



## **Conceptual Framework – Objective and Qualitative Characteristics: IPSASB developments**

### **Purpose of this Paper**

1. This paper compares the Conceptual Framework chapters on Objective(s) and Qualitative Characteristics in:
  - (a) the second pre-ballot draft of a revised AASB Conceptual Framework (which includes the IASB’s chapters, modified with draft ‘Aus’ paragraphs for not-for-profit entity issues)—herein called ‘the draft AASB Framework’; and
  - (b) the most recent available draft of an IPSASB Exposure Draft of Phase 1 of the IPSASB’s Conceptual Framework.
  
2. This comparison has two objectives:
  - (a) to identify whether, in the light of the draft IPSASB ED, the draft not-for-profit entity guidance (‘Aus’ paragraphs) in the draft AASB Framework should be added to or otherwise amended; and
  - (b) to serve as the background paper for the ‘Objective and Qualitative Characteristics’ component of the IPSASB Conceptual Framework education session (Item 10) at the forthcoming Board meeting. This includes flagging issues as a starting point for discussing concerns to raise in a future submission on the IPSASB’s proposals.
  
3. The guiding principles applied by staff in recommending whether to amend the draft AASB Framework for draft IPSASB guidance it does not already reflect are:
  - (a) the draft IPSASB guidance must be specific to, or more prevalent in the case of, not-for-profit entities (NFPs);
  - (b) the draft IPSASB guidance must cover a significant point; and
  - (c) the draft IPSASB guidance must not raise issues to be addressed in a future stage of the Conceptual Framework project (e.g., issues regarding the scope of GPFs).

4. In relation to paragraph 1(b), the most recent available IPSASB draft is the draft considered at the IPSASB's November 2010 meeting. (A copy is available on the private member's area of the AASB website.<sup>1</sup>) At that meeting, the IPSASB approved the draft for publication, subject to processing a range of non-fundamental amendments. AASB staff will provide an oral update at the Board meeting on any noteworthy aspects of the finalised text of the ED, if it is available by then.

## **Comparison Between the Draft Frameworks: Noteworthy Issues**

### ***Objective(s) of General Purpose Financial Reporting***

#### **Description of the objective(s) ['accountability']**

5. The draft AASB Framework identifies a single objective, namely, to provide useful information for making decisions about providing resources to the reporting entity (paragraph OB2). The draft IPSASB ED identifies two objectives, namely:
  - (a) to provide information about the reporting entity that is useful for accountability purposes; and
  - (b) to provide information about the reporting entity that is useful for decision making purposes (paragraph 2.1).
6. The IPSASB's discussion of accountability focuses on the reasons why public sector entities need to discharge their accountability to particular users. It does not identify a need to provide different information for accountability purposes compared with information for decision making purposes. For example, paragraph 2.4 says public sector entities "are accountable for their management and use of public resources to those that provide them with resources, and to those that depend on them to use those resources to deliver necessary services".
7. The IPSASB draft identifies one set of information types as necessary to meet both the accountability and decision making objectives (paragraphs 2.9, 2.11 and 2.13 – 2.14). Paragraph 2.14 of the IPSASB draft says "Information provided in GPFs for accountability purposes will contribute to, and inform, decision-making".

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<sup>1</sup> The file is an extract from the paper for Agenda Item 2A of the IPSASB November 2010 meeting, the full text of which is available on the IPSASB website.

