

**Ministry of Finance**  
Office of the Budget and Treasury Board  
Office of the Provincial Controller Division  
Frost Building South, 2<sup>nd</sup> Floor  
7 Queen's Park Crescent  
Toronto ON M7A 1Y7  
Tel. (416)325-8017  
Fax. (416)325-2029

**Ministère des Finances**  
Bureau du budget et du conseil du trésor  
Bureau du contrôleur provincial  
Édifice Frost Sud, 2<sup>e</sup> étage  
7 Queen's Park Cr.  
Toronto ON M7A 1Y7  
Téléphone: (416)325-8017  
Télécopieur: (416)325-2029



October 31, 2012

Ms. Stephenie Fox  
Technical Director  
International Public Sector Accounting Standard Board  
International Federation of Accountants  
277 Wellington Street West  
Toronto ON M5V 3H2

Dear Ms. Fox:

**RE: Consultation Paper, Consultation on the IPSASB Work Program 2013-2014 Draft Response**

Thank you for the opportunity to comment on the International Public Sector Accounting Standards Board's Consultation Paper, *Consultation on the IPSASB Work Program 2013-2014*.

The conceptual framework is the underpinning of robust accounting standards, and it is logical that work on sound accounting standards begins with such a foundation already in place. A conceptual framework fosters the consistency of design, interpretation and application of accounting standards. In the absence of a conceptual framework, completion of the framework should be the IPSASB's primary focus.

Appendix B presented in the consultation paper shows the completion of the conceptual framework project delayed to March 2014, almost a full year longer than IPSASB presented in early 2010. Given the significant influence of the conceptual framework on the improvement and development of robust accounting standards for the public sector, IPSASB should uphold its earlier decision to defer the projects listed in Appendix C and put the full weight of its resources behind completing the conceptual framework. We believe that the deferral of the projects proposed in your consultation paper will improve the likelihood of completing the project by March 2014.

Ms. Stephanie Fox  
Page 2

Regarding the identification for an appropriate public interest oversight regime, we support the IPSASB and IFAC's commitment to instituting an appropriate regime as soon as possible. Creation of an oversight regime will help provide some assurance to the public sector that the IPSASB can independently and rigorously address public sector financial reporting issues, and add credibility to the IPSASB's processes. Ontario favours the establishment of an IPSAS Consultative Advisory Group (CAG), and we look forward to commenting on future IPSASB due process documents for the CAG's Terms of Reference and composition.

Thank you again for the opportunity to provide input to the IPSASB's Work Program for 2013-2014.

Yours sincerely,



Murray Lindo  
ADM and Provincial Controller  
Office of the Provincial Controller Division

c: Greg Orencsak, Associate Deputy Minister

IPSASB Consultation Paper

*Consultation on IPSASB Work Program 2013-2014*

# **response to consultation**

8 November 2012

CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance. Our 14,000 members work throughout the public services, in national audit agencies, in major accountancy firms, and in other bodies where public money needs to be effectively and efficiently managed.

As the world's only professional accountancy body to specialise in public services, CIPFA's portfolio of qualifications are the foundation for a career in public finance. They include the benchmark professional qualification for public sector accountants as well as a postgraduate diploma for people already working in leadership positions. They are taught by our in-house CIPFA Education and Training Centre as well as other places of learning around the world.

We also champion high performance in public services, translating our experience and insight into clear advice and practical services. They include information and guidance, courses and conferences, property and asset management solutions, consultancy and interim people for a range of public sector clients.

Globally, CIPFA shows the way in public finance by standing up for sound public financial management and good governance. We work with donors, partner governments, accountancy bodies and the public sector around the world to advance public finance and support better public services.

Our ref: Responses/121108 SC0186

Stephenie Fox  
Technical Director  
International Public Sector Accounting Standards Board  
International Federation of Accountants  
277 Wellington Street, 4th Floor  
Toronto  
Ontario M5V 3H2  
CANADA  
Submitted electronically

Dear Stephenie Fox

**IPSASB Consultation Paper - *Consultation on IPSASB Work Program 2013-2014***

CIPFA is pleased to present its comments on this consultation paper, which have been reviewed by CIPFA's Accounting and Auditing Standards Panel. We are also looking forward to the broader public consultation in future, seeking inputs on the strategic direction of Board's standard setting activity.

