



July 26, 2012

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E-mail: Piob-MonitoringGroup@piob.org

Dear Board Members:

**Re: (i) Public Consultation on Governance; and
(ii) PIOB Work Programme 2012 and Beyond, Public Consultation Paper**

Thank you for the opportunity to comment on the consultation papers issued by the Monitoring Group and the Public Interest Oversight Board. The views expressed in this letter reflect the views of the Government of the Province of British Columbia.

The Summary Financial Statements of the Province are prepared in accordance with Canadian Public Sector Accounting Board (PSAB) standards. We have a particular interest in the development of the guidance prepared by the International Public Sector Accounting Standards Board (IPSASB) as it may influence future PSAB standards.

We have addressed the questions in the Monitoring Group's consultation paper that relate to IPSASB.

We support the independent oversight of IPSASB by the PIOB. The PIOB oversight of IPSASB will result in more robust IPSASs that meet the requirements of IPSASB's stakeholders.

Responses to specific questions posed in the consultation papers are attached. Should you have any comments or questions, please contact me at 250-387-6692 or by e-mail: Stuart.Newton@gov.bc.ca, or Carl Fischer, Executive Director, Financial Reporting and Advisory Services Branch, at 250-356-9272 or by e-mail: Carl.Fischer@gov.bc.ca.

On behalf of the Government of British Columbia,

Sincerely,

Stuart Newton
Comptroller General

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cc: Peter Milburn, Deputy Minister
Ministry of Finance

Sabine Feulgen, Deputy Secretary to the Treasury Board
Ministry of Finance

Jim Hopkins, Assistant Deputy Minister
Ministry of Finance

Carl Fischer, Executive Director
Financial Reporting and Advisory Services
Office of the Comptroller General

Response to Question 4 from the Monitoring Group's Consultation Document:

Would you support the IPSASB being subject to PIOB oversight? Why?

The province of BC supports the oversight of IPSASB by the PIOB. Oversight of IPSASB should be by a body that is independent of IFAC. IPSASB is currently accountable to IFAC who currently also provides the oversight of IPSASB.

What conditions, if any, would you impose on such oversight?

The PIOB in its oversight of IPSASB should be bound by conditions similar to those with respect to its oversight of the International Auditing and Assurance Standards Board.

Would you see as a factor to take into account the fact that IPSASB deals with accounting rules instead of auditing ones?

IPSASB is responsible for issuing principle based accounting standards and is not responsible for the issuance of accounting rules. It is hoped that IPSASB will continue to issue principle based accounting standards under the oversight of PIOB.

The International Auditing and Assurance Board is responsible for the auditing standards that are used by auditors who audit general purpose financial statements prepared according to IPSASs. It is prudent that both IAASB and IPSASB are overseen by a common board of public oversight.

Response to the Questions from the PIOB Consultation Document

Our responses to the PIOB Consultation Document are based upon us being a stakeholder of IPSASB. We are not commenting on PIOB's oversight of the Auditing and Assurance, Ethics, and Accounting Educations Standards Boards of IFAC or PIOB's oversight of the IFAC Compliance Advisory Panel.

Q1: Do you find the mandate of the PIOB as defined in the 2003 IFAC reforms ("to increase the confidence of investors and others that the public interest activities of IFAC (including the setting of standards by IFAC boards and committees) are properly responsive to the public interest") still appropriate? Please explain your views.

The mandate of PIOB is still appropriate as it relates to PIOB's proposed oversight of IPSASB.

The mandate of increasing the confidence of investors and others refers to two distinct stakeholder groups, which are investors and others. It is prudent to ensure that these two stakeholder groups are represented equally in PIOB's oversight of IPSASB so that the requirements of one stakeholder group are not emphasized to the detriment of the other stakeholder group.

Q2: Do you agree that the PIOB's main focus should continue to be to oversee due process and protect the public interest? Are there any other matters that the PIOB should focus on? Please explain your views.

We agree that the PIOB's main focus should continue to be overseeing due process and protection of the public interest.

Another matter that the PIOB could focus on is the scope of the principles based accounting standards issued by IPSASB. IPSASB standards should result in general purpose financial statements that meet the needs of investors and other stakeholders. The standards should not be extended to include reporting that goes above and beyond general purpose financial statements.

Q3: Do you find the PIOB model of informed oversight the best possible model to guarantee public interest protection?

It is likely that any model of oversight is unable to guarantee public interest protection; however the PIOB model does provide assurance that the public interest is protected.

Q4: Would you suggest any other avenues for the PIOB to further improve its oversight of the PIACs?

No comment on this question.

Q5: Do you agree with the medium-term strategic objectives for the PIOB? Please explain otherwise

We agree with the medium-term strategic objectives of PIOB.

Q6: Given the implementation of the Oversight Assurance Mode in place of the 100% direct observation model, do you think that the achievement of a sufficient level of oversight comfort by the PIOB will itself provide stakeholders with a sufficient level of comfort that the public interest is being protected? Please explain your reasons.

We have no comment on this question.

Q7: Do you agree that consulting the MG and other stakeholders through an active communication policy will help the PIOB to form its own opinion on agenda-setting public interest priorities? Please explain.

We agree with this statement. We encourage PIOB and MG to continue with public consultation and communication with stakeholders in the future.

Q8: Do you agree that the PIOB has to be fully aware of the implications of its work to protect the public interest and that its informed approach to oversight requires an active interaction with all stakeholders?

We agree with this statement.

Q9: Do you agree that the PIOB mandate requires an active communication policy explaining the processes of standard setting and their public interest focus? Do you think the present minimalist policy is sufficient? Do you think that raising awareness of the work of the PIOB should be an objective of its communications policy? Please explain.

We agree that the PIOB mandate requires an active communication policy explaining the processes of standard setting and their public interest focus.

A minimalist communication policy may be insufficient to determine who IPSASB's stakeholders are and to ensure there is sufficient communication with the stakeholders so that the PIOB oversight role of IPSASB is understood by them.

We agree that raising awareness of the work of PIOB should be an objective of its communication policy. Communication with stakeholders of IPSASB could provide information to PIOB about the effectiveness of IPSASB in meeting IPSASB's mandate, which could be used by PIOB in its oversight role of IPSASB.

Q10: Do you agree with the view that has been put forward that funding has to be diversified and should not largely dependent of IFAC funding?

We agree PIOB funding should be diversified and that PIOB should not be largely dependent on IFAC for funding.

Q11: Please suggest alternative sources for diversifying and financing the PIOB budget.

We do not have suggestions on alternative sources for diversifying and financing the PIOB budget.