8. Accountability is discussed in the draft AASB Framework in paragraphs OB4, OB16 and BC1.24 – BC1.28. Based on the observations in paragraphs 5 – 7, staff does not consider that the draft IPSASB ED identifies a reason to identify accountability as a separate objective from decision making.
9. Decision making is not described as specifically in the draft IPSASB ED as in the draft AASB Framework. The draft AASB Framework refers to decisions about providing resources to the entity, which involve buying, selling or holding equity and debt instruments, and providing or settling loans and other forms of credit (paragraph OB2). The draft IPSASB ED does not generally elaborate on the nature or types of decisions encompassed by the references to ‘decision making’.
10. However, the draft IPSASB ED clarifies that the nature of resource allocation decisions can vary for some users of GPFRs of public sector NFPs. It says:

“Taxpayers and ratepayers do not usually provide funds to the government or other public sector entity on a voluntary basis or as a result of an exchange transaction. In addition, in many cases, they do not have the discretion to choose whether or not to accept the goods and services provided by a public sector entity or to choose an alternative service provider. Consequently, they have little direct or immediate capacity to make decisions about whether to provide resources to the government, the resources to be allocated for the provision of services by a public sector reporting entity or whether to purchase or consume the services provided. However, they can make decisions about their voting preferences, and representations they make to elected officials or other representative bodies – these decisions may have resource allocation consequences for certain public sector entities.” (paragraph 2.13)
11. Staff think it would be useful to include NFP guidance in the revised AASB Framework similar to that quoted in paragraph 10. It is useful because it addresses a common misperception that many users of GPFRs of NFPs do not make resource allocation decisions when assessing the discharge of that entity’s accountability. Because that IPSASB paragraph is mainly concerned with involuntary transfers, staff suggests restricting the Aus paragraph to that issue. The proposed wording is contained in new paragraph AusOB5.2 in the third pre-ballot draft (Agenda Paper 11.5).

## **Primary users**

12. Like the for-profit entity (IASB-based) material in the draft AASB Objective chapter, the draft IPSASB chapter on the Objectives identifies primary users of GPFs. The IPSASB draft ED describes the primary users as “service recipients and their representatives and resource providers and their representatives” (paragraph 2.5). It also says: “The legislature (or similar body), and members of parliament (or similar representative body), are also primary users of GPFs when acting in their capacity as representatives of the interests of service recipients and resource providers” (paragraph 2.5).
13. In this regard, the NFP guidance in the draft revised AASB Framework differs from both the IASB’s Objective chapter and the draft IPSASB ED. In relation to NFPs, paragraph OB5.2<sup>2</sup> of that draft says the AASB does not see a need to identify primary users of GPFs.
14. In practice, the difference between the AASB’s policy on NFPs and the IPSASB’s proposal is unlikely to be major. This is because the IPSASB identifies a very wide range of ‘primary users’ of GPFs of public sector (NFP) entities. The range of users set out in paragraph AusOB5.1 is similar, but includes “parties performing a review or oversight function on behalf of other users (including advisers and, in respect of public sector not-for-profit entities, members of parliament)”. In that regard, the draft IPSASB ED refers to “the legislature (or similar body), and members of parliament (or similar representative body), ... when acting in their capacity as representatives of the interests of service recipients and resource providers”. Staff think it would be inconsistent to identify some parties performing a review/representative function as users but exclude others. In addition, staff think members of parliament should not be described as users when acting as representatives of particular groups (as in the draft IPSASB ED). It is conceivable that a member of parliament is representing some other interest when seeking information for making resource allocation decisions, or, conversely, is representing his/her constituency generally without representing any particular group.
15. Based on the points noted in paragraphs 13 – 14, staff recommends retaining without amendment draft Aus paragraphs AusOB5.1 and AusOB5.2 from the second pre-ballot draft of the revised AASB Framework.

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<sup>2</sup> In the attached third pre-ballot draft, this paragraph is renumbered as AusOB5.3, but its content is unchanged.

*Separate discussion of the types of users of GPFs*

16. Unlike the draft AASB Objective chapter, the draft IPSASB ED discusses the users of GPFs separately from the information needs of those users (paragraphs 2.4 – 2.7). The draft AASB Objective chapter discusses users and their information needs jointly. AASB staff consider this is neither a significant difference between the draft Frameworks nor a NFP-specific aspect of the draft IPSASB ED, and therefore recommends making no change to the draft AASB Framework in this respect.