As noted in successive responses, CIPFA strongly supports IPSASB's development of high quality standards for public sector financial reporting, whether through the Board's project to develop and maintain IFRS converged IPSASs or through wholly public sector specific IPSASs. Furthermore, CIPFA agrees that it is important to cover matters which go beyond a focus on financial statements.

**Specific Matters for Comment**

CIPFA responses to the Specific Matters on which IPSASB would particularly value comment are set out in an attached annex.

I hope this is a helpful contribution to the Board's planning process.

Yours sincerely

Paul Mason

Assistant Director  
Professional Standards and Central Government  
CIPFA  
3 Robert Street  
London WC2N 6RL  
t: 020 7543 5691  
e: paul.mason@cipfa.org.uk  
www.cipfa.org.uk

## Specific Matters for Comment

### **1. Considering the additional potential projects identified above and described in Appendix C, are there any other projects that you think need to be added to the list of potential projects?**

In CIPFA's view, in the 2013-14 timeframe there is no need to add to the list of potential projects.

We say this partly for practical reasons - we are conscious that the Board must work within the constraints of available Board and Staff time.

We also consider that IPSASB should manage the standards development process in a way which is sympathetic to the needs of current and short to medium term adopters of IPSASs. An appropriate balance needs to be drawn between having standards which are as good as possible, and having a stable platform of standards to implement.

The financial reporting standards field in both public and private sectors has been under very active development in recent years. This may be a particularly important factor for jurisdictions moving to IPSAS adoption from a regime based on IFRS. The IASB is in the process of completing a number of standard setting projects, many of which have some read across against IPSAS, and will therefore fall to be considered for consequential update to IPSAS in line with IPSASB's *Process for Reviewing and Modifying IASB Documents* (the 'Rules of the Road').

Given this, in our view it is important for the Board to finalise the conceptual framework in a timely manner, to provide a principled basis for streamlined and effective standard setting in future, whether setting new standards on public sector specific topics, or maintaining IFRS converged standards.

**2. Which projects do you think the IPSASB should prioritize for 2013-2014? In your response you could consider providing your assessment of the 3 most important projects or a ranking of all projects on the list. Please explain the reasons for your answers.**

As outlined above, we consider that the Conceptual Framework is of the highest priority. This will provide a sound basis for the development of new standards and guidance on public sector specific issues, and on the adaptation or co-ordinated development of standards on topics which are relevant to both public sector and for-profit companies.

We also consider that would be beneficial to further explore

- the role of service potential; and
- the concept of public sector liability where this goes beyond for-profit concepts of liability grounded in contractual and legal liability.

We appreciate that these matters are included in the discussion of the Conceptual Framework which has already been carried out in various consultation papers and exposure drafts. Nevertheless, we considered that further exploration would be helpful, whether as part of the Conceptual Framework, or in the context of other standards development. We note that there is a Social Benefits project on the list, which will need to be grounded in consideration of the potentially wider compass of liability for non-exchange expenditure.

**3. Please provide any further comments you have on the IPSASB's Work Program for 2013-2014.**

The consultation paper notes that certain subjects are on the list of projects because the IASB is carrying out development work on the related IFRS.

The completion of development of a new IFRS standard is a natural trigger to prompt consideration of whether IPSAS maintenance work should be carried out on related IFRS based IPSASs. In some cases where there is no IPSAS it may also be worth considering whether it would be helpful to develop a new IFRS based standard, while acknowledging that in some cases the public sector modification process using the 'Rules Of The Road' may result in a standard that is quite different to the 'base' IFRS.

