



**INTERNATIONAL FEDERATION
OF ACCOUNTANTS**

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DATE: 28 FEBRUARY, 2006
MEMO TO: MEMBERS OF THE IPSASB
FROM: PAUL SUTCLIFFE
SUBJECT: BUDGET REPORTING

ACTION REQUIRED

The Members are requested to:

- **Review** the analysis of responses to ED 27; and
- **Provide** staff with directions for developing a first draft IPSASs.

AGENDA MATERIAL:

	Pages
16.2 Analysis of Responses to ED 27, “Presentation of Budget Information in Financial Statements”	16.7 – 16.37
16.3 Responses to ED 27	Distributed separately

BACKGROUND

ED 27, “Presentation of Budget Information in Financial Statements” was issued by the IPSASB in October 2005, with comments requested by February 10, 2006. Up to March 1, 2006, thirty one (31) responses which deal specifically with ED 27 had been received. If additional responses are received, they will be made available to members before the meeting.

A summary of responses is included at Agenda item 16.2. As with all summaries and analysis, judgment has been necessary in classifying responses and drawing out major points made by respondents. The summary should therefore be read in conjunction with the submissions themselves. This is particularly true in respect of responses to this ED where the majority of respondents supported the broad principle of an IPSAS dealing with the disclosure of budget information, but in many cases expressed reservations about one or more proposals in the ED. To attempt to deal with this, the analysis classifies responses into support (A), support with reservations (A-) and oppose (B) depending on staff assessments of just how strong any reservations are.

There has been limited time between the receipt of responses and the finalization of agenda papers. As such, the analysis attempts to draw out broad policy issues.

Major Themes Emerging from the Responses

There is general support for the notion that budget information should be disclosed and for the proposals in the ED. However, there are differing views about a number of specific of the proposals in the ED. In broad terms, the major issues may be categorized as whether:

- Budget information should be included (a) within the general purpose financial statements (GPFs) – particularly if prepared on a basis different to the accounting basis; (b) in management discussion and analysis (or similar) that accompanies the financial statements; or (c) in budget overrun reports.
- If budget information is included in GPFs, just what should be included – some advocate that the analysis and explanation of differences between actual and budget, (and original and final budget), should be dealt with in supplementary materials issued in conjunction with, at the same time as (or before), the financial statements. Some also advocate that only budget information prepared on the same basis as the financial statements should be included within those statements.
- The disclosure of both the original and final budget should be required.
- Whether the IPSAS should apply only to those entities that make publicly available their budgets, or should encourage, if not require, all public sector entities (other than GBE's) to make their budgets publicly available.

Meeting Objective

At this meeting staff are seeking initial directions for the development of an IPSAS. Several respondents have proposed refinements to definitions, explanations and illustrative examples. It is not intended to deal with these matters at this meeting. These matters will then be further considered and dealt with as any IPSAS is developed.

ISSUES

The major issues the staff seek direction on at this meeting are outlined below. The first issue is an overarching issue, the other issues arise out of the specific matters for comment.

Should the IPSASB Continue to Develop an IPSAS on this Topic?

There was strong support for the IPSASB to continue with this project, though many had reservations about particular proposals in the ED.

Some respondents expressed a view that this was not a project that should be developed, at least at this time, because (a) it did not add value to the reporting package given that information was already provided in budget documents; (b) whether disclosures about explanation and analysis of operating outcomes (including those proposed by the ED) fits within the financial reporting framework is not yet clear; (c) the ED proposed including within the financial statements budget information which may be prepared on a basis different from the accounting basis, and this is not appropriate, and (d) further discussion of certain budget issues was necessary before the ED could be progressed. There were also some responses that proposed that the IPSASB require or encourage the disclosure of budget information by all entities, not just those that make their budget publicly available.

It should also be noted that many respondents who supported further development of an IPSAS on this topic and saw the disclosure of information about compliance with budget as a key element in the discharge of accountability, also raised reservations about just where, and how, the budget information should be presented.

Staff View

Staff are of the view that there is significant support for this project and the IPSASB should proceed. However, respondents have raised a number of valid concerns that will need to be addressed in deliberations of such matters as the location and prominence of disclosures and explanation of budget and actual outcomes.

Specific Matter For Comment (1)

The proposal to require a comparison of actual amounts with amounts in the original and final budget as part of the general purpose financial statements (GPFSS) (paragraph 12).

There was strong support for this proposal. Major concerns, including from some respondents who supported the disclosure of budget comparative information, were whether:

- Comparisons should be made with the original budget or final budget amounts).
- The comparison should be included in the financial statements or in supporting/separate reports.
- It was appropriate to provide relief from the disclosure of comparative information.

Staff View

Given the level of support, the project should be further developed on the basis that the financial statements will include comparison of actual and budget amounts.

However, explanations of the relief from comparatives needs to be revisited, both in respect of the Board's intention, and in the wording of the relief itself. A number of respondents noted the potential for misinterpretation of the of what is intended. Similarly, the explanation of the rationale underpinning need for disclosure of the original and final budget amounts in the financial statements could usefully be revisited to ensure that the Board's message is clearly presented.

Specific Matter For Comment (2)

The proposal to require disclosure of the reasons for material differences between budget and actual amounts unless such explanation is included in other public documents issued at the same time as, or in conjunction with, the financial statements (paragraph 12). Should such disclosure be required or encouraged.

Again, while there was considerable support for the principle that such disclosures are an important aspect of financial reporting, many had reservations about whether the explanation of the difference should be included in the financial statements or in a separate report – in this context please note a number of respondents who clearly expressed support for this proposal had similar reservations to those who expressed opposition to it. There were also differing views about whether the disclosure should be encouraged or required. Some also noted that the requirement should accommodate circumstances in which the explanation was provided in budget overrun or other reports provided before the financial statements were issued.