**Information needs of users**

17. Both paragraph AusOB3.1 of the draft AASB Framework and paragraph 2.18 of the draft IPSASB ED note that users are generally not concerned with information about a financial return on an investment in the entity. The draft IPSASB ED says that, for accountability and decision-making purposes, primary users will require information as input to assessments of such matters as:<sup>3</sup>
- (a) whether the entity is using resources economically, efficiently, effectively, and as intended, and whether such use is in their interests;
  - (b) whether the entity is achieving the objectives established as the justification for the resources raised during the reporting period;
  - (c) whether the range, volume and cost of services provided during the reporting period, and the amount and sources of their cost recoveries, are appropriate;
  - (d) whether the entity funded current operations from funds raised in the current period from taxpayers and ratepayers or from borrowings or other sources;
  - (e) whether current levels of taxes, rates, or other charges are sufficient to maintain the volume and quality of services currently provided;
  - (f) the entity's anticipated future service delivery activities and objectives, and the amounts and sources of cost recoveries necessary to support those activities; and
  - (g) whether the entity is likely to need additional or less resources in the future, and the likely sources of those resources (paragraphs 2.9 and 2.11).

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<sup>3</sup> These matters are re-ordered from the draft IPSASB ED, which presents them separately for different primary user groups. Some of these matters overlap with others.

18. The aspect mentioned in paragraph 17(a) is generally covered by paragraph OB16 of the draft AASB Framework. The aspect mentioned in paragraph 17(b) is concerned with an aspect of compliance. As discussed in paragraphs 25 – 27, staff thinks referring to reporting information about compliance that does not have direct financial consequences for the entity would broaden the scope of financial reporting—therefore, staff does not recommend covering in the revised AASB Framework the aspect mentioned in paragraph 17(b). The aspect mentioned in paragraph 17(c) is generally covered by paragraph AusOB16.1 of the draft AASB Framework.
19. The aspects mentioned in paragraphs 17(d) – 17(g) were not specifically mentioned in the second pre-ballot draft of the revised AASB Framework. The staff thinks mentioning those aspects would provide useful NFP-specific guidance, and added proposed paragraph AusOB18.1 to cover them (see Agenda Paper 11.5).

#### **Information provided in general purpose financial reports**

20. The draft AASB Objective chapter says primary users “need information about the resources of the entity, claims against the entity, and how efficiently and effectively the entity’s management and governing board have discharged their responsibility to use the entity’s resources” (paragraph OB4). It says “Financial reports also provide information about the effects of transactions and other events that change a reporting entity’s economic resources and claims” (paragraph OB12).
21. The draft IPSASB ED says GPFs need to provide information about resources, claims, and changes in those resources and claims (though using slightly different expression). It also says “GPFs will also need to provide financial and non-financial information about such matters as the ... public sector entity’s:
- Service delivery activities, achievements and outcomes during the reporting period, including whether resources have been used economically, efficiently, and effectively, and in accordance with approved budgets and other authority that justified the raising and use of those resources; and
  - Plans and objectives for service delivery in the future, including the anticipated amount and sources of the resources needed to support those plans and objectives.” (paragraph 2.15)