However, we suggest that in general the IPSASB should not 'anticipate' the work of the IASB by carrying out substantial pro-active development of public sector standards in advance of the IASB completing their work. We can see that the IPSASB will want to keep in touch with developments. We also understand that if IASB development fitted very poorly with the public sector context then the IPSASB might wish to develop public sector specific solutions, or to provide input to the IASB consultation process. However, more generally we would expect the correct timing of IPSASB's detailed consideration of matters under consideration by IASB is when the latter have been made into concrete proposals.



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

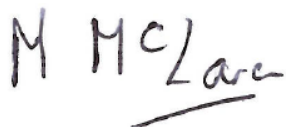
09 November 2012

Dear Stephenie

**Re: Consultation Paper *Consultation on IPSASB Work Program 2013-14***

1. The Committee on Accounting for Public Benefit Entities (CAPE) welcomes the opportunity to comment on the above consultation paper.
2. We consider that it is vitally important that the IPSASB continue with its work on the Conceptual Framework (in conjunction with the IASB as appropriate) especially on the modules not yet tackled by the IASB such as measurement and presentation.
3. We also consider that a project on Emissions Trading, particularly from the grantor perspective, should be given priority as this is a topical issue and it is not likely that the IASB will address grantor accounting.
4. We agree with continuing the projects already in progress until their completion.
5. Regarding future projects we suggest that the IPSASB should develop a set of criteria for setting its agenda and consult on specific proposals explaining how they relate to those criteria.
6. For example consideration could be given to:
  - Is the issue already addressed either by an IPSAS or any other literature?
    - i. If not, is there evidence that the lack of an IPSAS or other literature is resulting in diversity in practice or less than satisfactory financial reporting.
    - ii. If so, is the application of either the IPSAS or other literature resulting in less than satisfactory financial reporting.
7. If you require any further information please contact me or Joanna Spencer ([j.spencer@frc.org.uk](mailto:j.spencer@frc.org.uk)) or telephone +44 (0) 20 7492 2428.

Yours sincerely



**Melanie McLaren**  
Executive Director, Codes and Standards  
DDI +44 20 7492 2406  
Email: [m.mclaren@frc.org.uk](mailto:m.mclaren@frc.org.uk)

**Denise Silva Ferreira Juvenal**

**[rio1042370@terra.com.br](mailto:rio1042370@terra.com.br)**

**Accountant**

**Commentary individual**

**Rio de Janeiro / Brazil**

**Sir**

**Chair and Steering Committee**

**The Technical Director**

**International Public Sector Accounting Standards Board**

**International Federation of Accountants**

**277 Wellington Street West**

**Toronto, Ontario M5V 3H2 CANADA**

**[stepheniefox@ifac.org](mailto:stepheniefox@ifac.org)**

**October 31, 2012**

**Consultation on IPSASB**

**Work Program 2013-2014**

I'm Denise Juvenal this pleasure to have the opportunity to comment on this consultation. This is my individual commentary for IFAC-IPSAS about Consultation on IPSASB Work Program 2013-2014.

**Guide for Respondents**

**The IPSASB asks that in assessing priorities and providing input you consider the following questions:**

**Considering the additional potential projects identified above and described in Appendix C, are 1.there any other projects that you think need to be added to the list of potential projects?**

No, I think that for this moment I agree with the list of potential projects elaborated for IPSASB. I understand that this agenda need to be similar agenda of discussion that will be elaborated for IASB in specific subject.

I suggest that for the same projects as for example: Emissions Trading Schemes and Leases, the discussions need to be integrated with International Accountants Standards Board – IASB<sup>1</sup> and EUROSTAT – European Commission<sup>2</sup>, because the process of review will be occur in time with specific considerations for Public Sector, because this subject is very complex.

**Which projects do you think the IPSASB should prioritize for 2013-2014? In your response you 2.could consider providing your assessment of the 3 most important projects or a ranking of all projects on the list. Please explain the reasons for your answers.**

I think that the IPSASB should prioritize for 2013-2014 these projects with 3 most important: **Leases, Borrowing Costs (Update of IPSAS 5 - underlying standard IAS 23) and Emissions Trading Schemes.** These projects are priority of G20<sup>3</sup> and are very complex, for this I understand that these points are most important projects and attend the considerations of United Nations<sup>4</sup> about sustainability.