Staff View

Staff are of the view that this disclosure requirement should be maintained. However, the requirement should accommodate circumstances in which the explanation of the differences between actual and budget had already been provided in a public document issued prior to issue of the financial statements. This would reinforce the view that such disclosures are a

key component of accountability in the public sector and would enable preparers to determine the location of such disclosures within reporting arrangements in place in their own jurisdiction.

Specific Matter For Comment (3)

The proposal that an entity shall present a comparison of budget and actual amounts in the GPFs as additional budget columns in the primary financial statements only where the GPFs and the budget are on the same basis of accounting and adopt the same classification structure (paragraph 15). Also, should the budget figures be required to be presented on the face of the primary financial statements when the budget amounts and the actual amounts in the GPFs are prepared on a comparable basis.

There was strong support for the proposal that the additional column approach should only be allowed when the accounting and budget bases are the same – though a number who supported it noted that it was not their preferred presentation method because of the potential for complex and unwieldy financial statements to result from additional columns. (Some who were of the view that the financial statements should not include budget information if prepared on a basis different from the accounting based, also supported this proposal subject to their overarching reservations.)

Some respondents expressed the view that the additional column presentation should be required. However, others expressed the view that the comparison should be presented in a separate statement, or as part of a management commentary/analysis report outside the financial statements – therefore, the additional column approach was not be supported.

Some respondents noted that a columnar presentation may also be appropriate if the budget basis or classification was different and the budget was recast to conform with the financial statements. There were also proposals to provide additional guidance on the financial statement items which should be the points of comparison.

Staff View

Any IPSAS should retain the prohibition on additional columns where accounting and the budget are not on the same basis. At this stage, the Board should allow reporting entities to adopt the presentation format that is perceived to be responsive to users' needs.

Specific Matter For Comment (4)

The proposal to require that disclosure of an explanation of the following be made in a report issued in conjunction with, or at the same time as, the financial statements: whether differences between the original and final budget arise from reallocations within the budget or other factors such as policy shifts, natural disasters, or other unforeseen events (paragraphs 25-26).

The majority of respondents supported disclosure of the explanations proposed, with reservations about whether such disclosures should be linked to the financial statements or was more properly included in budget papers and reports. Also differing views about whether:

- the disclosures should be encouraged or were necessary;
- explanation of differences between actual and budget amounts should also be included in these reports;

- the timing of issue of the report needed to be linked to the issue of the financial statements – that is, the inclusion of such explanations in reports issued prior to the financial statements should not be discouraged; and
- the level of detail of disclosure is clear and appropriate.

Staff View

Subject to an acknowledgment that the disclosure may be made in public documents issued before the financial statements – this proposal should be retained in the working draft IPSAS. It does not preclude the explanation being presented in budget documents and/or supplementary information issued with, but not as part of, the financial statements. If this approach is followed, staff advocate that the financial statements include a cross reference to the report that includes the explanation. Staff also believe it is necessary to revisit the explanation in the ED to ensure that the Board's intent (re the level of detail and specification of disclosures) is clear.

Specific Matter For Comment (5)

The proposal to require the comparison of actual and budget amounts to be made on the same basis of accounting as adopted for the budget, even if that basis is different from the basis adopted for the GPFs (paragraph 27).

There was strong support for this proposal. Those opposed to it were concerned that confusion may result from the inclusion of budget information presented on a different basis to the accounting basis.

Staff View

At this stage, the IPSAS should be further developed on this basis. Commentary and illustrations should be reviewed to ensure they promote meaningful explanation of differences in accounting and budget basis, and the results generated by each.

The Board should also consider whether the development of an IPSAS which requires inclusion of budget information in supplementary information presented in conjunction with, but not as part of, the financial statements should be pursued.

Specific Matter For Comment (6)

The proposal to require a reconciliation of actual amounts on a budget basis with actual amounts presented in the GPFs (paragraph 44).

There was strong support for this requirement from those respondents who agreed that the comparison of actual and budget amounts should occur on the budget basis (see specific matter for comment 5 above). Those respondents who did not support presentation of budget information in financial statements when the budget was on a different basis to the accounting basis, or who advocated that budget information should be on the same basis as the accounting basis, did not support this proposed requirement. (One respondent proposed that the IPSAS should require that the budget be: (a) prepared on the same basis as the financial statements; (b) be restated to the same basis as adopted in the financial statements; and if neither of these was possible; (c) prepare the reconciliation as proposed.)

Staff View

staff are of the view that, given that comparisons of actual and budget amounts will occur on the budget basis (see specific matter for comment 5), the requirement for a reconciliation should be retained.

Specific Matter For Comment (7)

Should separate IPSASs be issued for application when the accrual basis is adopted and when the cash basis is adopted; or should requirements be incorporated in IPSAS 1 and in the Cash Basis IPSAS.

Most respondents did not have strong views on this issue.

Staff View

Staff are of the view that tentative decisions on this matter be deferred pending the Board directions on other issues. Pushed for a preference at this stage, staff would favour approach B (separate IPSAS for the accrual basis and incorporate requirement for the Cash Basis in the Cash Basis IPSAS). This is because a comprehensive Cash Basis IPSAS is in place, but separate accrual IPSASs deal with specific issues. As such there is merit in establishing it as a separate accrual IPSAS, with consequential amendment to IPSAS 1, if necessary – as, for example, occurs for the cash flow statement IPSAS.

