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June 22, 2011

Ms. Stephenie Fox  
The Technical Director  
International Public Sector Accounting Standards Board  
International Federation of Accountants  
277 Wellington Street West, 6th Floor  
Toronto, Ontario M5V 3H2 CANADA

Dear Ms. Fox:

1. The International Consortium on Governmental Financial Management (ICGFM) welcomes the opportunity to respond to ED 45 (Improvements to IPSAS 2011). We are pleased to see the IPSASB move forward in the effort to improve and clarify the IPSAS.
2. Working globally with governments, organizations, and individuals, ICGFM is dedicated to improving financial management by providing opportunities for professional development and information exchange. ICGFM conducts two major international conferences each year and publishes an international journal twice each year. Services are provided to its membership through an international network. ICGFM welcomes a broad array of financial management practitioners (accountants, auditors, comptrollers, information technology specialists, treasurers, and others) working in all levels of government (local/municipal, state/provincial, and national). Since a significant number of our members work within government and audit institutions around the world, our response to this exposure draft is one from an international perspective.
3. We agree with the proposal to eliminate the Introduction sections and to insert Objective sections, where appropriate. We also support the general improvements proposed for the four IPSAS (16, 17, 19, and 21).
4. The following changes are suggested in response to Comment 1 (Are there amendments that the IPSASB needs to consider in future *Improvements to IPSASs* projects?):

- a. **Cash Reporting IPSAS**. To provide for a smoother transition to the accrual IPSAS, we would like to see the cash statement broken out into the following categories: government activities, government business enterprises (GBE), and component units. Component units would be those units that are controlled entities requiring separate financial statements independent of other government activities. A consolidated whole-of-government cash statement would still be required. Separate reporting would permit the preparers to progressively implement the cash reporting standard for each category and would provide readers of the cash statement with better information on the liquidity of each category. We would prefer that this be a requirement in Part 1 but would accept it as an option in Part 2.
  - b. **Presentation of Financial Statements (IPSAS 1)**.
    - i. Proposed breakout in #1 above should be carried forward to this IPSAS for each financial statement (i.e. Statement of Financial Position, Statement of Financial Performance, Cash Flow Statement, and Statement of Changes). This would provide the readers of each statement with better information on the efficiency of each category.
    - ii. A new section should be added to require an Opening Statement of Financial Position (similar to IFRS 1). If a new section is not added, a separate IPSAS should be issued.
  - c. **Cash Flow Statement (IPSAS 2)**. Proposed breakout in #1 above should be carried forward to this IPSAS to identify the liquidity of each category.
  - d. **Consolidated Statement (IPSAS 6)**. The proposed breakout in #1 above should be consolidated into a whole-of-government report for each financial statement (i.e. Statement of Financial Position, Statement of Financial Performance, Cash Flow Statement, and Statement of Changes).
  - e. **Provisions (IPSAS 19)**. The standard should specifically state unliquidated obligations that are “more likely than not to become a liability” should be recognized as a provision. The measurement and certainty of most unliquidated obligations are easier to measure (with more certainty) than most lawsuits. Currently, unliquidated obligations are reflected as contingent liabilities.
  - f. **Employer Retirement Plans (IPSAS 25)**. There should be a standard on these retirement plans (similar to IAS 26) or they should be reflected as a separate section.
  - g. **Convergence with Statistical Reporting Systems**. There should be an ongoing process of convergence with statistical standards where feasible, e.g. on nomenclature and definitions. For example GBEs as defined in IPSAS are effectively the same as Public Corporations as defined in GFS 2001. It would be a simple change for both documents to use the same name and the same definition.
5. We appreciate the opportunity to comment on this exposure draft and would be pleased to discuss this letter with you at your convenience. If you have questions concerning this letter, please contact Dr. Jesse Hughes, CPA, CIA, CGFM at [jhughes@odu.edu](mailto:jhughes@odu.edu) or 757.851.0525.

Sincerely,

A handwritten signature in blue ink that reads "Jesse W. Hughes". The signature is written in a cursive style with a large initial 'J'.

ICGFM Accounting Standards Committee

Jesse W. Hughes, Chair

Masud Mazaffar

Michael Parry

N. Tchelishvili

Andrew Wynne

Cc: Linda Feeling  
President, ICGFM