**Please provide any further comments you have on the IPSASB's Work Program for 2013-2014.**

I think for the period 2013-2014 need to be observed the results of Agenda Consultation of IASB and Discussion in EUROSTAT of European Commission, can be that need to be integrated more informations or details in relation these projects. I understand that the IPSASB don't make modifications in your Agenda 2013-2014.

Thank you for opportunity for comments this proposal, if you have questions don't hesitate contact to me, [rio1042370@terra.com.br](mailto:rio1042370@terra.com.br).

Yours,

Denise Silva Ferreira Juvenal

[rio1042370@terra.com.br](mailto:rio1042370@terra.com.br)

552193493961

<sup>1</sup> <http://www.ifrs.org/Current-Projects/IASB-Projects/IASB-agenda-consultation/Pages/IASB-agenda-consultation.aspx>

<sup>2</sup> [http://epp.eurostat.ec.europa.eu/portal/page/portal/public\\_consultations/consultations](http://epp.eurostat.ec.europa.eu/portal/page/portal/public_consultations/consultations)

<sup>3</sup> <http://www.g20.org/>

<sup>4</sup> <http://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=48>

UNITED NATIONS SYSTEM



SYSTEME DES NATIONS UNIES

Chief Executives Board  
for Coordination

Conseil des chefs de secrétariat  
des organismes des Nations Unies  
pour la coordination

**Submission on the Consultation Paper: *Consultation on IPSASB Work Program 2013-2014***

14 November 2012

Ms Stephenie Fox  
Technical Director  
International Public Sector Accounting Standards Board  
International Federation of Accountants  
277 Wellington Street West  
Toronto Ontario Canada M5V 3H2

Dear Stephenie,

1 Thank you for the opportunity to comment on the proposed IPSASB Work Program 2013-2014.

**United Nations System Task Force on Accounting Standards**

2 The United Nations System Task Force on Accounting Standards (Task Force) appreciates the work that the IPSASB is carrying out in developing accounting standards for public sector entities, including international organizations such as those making up the United Nations system. The Task Force is an inter-agency group consisting of directors of accounting, chief accountants and chief financial officers from United Nations System organizations. The Task Force welcomes the IPSASB's initiative to seek input on its work plan and hopes that this first public consultation will lead to an ongoing active dialogue on the strategic direction of the IPSASB in the future.

The comments below were prepared based on feedback received from Members of the Task Force on the Consultation on IPSASB Work Program 2013-2014.

## General Comments

3 The Task Force has the following general comments on the Consultation Paper:

(a) It is noted that the IPSASB generally considers alignment of IPSAS standards with IFRS as one of its strategic priorities. The completion of the IFRS convergence project in late 2009 was a major milestone on the way to creating an initial comprehensive platform of IPSAS standards. IPSAS is becoming a more mature set of standards with many governments and international organizations applying the standards to produce IPSAS-compliant financial statements. As implementers face challenges in application of standards, it becomes evident that there is an increasing need to focus on public sector specific issues while developing new and/or improving existing standards. In addition, as more entities develop “first hand” experience with implementing the standards, they can better assist the Board in identifying areas not adequately covered by the standards. The Task Force is of the view that these areas should become strategic priorities for the IPSASB’s work program. Although convergence with IFRS remains an important element of maintaining quality of existing standards, its strategic role might need to be reconsidered in future, as improving quality of standards can only be achieved through prioritizing public sector specific projects.

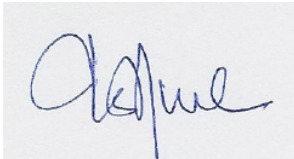
(b) The Consultation Paper recognizes that the work program should “balance the needs of stakeholders” while assessing priorities for 2013-2014 (para. 5, page 9 of the CP). The Task Force notes that the focus of additional potential projects, especially ‘new’ projects as opposed to ‘maintenance’ projects, appears to lean heavily towards needs and interests of large governments and hence may not take into consideration specific challenges of other public sector entities. The Task Force requests the IPSASB to take this issue into consideration when approving its work program for 2013-2014.