ATTACHMENT 1 – ANALYSIS OF RESPONSES TO ED 27
“PRESENTATION OF BUDGET INFORMATION IN FINANCIAL STATEMENTS”

SUMMARY OF OVERALL VIEW

SUPPORT	A	15
SUPPORT WITH RESERVATIONS	A-	9
DOES NOT SUPPORT	B	6
NO CLEAR VIEW EXPRESSED	C	1
TOTAL		31

Percentage supporting proposal (A) – out of total responses 48%
 Percentage supporting and supporting with reservations (A and A-) – out of total responses 77%

	NAME	VIEW	COMMENT
1	AASB – Australia		See 40 for response to ED 27
2	CPA – Australia	B	Scope too limited. Require it to apply to all entities – not only those that are required to make budget publicly available. Also require budget to be on same basis as accounting. Responses to specific matters for comment subject to this overall view.
4	Colegio de Contadores Publicos de Costa Rica	A-	Presentation as additional columns in financial statements not supported.
5	Indonesian Institute of Accountants	A	But would prefer some requirements be restated as encouragements.
6 and 47	Italy – CNDC & CNR	A-	Include requirements for budget presentation. Commentary relating to multi year budgets (para 33 and 34) should be more authoritative.
7	Japanese Institute of CPAs	A	Strengthens accountability.
8	Netherlands Royal NIVRA	A	Also include explanation of why important to present budget information in GPFs.

9	Institute of Cost and Management Accountants of Pakistan	A	But comparisons of budget and actual should be on the accruals basis.
10	ASB-SAICA – South Africa		See 34 for response to ED 27
11	IPFA – South Africa	A	
12	Sweden – FAR	A	But concern that may promote return to cash basis for GPFS if budget on cash basis.
13	UK Assoc of Chartered Certified Accountants	A-	But encourage if not require disclosure of the budget.
14	UK Chartered Institute of Public Finance & Accountancy	A	But consider if budget comparisons should be included in accompanying information not in the financial statements.
15	USA Association of Government Accountants	A	
16	Argentina – CEFMI/AID	A-	Some reservations about requiring certain budget information to be included in GPFS.
17	Canada – Treasury Board Secretariat	A-	Concern that financial statements may become too complex, particularly in respect of additional columns. Prefer commentary/explanation in annual report (not GPFS) linked to discussion and analysis.
20	New Zealand – The Treasury	B	Do not allow comparison in GPFS if budget information is not available on same basis as financial statements. Disagree that financial statements should be amended to budget basis. Would result in two surplus figures, and reconciliation not sufficient to overcome problem. Responses to specific matters for comment subject to this overall comment.

23	Sweden – SIDA	B	Does not add value – information is provided in budget documents. Responses to specific matters for comment subject to this overall comment.
24	Switzerland – Zurich University of Applied Sciences	A-	Concern that budget information may obscure GPFS. Also notes consolidation of GBEs may limit use, because budgets of GBE not disclosed for competitive reasons.
26	Malta – National Audit Office	A	
27	NATO Maintenance & Supply Agency	A	
29	France – J-B Mattret	A-	Presentation should be as separate statement, and comparative information about previous period required.
32	India – Ramachandran	A	
33	South Africa – A Mackenzie	A	Note response based on extensive input from region.
34	ASB-SAICA – South Africa	A	But focus should be on comparison of actual and final budget and in the financial statements where possible.
35	France – Ministry of Economy Finance & Industry	B	Postpone development of IPSAS. Concern that mixing financial statements and budget reports not appropriate where financial statements and budget not on same basis. Notes also audit implications. Need more guidance on commitments and revenue in reporting accounting and budget. Responses to specific matters for comment subject to this overall comment.
36	Isaac Umansky	C	Analysis based on translation of original submission and may not capture full sense of original.
37	FACPCE – Argentina	A	

38	Tunisian Court of Accounts	A-	Not convinced the ED reflects process for audit body structured on Court's basis. This information is in separate report in Tunisia.
40	AASB – Australia	A-	Concerns about comparison of budget and actual on budget basis.
43	FEE	A	But concerns standard may result in a push back to the cash basis.
44	Newfoundland and Labrador Dep. of Finance	B	Supports disclosure of information. Disclosure should not be in the GPFS but in discussion and analysis appended to, but separate from GPFS. Responses to specific matters for comment subject to this overall comment.
47	CNDC & CNR – Italy		See 6 for response to ED 27.
48	HoTARAC – Australia	B	Supports inclusion of budget information - but analysis and explanations should be in discussion and analysis report accompanying financial statements. Defer IPSAS until clear if management commentary in IASB Framework. (One member of HoTARAC, the Commonwealth Government, does not support inclusion of budget information in GPFS at this time.) Responses to specific matters for comment subject to this overall comment.

SPECIFIC MATTER FOR COMMENT (1)

The IPSASB would value comment on a proposal to require a comparison of actual amounts with amounts in the original and final budget as part of the general purpose financial statements (GPFs) (paragraph 12).

SUMMARY OF OVERALL VIEW

SUPPORT	A	18
SUPPORT WITH RESERVATIONS	A-	10
DOES NOT SUPPORT	B	2
NO CLEAR VIEW EXPRESSED	C	1
TOTAL		31

Percentage supporting proposal (A) – out of total responses 58%

Percentage supporting and supporting with reservations (A and A-)
– out of total responses 90%

	NAME	VIEW	COMMENT
1	AASB – Australia		See 40 for response to ED 27
2	CPA – Australia	B	Require it to apply to all entities.
4	Colegio de Contadores Publicos de Costa Rica	A	Define actual amounts as executed amounts.
5	Indonesian Institute of Accountants	A	But comparison of actual to final is sufficient.
6 and 47	Italy – CNDC & CNR	A	But not convinced that should specify that comparison with previous period is not required. Departs from IPSAS 1.
7	Japanese Institute of CPAs	A	
8	Netherlands Royal NIVRA	A	May present as a separate column or additional statement. Clarify if relief from comparatives is for both budget and actual amounts or only difference/ comparison. Also clarify relationship to IPSAS 1, para 60.