22. Thus, the draft IPSASB ED indicates GPFs need to include non-financial and prospective information. The draft AASB Framework does not say GPFs need to include non-financial information. In relation to prospective information, paragraph QC2 of the draft AASB Framework says “Some financial reports also include explanatory material about management’s expectations and strategies for the reporting entity, and other types of forward-looking information.” Interestingly, the provision of prospective information is mentioned in the draft AASB Framework only in its Qualitative Characteristics chapter.<sup>4</sup> Nevertheless, staff consider that the coverage of prospective information in the draft AASB Framework is adequate. Therefore, paragraphs 23 – 24 focus on the implications for the draft AASB Framework of the draft IPSASB ED referring to non-financial information.
23. Applying the wording of the draft AASB Objective chapter in a NFP context could involve presenting a broader range of information than applying it in a for-profit entity context. This is because having responsibility to pursue service delivery objectives as well as cash flow objectives means that disclosing information about the efficiency and effectiveness of management’s use of the entity’s resources would apparently encompass information about the volume and cost of services provided. However, it needs to be determined whether non-financial information falls within the scope of general purpose *financial* reporting before concluding that non-financial information about performance should be included in GPFs. This scope issue is not provoked for for-profit entities by the draft AASB Objective chapter.
24. Staff thinks the IASB-based wording in the draft AASB Framework regarding information about the efficiency and effectiveness of management’s use of the entity’s resources should also be specified as applicable to NFPs. This is because NFPs should not be subject to a lesser conceptual ‘requirement’ to present information to users than this ‘requirement’ in respect of for-profit entities . However, staff thinks the wording should not be embellished along the lines of the specific additional text in the draft IPSASB ED. This is because, until the phase of the IASB-FASB Conceptual Framework project dealing with the scope of general purpose financial reporting is undertaken, it would seem premature to state explicitly that GPFs of not-for-profit entities should include non-financial information. Similarly, the staff thinks the reference in paragraph 3.5 of the draft

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<sup>4</sup> This is consistent with the revised IASB Framework.

IPSASB ED to applying the qualitative characteristics to non-financial information should not be added as NFP guidance in the revised AASB Framework.

### **Information about compliance**

25. The draft IPSASB ED (see quote in paragraph 21) mentions providing information about the entity's compliance. Compliance is also mentioned in the draft AASB Objective chapter: paragraph OB4 therein says management's responsibilities to use the entity's resources efficiently and effectively includes "ensuring that the entity complies with applicable laws, regulations and contractual provisions". However, unlike the IASB chapter on the Objective, the draft IPSASB ED says:

"Information that assists users in assessing the entity's compliance with legally adopted or approved budgets, and its adherence to relevant legislation or other authority governing the raising and use of public monies, is included in GPFs. ... Information about compliance with budgetary policy initiatives and other legislative, contractual, or regulatory matters may be included in budget execution or budget monitoring reports, or other financial reports that governments or other public sector entities issue in addition to their GPFs." (paragraph 2.21)

26. Reporting on compliance with a budget, which might not have direct financial consequences like those potentially arising from a breach of environmental or workplace safety laws, would broaden the scope of financial reporting compared with the compliance information alluded to in the draft AASB Objective chapter. This broader approach to compliance reporting is adopted in AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. AASB 1049 requires that, if budgeted financial statement(s) for a reporting period are presented to parliament by a whole of government or GGS, that entity's GPF for that reporting period must disclose the budgeted financial statement(s) and explanations of major variances between budget and actual amounts (paragraph 59). The issue for the revised AASB Framework is whether the AASB's reasons for requiring this information to be reported in the GPFs of whole of government and the GGS should apply to NFPs generally. If they should, it would be appropriate to consider adding an 'Aus' paragraph on this aspect. This is discussed below.
27. The abovementioned requirement of AASB 1049 applies only when budgeted financial statements are presented to parliament. Neither AASB 1049 nor any other Australian

Accounting Standard requires the preparation and presentation of a budget. The primary issue, then, is whether it would be appropriate to say in the revised AASB Framework that budgetary information is useful to users of GPFRs, but only when the entity is required to, or chooses to, report it publicly. The staff thinks that if the AASB Framework were to include a reference to budget information in GPFRs, such reference should not be dependent on whether that information is reported publicly. An unqualified statement that GPFRs of NFPs should provide budget information would broaden considerably the scope of their GPFRs. Staff think such a change should not be canvassed until the Board considers the scope of general purpose financial reporting. Therefore, staff considers there is no draft IPSASB ED wording on compliance that should be added as NFP guidance in the revised AASB Framework.