**Specific Matters for Comments and Comments on Further Issues**

4 Our detailed comments on the IPSASB's additional potential projects for 2013-2014 included in the Consultation Paper as well as other suggestions are summarized in Appendix 1.

5 Should you have any queries on our comments, please contact Ms. Dinara Alieva, Financial Analyst, System-wide IPSAS Project Team at [alievad@un.org](mailto:alievad@un.org).

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Chandramouli Ramanathan', is shown within a light gray rectangular box.

Chandramouli Ramanathan

Deputy Controller, United Nations &  
Chair, Task Force on Accounting Standards

[ramanathanc@un.org](mailto:ramanathanc@un.org)

## CONSULTATION ON IPSASB WORK PROGRAM 2013-2014

Please refer to the below table for Task Force's position on additional potential projects identified in the Consultation Paper.

| Potential Project   | Relevance    | Comments   |
|---|--------------|--|
| Improvements to IPSAS 23 – Non-Exchange Revenues <sup>1</sup> | High         | There is clearly a need for greater precision in this standard. The existing standard supports a wide range of interpretations and results in multiple revenue recognition approaches used by IPSAS implementers. In addition, further guidance on recognition of multi-year contributions would be most useful. |
| Revenue Recognition (Exchange Transactions)                   | High         | Principal vs. Agent treatment has not been covered completely by the standards to date.  |
| Leases  | High         | It is important to maintain existing classification between financial and operating leases for their recognition, measurement and presentation in the financial statements.  |
| Related Party Transactions                                    | Moderate     | Full convergence with IFRS would not be appropriate. This standard should maintain and reinforce its focus on specifics of relationships between public sector entities in determining related parties.  |
| Segment Reporting   | Moderate     | Convergence with IFRS would not be appropriate. This standard should address the fundamental differences between private and public sector entities.   |
| Presentation of Financial Statements                          | Low          | No comment.  |
| Non-current Assets Held for Sale and Discontinued Operations  | Low          | No comment.  |
| Borrowing Costs   | Low          | No comment.  |
| Heritage Assets   | Low          | No comment.  |
| Insurance Contracts   | Not relevant | No comment.  |
| Small and Medium Enterprises                                  | Not Relevant | No comment.  |

<sup>1</sup> Please refer to 'Other Suggestions' below for more comments on Improvements to IPSAS 23.

|  |              |             |
|--|--------------|-------------|
| (SMEs)   |              |             |
| Social Benefits  | Not Relevant | No comment. |
| Sovereign Powers and their Impact on Financial Reporting | Not Relevant | No comment. |
| Emissions Trading Schemes                                | Not Relevant | No comment. |
| Extractive Industries                                    | Not Relevant | No comment. |

Other suggestions: The issue of accounting and reporting of donated rights to use assets where nominal or no rent is paid, including cases where the asset is shared by multiple entities, is a common occurrence in the public sector which should not be overlooked. The Task Force encourages the IPSASB to consider this issue either as a potential new project or to add it to the scope of existing potential project (for example, within the ‘Improvements to IPSAS 23 – Non-Exchange Revenues’).



**From:** A.B. Triharta [[mailto:trihar\\_1@hotmail.com](mailto:trihar_1@hotmail.com)]  
**Sent:** Wednesday, October 24, 2012 9:30 PM  
**To:** Stephenie Fox  
**Cc:** A Bergman  
**Subject:** Financial Instruments Accounting Standard

Dear Stephenie in Toronto, and  
IPSAS Board Members;

I can still feel the nice memory when the IPSASB meeting was held in Alila Hotel Jakarta some time in Nov 2010. I hope the weather is fine in Toronto and in every country of the board member.