9	Institute of Cost and Management Accountants of Pakistan	A-	Comparison between actual and original or approved budget should be disclosed in a comparative statement in annual financial statements.
10	ASB-SAICA – South Africa		See 34 for response to ED 27
11	IPFA – South Africa	A	
12	Sweden – FAR	A	
13	UK Assoc of Chartered Certified Accountants	A-	Disagrees with comparison with final budget because final equals actual (approx.) and unnecessarily complicates accounts.
14	UK Chartered Institute of Public Finance & Accountancy	A	Not convinced needs to be in form of financial statement. Consider including in accompanying information. Consider audit implications.
15	USA Association of Government Accountants	A	But different from USA requirements which allows disclosure as supplemental information.
16	Argentina – CEFMI/AID	A	Concern that para 11 explanation of approved budget may be confusing.
17	Canada – Treasury Board Secretariat	A-	Require comparison with either final budget or original budget (at discretion of preparer). Information explaining and reconciling original to final budget (see question 4) not a matter for GPFS.
20	New Zealand – The Treasury	A	Subject to overarching concern about presentation in GPFS of budget information on a basis different from the accounting basis.
23	Sweden – SIDA	A-	Separate statement in most cases. Accountable for comparison with only final budget. Why disclose original – explain separate column approach arise in only rare circumstances. Subject to overall view.
24	Switzerland – Zurich University of Applied Sciences	A	But note – should issue as separate component of financial statement – amend IPSAS 1 to reflect this.

26	Malta – National Audit Office	A	
27	NATO Maintenance & Supply Agency	A	
29	France – J-B Mattret	A-	But present as separate additional statement. Require prior period comparison.
32	India – Ramachandran	A-	Do not require both original and final – delete these words. Require presentation of comparative information.
33	South Africa – A Mackenzie	A	
34	ASB-SAICA - South Africa	A	
35	France – Ministry of Economy Finance & Industry	B	More discussion of objectives of budget and actual and how to deal with: (a) commitment; and (b) different types of revenue before proceeding.
36	Isaac Umansky	C	Based on translation.
37	FACPCE – Argentina	A	
38	Tunisian Court of Accounts	A	Details are included in special budget overrun report, but link to GPFS possible.
40	AASB – Australia	A-	But require comparison with original and only allow a comparison with final.
43	FEE	A-	Agree with disclosure of information in GPFS, but not necessarily as a “financial statement” – narrative OK. Alternatively as special purpose report.
44	Newfoundland and Labrador Dep. of Finance	A-	Does not support disclosures of material differences in GPFS itself but in discussion and analysis document appended to but separate from GPFS because financial statements too cumbersome and unwieldy.
47	CNDC & CNR – Italy		See 6 for response to ED 27.

48	HoTARAC – Australia	A-	Content of budget information to be presented should be determined by jurisdictions.
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SPECIFIC MATTER FOR COMMENT (2)

The IPSASB would value comment on the proposal to require disclosure of the reasons for material differences between budget and actual amounts unless such explanation is included in other public documents issued at the same time as, or in conjunction with, the financial statements (paragraph 12). The IPSASB would welcome views on whether such disclosure should be required or encouraged.

SUMMARY OF OVERALL VIEW

SUPPORT	A	13
SUPPORT WITH RESERVATIONS	A-	13
DOES NOT SUPPORT	B	4
NO CLEAR VIEW EXPRESSED	C	1
TOTAL		31

Percentage supporting proposal (A) – out of total responses 42%

Percentage supporting and supporting with reservations (A and A-) – out of total responses 84%

	NAME	VIEW	COMMENT
1	AASB – Australia		See 40 for response to ED 27
2	CPA – Australia	A-	But should be placed in context of discussion of entity objective and outcomes. Not clear if require or encourage in GPFS with discussion if not in other public document.
4	Colegio de Contadores Publicos de Costa Rica	A	Should be required.
5	Indonesian Institute of Accountants	A-	Encouraged is sufficient.
6 and 47	Italy – CNDC & CNR	A	
7	Japanese Institute of CPAs	A	
8	Netherlands Royal NIVRA	A	Supports required disclosure. Also provide additional guidance/requirement on which differences are to be explained.

9	Institute of Cost and Management Accountants of Pakistan	A-	But present in a comparative statement in the annual financial statements.
10	ASB-SAICA – South Africa		See 34 for response to ED 27
11	IPFA – South Africa	A	Explanation is important component of disclosure.
12	Sweden – FAR	A	
13	UK Assoc of Chartered Certified Accountants	A	Require disclosure rather than encourage.
14	UK Chartered Institute of Public Finance & Accountancy	A	
15	USA Association of Government Accountants	A	
16	Argentina – CEFMI/AID	A-	Should be required in notes to the budget statement which is supplementary to the financial statements.
17	Canada – Treasury Board Secretariat	B	Not part of GPFS. Rather in annual report. IPSASB should consider requiring or recommending a discussion and analysis of annual report (rather than GPFS).
20	New Zealand – The Treasury	B	Disclose by way of management commentary outside audited financial statements.
23	Sweden – SIDA	B	May be excessively detailed. Tie to publication of budget outcome statement not the GPFS.
24	Switzerland – Zurich University of Applied Sciences	A	
26	Malta – National Audit Office	A	Preference is in notes to financial statements. Alternatively cross reference to document issued same time as financial statements.