28. Another aspect of the abovementioned budgetary disclosure requirement in AASB 1049 is whether it identifies an instance in which accountability is a standalone objective that financial information is provided to satisfy (see discussion of ‘objective or objectives?’ in paragraphs 5 – 8). The Basis for Conclusions on AASB 1049 says “The presented budget is ... the primary reference point for any assessment of ... the quality of *stewardship* in relation to the period” (paragraph BC59, emphasis added) and refers to providing explanations of major variances to “meet accountability needs” (paragraph BC60).
29. Staff think that information useful for assessing an entity’s accountability for its performance against a budget used as the basis for obtaining and using resources is also useful for making resource allocation decisions. Those decisions include whether to provide resources to the entity in the future and how to “vote on or otherwise influence management’s actions” (these quoted words are used in paragraph OB4 of the draft AASB Objective chapter). It is instructive to note that the draft IPSASB ED does not draw a distinction between accountability and decision-making purposes for reporting budgetary and other compliance. It says “Information that assists users in assessing the entity’s compliance with legally adopted or approved budgets, and its adherence to relevant legislation or other authority governing the raising and use of public monies, is ... necessary for the discharge of ... accountability ... and will inform decision-making” (paragraph 2.21). Therefore, staff thinks the abovementioned budgetary disclosure requirement in AASB 1049 is not an instance in which accountability is a standalone objective.

### **Other sources of information**

30. Unlike the IASB’s chapter on the Objective, the draft IPSASB ED discusses the provision of information in reports other than GPFs. It notes that “service recipients and resource providers may also need to consider information from other sources, including reports on current and anticipated economic conditions, government budgets and forecasts, and information about government policy initiatives not reported in GPFs” (paragraph 2.26). Whilst that statement is not incorrect, it deals with matters outside the scope of GPFs. Also, it does not make a NFP-specific point, even though some of the examples are tailored to the (NFP) public sector. Therefore, the staff does not recommend including a similar comment as an Aus paragraph in the revised AASB Framework.

### ***Qualitative Characteristics of Useful Financial Information***

#### **Economic phenomena**

31. The draft AASB chapter on the Qualitative Characteristics says GPFs provide information about economic phenomena (paragraph QC2). In contrast, the draft IPSASB ED says GPFs provide information about economic *and other* phenomena (e.g., paragraph 3.10).
32. Staff consider it is inappropriate for GPFs of any entity to depict phenomena that are not economic, because only economic phenomena correspond to the real world and have potential implications for resource allocation decisions. Therefore, the staff recommend not to repeat the IPSASB’s reference to phenomena other than economic phenomena.

#### **The qualitative characteristics**

33. The draft AASB Framework and the draft IPSASB ED (“the Frameworks”) identify the same qualitative characteristics and describe them in essentially similar terms.
34. The Frameworks classify **materiality** differently. The draft AASB Framework treats materiality as an entity-specific aspect of relevance. The draft IPSASB ED treats materiality as a pervasive constraint on reporting information that meets the qualitative characteristics. The AASB’s submission on the IASB ED on the Objective and Qualitative Characteristics argued that the IASB should treat materiality as an entity-specific aspect of relevance. In relation to the IASB’s decision in May 2010 to classify materiality as an

entity-specific aspect of relevance rather than a constraint to be considered in setting financial reporting standards, staff agrees with the arguments for that decision in the IASB-FASB staff paper, namely, that:

- (a) unlike cost, materiality is not a constraint on a reporting entity's ability to report information; and
- (b) materiality does not affect standard setters' decisions because it is an entity-specific consideration.

35. An implication of the rationale for the IPSASB's decision, as set out in the last sentence of paragraph BC3.32 in the IPSASB's draft Basis for Conclusions, is that the omission or misstatement of an item of information might not undermine the relevance of the information reported but could undermine one or more of the other qualitative characteristics. Staff disagrees with that implication, given the broad description of relevance. If an item of information is irrelevant in the circumstances of the reporting entity, but is capable of faithful representation and of being presented in an understandable, timely and comparable manner, and is verifiable, that item of information could not influence the discharge of accountability by the entity or the decisions that users make on the basis of the entity's GPFRs.