This time I write an e-mail to IPSASB to seek some clarification on public sector standards relating to the central bank accounting, the issue of which I encounter as follows:

On October 18, 2012 I represented KSAP (Indonesian Governmental Accounting Standards Committee) in the discussion held by the Indonesian Central Bank (BI) commenting her exposure draft (EP) on Indonesian central bank accounting "standards" or she called it the basic principles. The EP was prepared by a team of central bank staff and other noted experts mostly from the Indonesian accountants association. The speaker of the team explained that the content of the EP is referred to the IFRS standards and amended or suited to the BI need. The speaker also explained that every country has his own peculiarity in the central bank structure, and there are no international accounting standards for central bank. Consequently, the EP team has to find or create the standards from various sources, mostly from commercial sector/IFRS, to suit best the financial instruments peculiarity as needed by the central bank.

During the discussion I commented that the standards reference to IFRS would divert the central bank accounting from public entity as stated in the GFSM, that in my opinion the bank accounting standards should seek reference to IPSAS. The adoption of IFRS, though with some substantial amendments, will complicate the interrelation of the central bank with the the government and the integration of GFS report with that of the government.

After the meeting I try to search the IPSAS publication and or standards to find if there are already standards on financial instruments as needed by central banks, but so far I find none.

Hereby I would ask whether there is some plan in IPSASB agenda to discuss or create the financial instruments accounting standard as needed by public sector entity which is functionally entrusted to manage this central banking matters.

Jakarta, 25 October 2012

Best regards;

Tri Harta

Vice Chairman of KSAP

Tel. +62811892267

Fax. +62218501429

e-mail: [trihar@cbn.net.id](mailto:trihar@cbn.net.id)  
[trihar\\_1@hotmail.com](mailto:trihar_1@hotmail.com)

Mr Andreas Bergmann  
Chairman  
International Public Sector Accounting  
Standards Board

E-mail: [stepheniefox@ipsasb.org](mailto:stepheniefox@ipsasb.org)

20 November 2012

Ref.: PSC/PRJ/TSI/SLE

Dear Chairman,

**Re: FEE Comments on the Consultation on IPSASB Work Program 2013-2014**

FEE (the Federation of European Accountants) is pleased to provide you with its comments on the Consultation on IPSASB Work Program 2013-2014 (the "Consultation").

We welcome the IPSASB ("Board") consultation on its short term work program. The consultation will certainly help the Board to better understand the needs of the growing IPSASs community and to efficiently allocate its limited time and resources over the next two years.

We are also looking forward to a broader public consultation in the future seeking inputs on the strategic direction of Board's standard setting activity. This would be particularly important given the current deliberation by the European Commission on the suitability of IPSASs for implementation across Europe.

We strongly support IPSASB's development of high quality standards for public sector financial reporting, whether through the Board's project to develop and maintain IFRS converged IPSASs or through wholly public sector specific standards.

In particular, we commend the IPSASB for what it has achieved to date in addressing some important public sector specific issues such as non-exchange transactions, non-cash generating assets and other conceptual issues (e.g. objective of the financial statements, the users and their information need) that are different and therefore not covered in other, more commercially focussed accounting frameworks.

However, we think that the Board should continue with its effort and address other public sector specific issues in order for IPSASs to become fully applicable for public sector accounting. We also consider that the Board should manage its standard development process in a way which meets the needs of current and short to medium term adopters of IPSASs.

We would also encourage the Board to take a strategic view of relationships with other institutions like Eurostat, and consider how to provide further support to organisations that may wish to implement IPSASs.



## **Conceptual Framework**

We strongly support the Board's intention to finalise the Conceptual Framework with a high priority, as the development of the existing standards and many proposals put forward in the Consultation depend on its finalisation. Completing the Conceptual Framework would also help the Board to streamline its standard setting activity in the future, whether setting new standards on public sector specific issues or updating IFRS converged standards. At the same time, we believe it would be also important for the Board to liaise with the IASB to ensure that differences that are not introduced as a result of public sector specific matters are minimized.