27	NATO Maintenance & Supply Agency	A-	Encourage disclosure generally. Require disclosure when exceptional budget transfers occur.
29	France – J-B Mattret	A-	But include actual-budget comparison as a note to the financial statements.
32	India – Ramachandran	C	
33	South Africa – A Mackenzie	A-	It should be required. Acknowledge that other public documents may be issued before financial statements and this is appropriate (ie before or at same time.....)
34	ASB – SAICA - South Africa	A-	But comparison is with final budget. Disclose differences between original and final budget by note.
35	France – Ministry of Economy Finance & Industry	A-	Subject to concerns re question 1 above being resolved.
36	Isaac Umansky	A-	Change explanation to strengthen requirements.
37	FACPCE – Argentina	A	Disclosure should be required.
38	Tunisian Court of Accounts	A-	Encouraged. Also consider specifying the items for which an explanation of difference is required, and items for which explanation of difference is encouraged.
40	AASB – Australia	A-	But require disclosure in the GPFS. Para 12, clarify if comparison is against original or final. AASB view should be original.
43	FEE	A	If present difference, then required to provide explanation of differences.
44	Newfoundland and Labrador Dep. of Finance	A-	Disclosure should not be in GPFS but in discussion and analysis issued separately.
47	CNDC & CNR – Italy		See 6 for response to ED 27.

48	HoTARAC – Australia	B	Supports disclosure of reasons but: (a) encouraged; and (b) in management commentary outside GPFs. Also raises position of commentary in financial reporting framework and notes audit consequences / concerns.
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SPECIFIC MATTER FOR COMMENT (3)

The IPSASB would value comment on the proposal that an entity shall present a comparison of budget and actual amounts in the GPFSs as additional budget columns in the primary financial statements only where the GPFSs and the budget are on the same basis of accounting and adopt the same classification structure (paragraph 15). The IPSASB would also welcome views on whether the budget figures should be required to be presented on the face of the primary financial statements when the budget amounts and the actual amounts in the GPFSs are prepared on a comparable basis.

SUMMARY OF OVERALL VIEW

SUPPORT	A	16
SUPPORT WITH RESERVATIONS	A-	7
DOES NOT SUPPORT	B	5
NO CLEAR VIEW EXPRESSED	C	3
TOTAL		31

Percentage supporting proposal (A) – out of total responses 52%

Percentage supporting and supporting with reservations (A and A-)
– out of total responses 74%

	NAME	VIEW	COMMENT
1	AASB – Australia		See 40 for response to ED 27
2	CPA – Australia	B	Include budget information only in the notes.
4	Colegio de Contadores Publicos de Costa Rica	B	Present the budget statement separately from the other financial statements in the GPFS.
5	Indonesian Institute of Accountants	A	The same basis of accounting and budget is needed for analysis.
6 and 47	Italy – CNDC & CNR	A	
7	Japanese Institute of CPAs	A	But clarify to ensure intent is not misinterpreted. Also present comparison as footnote.
8	Netherlands Royal NIVRA	A	

9	Institute of Cost and Management Accountants of Pakistan	A-	The budget should be adjusted to accruals basis, if financial statements are on accrual basis.
10	ASB-SAICA– South Africa		See 34 for response to ED 27
11	IPFA – South Africa	A	But make clear that periods and entities encompassed (in reporting entity) must be the same.
12	Sweden – FAR	C	
13	UK Assoc of Chartered Certified Accountants	A	But do not require disclosure on face of primary financial statements. Present separate statement.
14	UK Chartered Institute of Public Finance & Accountancy	A	But could increase complexity significantly – does not favour this option.
15	USA Association of Government Accountants	A	
16	Argentina – CEFMI/AID	B	The presentation in separate columns should be prohibited.
17	Canada – Treasury Board Secretariat	A	But delete requirement that classification basis be same in budget – rather allow budget to be recast for financial statements.
20	New Zealand – The Treasury	A	Do not alter budget to make comparisons possible because potential adverse effect on credibility.
23	Sweden – SIDA	C	Notes GPFS and budget will only rarely be on a comparable basis.
24	Switzerland – Zurich University of Applied Sciences	B	Should be included in separate component/ statement.
26	Malta – National Audit Office	A	Preference on face of financial statement. If too complex, present as separate financial statement.

27	NATO Maintenance & Supply Agency	A-	Disclose separately within GPFS, even if budget and financial statements are on same basis.
29	France – J-B Mattret	A	
32	India – Ramachandran	A	Suggestion for rewording.
33	South Africa – A Mackenzie	A	
34	South Africa – ASB	A-	Require disclosure in primary financial statements and explain may be by way of separate primary statement. Emphasize classes must be the same for columnar approach.
35	France – Ministry of Economy Finance & Industry	A-	OK if budget and actual on accruals basis.
36	Isaac Umansky	C	Based on translated version.
37	FACPCE – Argentina	A-	Budget figures should always be presented on the face of the financial statements.
38	Tunisian Court of Accounts	A-	Also require if budget amounts are not on the same basis, given they can be translated into comparable basis to IPSAS.
40	AASB – Australia	A-	But require presentation as additional budget column when on same basis. Always present budget on same basis as accounting. Prohibit budget disclosures in GPFS if budget basis and accounting basis differ.
43	FEE	A	But concern about complexity. So would not make this a requirement.
44	Newfoundland and Labrador Dep. of Finance	B	Not specifically addressed – but does not support inclusion of differences in GPFS.
47	CNDC & CNR – Italy		See 6 for responses to ED 27.

