercantonal Conference of Cantonal Finance Directors (Finance Ministers at the States level). One of its aims is to provide the IPSAS Board with a consolidated statement for all the three Swiss levels of government (municipalities, cantons and Confederation).

The SRS-CSPSP has discussed *Exposure Draft Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities: Presentation in General Purpose Financial Reports*. and comments as follows.

2. General Remarks

The SRS-CSPCP welcomes the fact that the IPSAS Board has streamlined the 2012 *Consultation Paper* and that an *Exposure Draft* is now available. The latter is significantly easier to understand than the former. Having said that and from a Swiss perspective, this 4th part of the Framework does not really bring any new elements, which will change present accounting in Switzerland. Therefore the SRS-CSPCP feels quite at ease with it.

2.1 Specific Matter of Comment 1

Do you agree with the proposed descriptions of « presentation », « display » and « disclosure » and the relationships between them in Section 1 ? If not, how would you modify them ?

The SRS-CSPCP agrees in principle with these definitions and their relationships. However, the definitions remain fairly abstract. Therefore the SRS-CSPCP believes that it will be necessary within each individual standard to state precisely what information must be disclosed and very specifically whether it must be “displayed” or “disclosed”. When it comes to the information that must be “disclosed”, it must be made clear what piece of information must mandatorily be reported for reclassification according to the GFS Guidelines. It should also be established in what form Whole of Government statements respecting GFS Guidelines should be disclosed in the other GPFRs (General Purpose Financial Reports).

2.2 Specific Matter of Comment 2

Do you agree with the identification of three presentation decisions (selection, location and organization) in Section 1? If not, how would you modify the identification of presentation decisions ?

The SRS-CSPCP agrees with these presentation decisions. However, this chapter lacks a section that would stress the differences between the IPSAS and GFS Guidelines and how to manage the differences.

2.3 Specific Matter of Comment 3

Do you agree with the proposed approach to making presentation decisions in Section 1? If not, how would you modify it?

The SRS-CSPCP agrees in principle with this approach. From the already existing parts of the framework, it follows that this 4th chapter should make compulsory that every individual standard must state clearly what information must be disclosed for which user (*“displayed”* or *“disclosed”*). Indeed the existing framework points out that the needs of the different stakeholders and in particular those of the decision takers (e.g. the executive) and not only those of the debtors should be considered for the presentation of the other GPFs and the *General Purpose Financial Statements (GPFs)*.

2.4 Specific Matter of Comment 4

Do you agree with the description of information selection in Section 2

a) in the financial statements ? b) in other GPFs?

The SRS-CSPCP agrees with the selection criteria for information in the other GPFs and GPFs. However, it has one remark regarding Point 2.4 (b): The announcement about how well a public entity has achieved its financial goals belongs in the *Management commentaries*. Therefore it may take place in the other GPFs, but certainly not in the GPFs.

A Point 2.4 (c) should be added to make sure that the user of the GPFs is provided with the necessary information to assess by himself the reliability of the figures presented (for example information about the fact that statements are based on actual figures or estimates).

2.5 Specific Matter of Comment 5

Do you agree with the description of information location in Section 3

a) in the financial statements?

b) in other GPFs?

c) between different reports within GPFs?

If not how would you modify the description(s)?

As far as the SRS-CSPCP is concerned, Section 3.3 is not clear. Why precisely three location facts (linkage, nature, jurisdiction)? In our view they must be understood as examples, because there are also other factors. The information provided in the ED does not suffice to to decide e.g. whether a new piece of information should belong in the GPFs or in the other GPFs.

Paragraphs 3.4 to 3.7 do not permit a decision as to which information is to be assigned to the GPFs or the other GPFs. In particular Paragraph 3.4 seems to be incorrect: “a complete financial picture of an entity” belongs in the other GPFs and not in the GPFs. Further it does not follow from the proposed criteria of Sections 3.4 to 3.7 whether new pieces of information (e.g. financial statistics) must be included in the GPFs or in the other GPFs. In general the SRS-CSPCP regret that in Section 3 some information is too detailed, while on the other hand other information is not available.

2.6 Specific Matter of Comment 6

Do you agree with the description of information organization in Section 4 a) in the financial statements?

b) in other GPFs?

If not how would you modify the description(s)?

The SRS-CSPCP agrees with the description of the organization of information in the GPFs and in the other GPFs. An exception is Section 4.16, which should apply not only for the GPFs but also for the GPFs, because (quantitative) comparisons are also made in the GPFs.

2.7 Specific Matter of Comment 7

Do you consider that CF-ED4 contains sufficient detail on concepts applicable to presentation in GPFs, including the financial statements, of governments and other public sector entities? If not, how would you extend the proposals ?

The SRS-CSPCP is of the opinion that this 4th part of the framework should not be too detailed, but rather cover the main lines (principles) of presentation. The detailed rules for presentation should then be mentioned in the individual standards.

Lausanne, 28 May 2013