36. Therefore, staff prefer the manner in which the draft AASB Framework treats materiality. In addition, staff do not think materiality raises NFP-specific issues that would warrant a different treatment from that in the revised IASB Framework (on which the draft AASB Framework is based). The reasons given in the IPSASB's draft Basis for Conclusions are not specific to the NFP public sector. Accordingly, staff do not recommend treating materiality differently for application by NFPs.

### **Fundamental and enhancing qualitative characteristics**

37. The draft IPSASB ED does not replicate the draft AASB Framework's dichotomy between 'fundamental' and 'enhancing' qualitative characteristics. The AASB's submission on the IASB ED on the Objective and Qualitative Characteristics argued against that dichotomy. However, staff do not think there is a NFP-specific reason to differ from the revised IASB

Framework on this issue.<sup>5</sup> Accordingly, staff recommend classifying the qualitative characteristics as ‘fundamental’ and ‘enhancing’ in respect of all entities.

38. The draft IPSASB ED does not replicate the draft AASB Framework’s guidance (in paragraph QC17 – QC18) on the order of application of the fundamental qualitative characteristics. Staff do not think there is a NFP-specific reason to differ from the revised IASB Framework on this aspect. Accordingly, staff recommends applying that IASB guidance to all entities.

**Additional constraint on reporting information that meets the qualitative characteristics**

39. Unlike the draft AASB Framework, the draft IPSASB ED formally identifies ‘balance between the qualitative characteristics’ as a pervasive constraint on reporting information that meets the qualitative characteristics. Paragraph 3.41 of the draft IPSASB ED says “In some cases, a balancing or trade-off between the qualitative characteristics may be necessary to achieve the objectives of financial reporting. The relative importance of the qualitative characteristics in each situation is a matter of professional judgment. The aim is to achieve an appropriate balance among the characteristics in order to meet the objectives of financial reporting.”
40. The draft AASB Framework says that, in applying the enhancing qualitative characteristics, “Sometimes, one enhancing qualitative characteristic may have to be diminished to maximise another qualitative characteristic” (paragraph QC34). Therefore, the only substantive difference between the two Frameworks on this issue is that the draft IPSASB ED formally identifies the trade-off between the qualitative characteristics as a constraint. Staff does not think the draft AASB Framework warrants modification on this issue for NFPs.

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<sup>5</sup> Staff note that the Basis for Conclusions on the draft IPSASB ED gives a public sector reason against making that dichotomy: “GPFs of public sector entities may encompass historic and prospective information about financial performance and the achievement of service delivery objectives over a number of reporting periods. This provides necessary input to assessments of trends in service delivery activities and resources committed thereto – for such trend data, reporting on a consistent basis may be as important as, and cannot be separated from, faithful representation of the information” (paragraph BC3.29). However, staff do not consider the need for information about long-term trends to be specific to NFPs.

## Differences between the guidance on the qualitative characteristics

41. In relation to **relevance**, the draft IPSASB ED provides additional explanation of the predictive value of relevant information (paragraph 3.8), compared with the draft AASB chapter on the Qualitative Characteristics. Because this draft IPSASB guidance is not NFP-specific, staff does not propose including it in the revised AASB Framework.
42. The draft IPSASB ED does not include the guidance in the draft AASB Framework illustrating that a **faithful representation**, by itself, does not necessarily result in useful information (paragraph QC16). Staff think this point is equally relevant for all entities and therefore support its inclusion without modification for NFPs.
43. The draft IPSASB ED does not include the guidance in the draft AASB Framework noting the types of **comparisons** users make between entities and periods (paragraph QC20). Staff think this paragraph is appropriate for all entities, but should be extended to provide a relevant example of the types of comparisons users of financial reports of NFPs may make. Such an example has been added as proposed paragraph AusQC20.1 in the third pre-ballot draft of the revised AASB Framework (Agenda Paper 11.5).
44. The draft IPSASB ED does not include the guidance in the draft AASB Framework that some degree of comparability is likely to be attained by satisfying the fundamental qualitative characteristics (paragraph QC24).<sup>6</sup> Staff think this point is equally relevant for all entities and therefore support its inclusion without modification for NFPs.
45. In relation to comparability, the draft IPSASB ED includes the following additional guidance:

“Information about the entity’s financial position, financial performance, compliance, service delivery achievements, and its future plans is necessary for accountability purposes and useful as input for decision making purposes. The usefulness of such information is enhanced if it can be compared with, for example:

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<sup>6</sup> Staff suggest noting in the Board’s submission on the IPSASB ED that, even if the IPSASB does not classify the qualitative characteristics as ‘fundamental’ or ‘enhancing’, this point in paragraph QC24 of the revised IASB Framework could be made in the IPSASB Framework by referring to ‘relevance and faithful representation’ instead of ‘the fundamental qualitative characteristics’.

- The budget of the entity for the reporting period, or prospective financial and non-financial information previously presented for that reporting period or reporting date; ...” (paragraph 3.24).

46. This guidance implies reporting of budgetary and non-financial information, which are matters for future work on the scope of general purpose financial reporting. References to comparisons with prospective information previously provided for the same period are not NFP-specific. Therefore, staff does not propose adding this (or similar) guidance as NFP guidance in the revised AASB Framework.

47. In relation to **verifiability**, the draft IPSASB ED includes additional guidance reflecting the IPSASB’s view that ‘supportability’ may be a more appropriate term when applied to prospective information:

“Verifiability is the quality of information that helps assure users that information in GPFs faithfully represents the phenomena that it purports to represent. Supportability is sometimes used to describe this quality when applied in respect of explanatory information and prospective ... quantitative information disclosed in GPFs – that is, the quality of information that helps assure users that explanatory or prospective ... quantitative information faithfully represents the phenomena that it purports to represent.” (paragraph 3.26)

48. Staff thinks the IPSASB’s view has some merit and is worth exploring. However, this issue affects all reporting entities, and staff therefore recommends not to add NFP-specific guidance on this issue in the revised AASB Framework. Instead, staff recommends raising this issue with IASB staff for consideration in the next amendment of the IASB Framework. Such a comment could be related to the comment in paragraph QC3 of the revised IASB Framework that “the considerations in applying the qualitative characteristics ... may be different for different types of information. For example, applying them to forward-looking information may be different from applying them to information about existing economic resources and claims and to changes in those resources and claims.”

49. In relation to **timeliness**, the draft IPSASB ED includes additional guidance that:

“the outcome and effects of some service delivery programs may not be determinable until future periods – this may occur in respect of programs intended to, for example, enhance the economic well-being of constituents, reduce the incidence of a particular disease, or increase literacy levels of certain age groups.”  
(paragraph 3.20)

50. Because this guidance relates to reporting non-financial information, staff does not recommend including it in the revised AASB Framework (see discussion in paragraphs 23 – 24).

#### **Questions for Board members**

- Q1** On the basis of the discussion in paragraphs 5 – 8 and 28 – 29, do you agree that accountability should not be identified as a separate objective from decision making?
- Q2** Do you agree with adding draft paragraphs AusOB5.2, AusOB18.1 and AusQC20.1 in Agenda Paper 11.5 relation to the matters raised in this paper (respectively, paragraphs 10 – 11, 17 – 19, and 43)?
- Q3** Do you agree with the staff’s reasons for not adding other ‘Aus’ paragraphs in relation to the aspects of the draft IPSASB ED discussed in this paper?