48	HoTARAC – Australia	A	But do not require on face. May be unwieldy and complex. Entity to have option. Concern illustrative eg refocuses attention from comparison with past year to comparison with budget.
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SPECIFIC MATTER FOR COMMENT (4)

The IPSASB would value comment on the proposal to require that disclosure of an explanation of the following be made in a report issued in conjunction with, or at the same time as, the financial statements: whether differences between the original and final budget arise from reallocations within the budget or other factors such as policy shifts, natural disasters, or other unforeseen events (paragraphs 25-26).

SUMMARY OF OVERALL VIEW

SUPPORT	A	15
SUPPORT WITH RESERVATIONS	A-	7
DOES NOT SUPPORT	B	7
NO CLEAR VIEW EXPRESSED	C	2
TOTAL		31

Percentage supporting proposal (A) – out of total responses 48%
 Percentage supporting and supporting with reservations (A and A-)
 – out of total responses 71%

	NAME	VIEW	COMMENT
1	AASB – Australia		See 40 for response to ED 27
2	CPA – Australia	A	
4	Colegio de Contadores Publicos de Costa Rica	A	As notes to the financial statement.
5	Indonesian Institute of Accountants	A-	But propose encouraged disclosure.
6 and 47	Italy – CNDC & CNR	A	This could also apply to comparisons of the actual and budget.
7	Japanese Institute of CPAs	A	Clarify materiality applies.
8	Netherlands Royal NIVRA	A	
9	Institute of Cost and Management Accountants of Pakistan	A-	The comparisons should be with actual and budget at different/relevant levels of activity. Comparison of original with revised is not important on revised approval.

	ASB-SAICA – South Africa		See 34 for response to ED 27
11	IPFA – South Africa	A-	Support disclosure in other document but do not require at same time as financial statement (may be sooner).
12	Sweden – FAR	A	
13	UK Assoc of Chartered Certified Accountants	B	Such explanations may detract from explanation of actual against (original) budget.
14	UK Chartered Institute of Public Finance & Accountancy	A	
15	USA Association of Government Accountants	A	Should always be part of, or in conjunction with, GPFS.
16	Argentina – CEFMI/AID	A	Incorporate in supplementary budgetary financial statements.
17	Canada – Treasury Board Secretariat	B	GPFS or other document released in conjunction with GPFS is not proper location for this information. Include in budget cycle papers.
20	New Zealand – The Treasury	B	Disclose such information at time of final budget rather than with financial statements (see also response to 2 above).
23	Sweden – SIDA	A-	Concern about level of detail.
24	Switzerland – Zurich University of Applied Sciences	A	Do not specify the specific categories – materiality.
26	Malta – National Audit Office	A	If in a separate report, that report could include actual budget variance.
27	NATO Maintenance & Supply Agency	B	Does not add value to the GPFS or disclosure of budget execution. This information is (in notes) provided separately from financial statements.
29	France – J-B Mattret	A-	But in financial statements.

32	India – Ramachandran	B	In India, the comparison will be with the final budget so delete these paras.
33	South Africa – A Mackenzie	A-	Clarify that materiality applies. Require this in same public documents as for actual and budget comparison (in question 1) – so if rely on public documents here or in question 2, then both together.
34	South Africa – ASB	A-	Include explanation in GPFR. However, if in other document, then allow to be issued before financial statements.
35	France – Ministry of Economy Finance & Industry	B	This information provided in budget documents. Agrees that should not be limited to specific categories.
36	Isaac Umansky	C	Comment based on translated version.
37	FACPCE – Argentina	A	The disclosure should be in conjunction with the financial statements.
38	Tunisian Court of Accounts	A	Note that this is important for accountability.
40	AASB – Australia	A	But note reservations to questions 1 and 2.
43	FEE	A	
44	Newfoundland and Labrador Dep. of Finance	C	
47	CNDC & CNR – Italy		See 6 for comments on ED 27.
48	HoTARAC – Australia	B	Agree with type of disclosure but include in management commentary not in GPFS.

SPECIFIC MATTER FOR COMMENT (5)

The IPSASB would value comment on the proposal to require the comparison of actual and budget amounts to be made on the same basis of accounting as adopted for the budget, even if that basis is different from the basis adopted for the GPFSs (paragraph 27).

SUMMARY OF OVERALL VIEW

SUPPORT	A	19
SUPPORT WITH RESERVATIONS	A-	1
DOES NOT SUPPORT	B	7
NO CLEAR VIEW EXPRESSED	C	4
TOTAL		31

Percentage supporting proposal (A) – out of total responses 61%

Percentage supporting and supporting with reservations (A and A-)
– out of total responses 65%

	NAME	VIEW	COMMENT
1	AASB – Australia		See 40 for response to ED 27
2	CPA – Australia	B	The accounting and budget information should be presented on the same basis.
4	Colegio de Contadores Publicos de Costa Rica	A	But also explain the basis adopted for budget (and for GPFS).
5	Indonesian Institute of Accountants	A	Explain that reason is to improve understandability.
6 and 47	Italy – CNDC & CNR/	A-	But – the IPSAS should require (or a separate IPSAS be developed to require) the budget and financial statements to be prepared on the same basis.
7	Japanese Institute of CPAs	A	
8	Netherlands Royal NIVRA	A	

9	Institute of Cost and Management Accountants of Pakistan	B	Both sets of figures should be on accruals basis.
10	ASB-SAICA – South Africa		See 34 for response to ED 27
11	IPFA – South Africa	A	
12	Sweden – FAR	A	
13	UK Assoc of Chartered Certified Accountants	A	
14	UK Chartered Institute of Public Finance & Accountancy	A	
15	USA Association of Government Accountants	A	
16	Argentina – CEFMI/AID	A	But notes, budget should be on accrual basis given transition path and information about cash and accrual disclosed only where bases are different.
17	Canada – Treasury Board Secretariat	B	Preparers of financial statements should determine. Since included in GPFS, strong rationale that should be on accrual basis. Disclose in notes which basis adopted.
20	New Zealand – The Treasury	B	Because could result in two financial reports in one – financial statements in accordance with IPSAS and financial statements in accordance with budget and IPSAS unlikely to have prominence.
23	Sweden – SIDA	C	
24	Switzerland – Zurich University of Applied Sciences	A	But in a separate component/statement.
26	Malta – National Audit Office	A	

27	NATO Maintenance & Supply Agency	C	No comment.
29	France – J-B Mattret	A	
32	India – Ramachandran	C	
33	South Africa – A Mackenzie	A	
34	South Africa – ASB	A	Practical and cost efficient.
35	France – Ministry of Economy Finance & Industry	B	Difficulties in practice. Note also general concern about if budget basis and accounting basis not same.
36	Isaac Umansky	A	But also require an explanation of reliability and compatibility of information when bases different.
37	FACPCE – Argentina	A	
38	Tunisian Court of Accounts	A	Also comparison of actual with previous.
40	AASB – Australia	B	Do not support comparison on budget basis. Establish hierarchy. Require budget to be (a) prepared on same basis as accounts; or (b) restated to accounting basis and, if both not possible, accept (c).
43	FEE	A	
44	Newfoundland and Labrador Dep. of Finance	C	
47	CNDC & CNR – Italy		See 6 for response to ED 27.
48	HoTARAC – Australia	B	Budget information should be on comparative basis to GPFs.

SPECIFIC MATTER FOR COMMENT (6)

The IPSASB would value comment on the proposal to require a reconciliation of actual amounts on a budget basis with actual amounts presented in the GPFSS (paragraph 44).

SUMMARY OF OVERALL VIEW

SUPPORT	A	16
SUPPORT WITH RESERVATIONS	A-	4
DOES NOT SUPPORT	B	6
NO CLEAR VIEW EXPRESSED	C	5
TOTAL		31

Percentage supporting proposal (A) – out of total responses 52%

Percentage supporting and supporting with reservations (A and A-) – out of total responses 68%

	NAME	VIEW	COMMENT
1	AASB – Australia		See 40 for response to ED 27
2	CPA – Australia	A	While respondent makes view clear has been classified as C for analysis because notes reconciliation should not be necessary given response to Question 5 – accounts and budget basis should be the same.
4	Colegio de Contadores Publicos de Costa Rica	A	Must be required.
5	Indonesian Institute of Accountants	A	Agree, but further clarification is needed.
6 and 47	Italy – CNDC & CNR	B	Previous experience indicates this is not useful. Have budget and accounts on same basis.
7	Japanese Institute of CPAs	A	
8	Netherlands Royal NIVRA	A	

9	Institute of Cost and Management Accountants of Pakistan	C	
10	ASB-SAICA – South Africa		See 34 for response to ED 27
11	IPFA – South Africa	C	
12	Sweden – FAR	B	Should be optional
13	UK Assoc of Chartered Certified Accountants	A	
14	UK Chartered Institute of Public Finance & Accountancy	A	
15	USA Association of Government Accountants	A	
16	Argentina – CEFMI/AID	A-	Included in supplementary information.
17	Canada – Treasury Board Secretariat	A	
20	New Zealand – The Treasury	B	Because opposed to inclusion of two bases in GPFS.
23	Sweden – SIDA	C	
24	Switzerland – Zurich University of Applied Sciences	A	
26	Malta – National Audit Office	A	
27	NATO Maintenance & Supply Agency	A	

29	France – J-B Mattret	A-	But reconciliation should be to all financial statements presented.
32	India – Ramachandran	B	Delete option to present reconciliation by way of note.
33	South Africa – A Mackenzie	A	
34	South Africa – ASB	A	
35	France – Ministry of Economy Finance & Industry	B	Additional points of recognition to those specified in para 44 are possible.
36	Isaac Umansky	A-	Reconciliation included in an annex.
37	FACPCE – Argentina	A	
38	Tunisian Court of Accounts	A-	But the points of reconciliation should be determined in each jurisdiction.
40	AASB – Australia	A	
43	FEE	A	
44	Newfoundland and Labrador Dep. of Finance	C	
47	CNDC & CNR – Italy		See 6 for response to ED 27.
48	HoTARAC – Australia	B	Because reconciliation should not be necessary (and GPFs information should not be translated to budget basis).

SPECIFIC MATTER FOR COMMENT (7)

The IPSASB would value comment on the proposal that should separate IPSASs specifying requirements for the comparison of budget and actual amounts should be issued for application when the accrual basis is adopted and when the cash basis is adopted; or the requirements proposed in this ED should be included in IPSAS 1 for those entities adopting the accrual basis of accounting, and in the Cash Basis IPSAS for those adopting the cash basis of accounting.

SUMMARY OF OVERALL VIEW

ISSUE SEPARATE IPSASs FOR (EACH) OF CASH AND ACCRUAL BASES	A	6
ISSUE SEPARATE IPSAS FOR ACCRUAL BASIS AND INCORPORATE CASH BASIS IN CASH BASIS IPSAS	B	2
ISSUE SEPARATE IPSAS FOR CASH AND INCORPORATE ACCRUAL IN IPSAS 1	C	1
INCORPORATE ACCRUAL IN IPSAS 1 AND CASH IN CASH BASIS IPSAS	D	6
BOTH CASH AND ACCRUAL TOGETHER IN A STAND ALONE IPSAS	E	5
NO PREFERENCE EXPRESSED	F	11
TOTAL		31

	NAME	VIEW	COMMENT
1	AASB – Australia		See 40 for response to ED 27
2	CPA – Australia	D	
4	Colegio de Contadores Publicos de Costa Rica	A	
5	Indonesian Institute of Accountants	F	
6 and 47	Italy – CNDC & CNR	A	Because different basis for financial statements and budget cannot be accommodated within IPSAS 1 and Cash Basis IPSAS.
7	Japanese Institute of CPAs	B	

8	Netherlands Royal NIVRA	D	
9	Institute of Cost and Management Accountants of Pakistan	F	
10	ASB-SAICA - South Africa		See 34 for response to ED 27.
11	IPFA – South Africa	E	Because repeats cash and accrual IPSASs and includes new definitions as well as discussion and requirements.
12	Sweden – FAR	F	
13	UK Assoc of Chartered Certified Accountants	A	
14	UK Chartered Institute of Public Finance & Accountancy	D	But not a strong preference.
15	USA Association of Government Accountants	D	
16	Argentina – CEFMI/AID	C	
17	Canada – Treasury Board Secretariat	F	
20	New Zealand – The Treasury	F	
23	Sweden – SIDA	F	
24	Switzerland – Zurich University of Applied Sciences	A (or E)	But only deals with accrual basis GPFS. Classified as A.
26	Malta – National Audit Office	E	

27	NATO Maintenance & Supply Agency	E	
29	France – J-B Mattret	F	
32	India – Ramachandran	E	
33	South Africa – A Mackenzie	D	
34	South Africa – ASB-SAICA	D	
35	France – Ministry of Economy Finance & Industry	A	
36	Isaac Umansky	A	
37	FACPCE – Argentina	E	Maintain the current structure of the document.
38	Tunisian Court of Accounts	F	
40	AASB – Australia	B	
43	FEE	F	No strong preference. Advantage if separate Standards because can link to management commentary.
44	Newfoundland and Labrador Dep. of Finance	F	
47	CNDC & CNR – Italy		See 6 for responses to ED 27.
48	HoTARAC – Australia	F	

Additional Comments

	NAME	VIEW	COMMENT
1	AASB – Australia		See 40 for response to ED 27
5	Indonesian Institute of Accountants		-
6 and 47	Italy – CNDC & CNR		Additional documents on budget issues would be useful.
10	ASB-SAICA – South Africa		See 34 for response to ED 27
11	IPFA – South Africa		Update when/if improved IPSAS 1 and 3 approved. Para 8 – revise annual budget to say not forward estimate. Define “publicly available”. Explain “level of legislative oversight” in para 11. Para 15 – include same entities.
13	UK Assoc of Chartered Certified Accountants		Suggestions to clarify/strengthen explanation. Encourage, if not require, disclosure of budgets. Encourage following PEFA performance measurement framework. Provide comparatives for previous period.
14	UK Chartered Institute of Public Finance & Accountancy		Do not support IPSASs for budget presentation.
15	USA Association of Government Accountants		In USA – disclosure is term associated with requirement not encouragement. International body cannot prescribe form of presentation of budget information itself.
20	New Zealand – The Treasury		Disclose date of approval of original and final budget. Delete definition of appropriations – meaning differs in different jurisdictions, use approved budget instead. Reword 9 and 10 to reflect forecast financial statements used for comparison.

23	Sweden – SIDA		Maintain separation between compulsory and encouraged provisions. “Rubric” at front of standard refers only to IPSAS 1, also refer to Cash Basis IPSAS. More discussion of appropriation process noting may have different meanings in different jurisdictions. Proposals re revisions to departures. Advocate additional description/ explanation of budgeting processes.
26	Malta – National Audit Office		Disclose commitments outstanding or capital acquisitions, calculate variance of actual with final budget.
27	NATO Maintenance & Supply Agency		Provide guidance on distinction between cash and accrual budgets approach for presentation of accrued budget.
29	France – J-B Mattret		Define GPFs. Para 19 add comparable. Proposals for wording and illustrative example refinements.
33	South Africa – A Mackenzie		Include definition of materiality in IPSAS. Add example of department report.
34	South Africa – ASB		Para 2 – refer to budget comparison. Para 8 – amend definition of comparable basis – date approved insert final budget. Para 12 – Explain differences only to final budget. Editorials/ commentary/explanations – proposals for enhancement.
36	Isaac Umansky		Use budget terminology. Amend definition of annual budget, final budget and GBE. Amend wording of certain paras – 9, 10, 19, 24.
38	Tunisian Court of Accounts		Proposes refinements to definitions – annual budget, approved budget (clarify all expenditures to be included in budget). Consider including guidance on how to develop forward estimates of revenues/ receipts.
40	AASB – Australia		Apply to those that choose to disclose budget. Encourage budget preparation on accrual basis. Clarify final budget is most recent budget. Clarify if level of budget oversight means: (A) Federal, State/Province, Local or for (B) GGS, programs, functions. Similar re component disclosure – para 6 and 12.

47	CNDC & CNR – Italy		See 6 for response to ED 27.
48	HoTARAC – Australia	D	Does not support IPSAS on budget presentation.