## **Public Sector specific projects**

In addition to the Conceptual Framework, the Board should also concentrate on finalising standards and guidelines on public sector specific issues that are considered critical to fill the current gaps in IPSASs. Therefore, we recommend focusing on the following projects with high priority:

- (a) Social Benefits
- (b) Reporting on the Long-Term Sustainability of Public Finances
- (c) Reporting Service Performance
- (d) Public Sector Combinations
- (e) Presentation of Financial Statements

## **Simplification of the standards**

It would also be worthwhile to dedicating sufficient time on reducing complexity in the standards, for example in case of financial instruments. However, it should be done in a way that would help avoid overloading its agenda but rather through a limited number of projects.

Our detailed responses to the questions in Consultation are included as an Appendix to this letter.

For further information on this letter, please contact Tibor Siska, project manager, at the FEE Secretariat on +32 2 285 40 74 or via e-mail at [tibor.siska@fee.be](mailto:tibor.siska@fee.be).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Philip Johnson', is written over a horizontal line.

Philip Johnson  
President



**Question 1: Considering the additional potential projects identified in the consultation and described in Appendix C, are there any other projects that you think need to be added to the list of potential projects?**

In our view, there is no need to add to the list of potential projects mentioned in the Consultation.

After a very busy period of standard setting activity over the last few years, including the finalisation of the core set of IPSAS and the convergence programme with IFRS, we believe that the Board should focus on the needs of current and short to medium term adopters of IPSAS. An appropriate balance would need to be drawn between a continuous update of the standards and having a stable platform of standards to implement.

Therefore, we would recommend further prioritization of the projects. This should be based on the projects' importance in responding to the needs for strengthening IPSASs to become a stabilized referential point for public sector accounting.

This is also to say for practical reasons. We are conscious that the Board must work within the constraints of available resources and Board time limiting its capacity for dealing with multiple developments simultaneously.

**Convergence with IFRSs**

The financial reporting standards in both public and private sectors have been under very active development in recent years. The IASB is in the process of completing a number of major projects, many of which have some links to IPSAS, and would therefore fall to be considered for consequential update to IPSAS through the Rules of the Road process. In some other cases, where there is no IPSAS developed, it may also be worth considering whether it would be helpful to develop new IFRS based standard.

Given this, in our view it is important for the Board to finalise the conceptual framework in a timely manner. This would provide a basis for streamlined and effective standard setting in the future, whether setting new standards on public sector specific issues, or maintaining IFRS converged standards. While considering changes to the standards from public sector perspectives, it would be also worthwhile to ensure convergence with IFRS as much as possible, rather than divergence.

**Question 2: Which projects do you think the IPSASB should prioritize for 2013-2014? In your response you could consider providing your assessment of the 3 most important projects or a ranking of all projects on the list. Please explain the reasons for your answers.**

**The three strategic themes**

We are generally supportive of the three outlined strategic themes as guiding principles for the activities of the IPSASB over the next two years. These notably include the following themes:

- (a) developing public sector conceptual framework,
- (b) focusing on public sector critical projects, and
- (c) enhancing communications and promoting adoption and implementation of IPSASs.



## Conceptual framework

As outlined above, we support the Board's approach to finalise the conceptual framework with the highest priority. This would provide a sound basis for the development of new standards and guidance on public sector specific issues, and for the maintenance of current IPSAS that are based on IFRS. To this end, we believe it would be important for the Board to confer with the IASB to ensure that differences that are not introduced as a result of public sector specific matters are minimized.

The body of the standards taken as a whole should be based on a sound Conceptual Framework to achieve the main objectives of financial reporting in the public sector. It should be flexible enough to meet the developments of different accounting scenarios and equally allows for a consistent approach to address major conceptual issues in individual standards.

The Conceptual Framework also helps to resolve cross-cutting issues of a conceptual nature and to reduce the number of inconsistencies in the standards which can lead to diversity in practice.

## Public sector specific standards

In addition to the Conceptual Framework, the Board should concentrate on developing standards and guidelines on public sector specific issues to fill the current gaps in IPSASs and make the standards more adoptable by governments and other public sector related organisations.

To this end, in our view, it would be beneficial if the Board would focus on the following public sector specific projects over the next two years:

- (a) Social Benefits
- (b) Reporting on the Long-Term Sustainability of Public Finances
- (c) Reporting Service Performance
- (d) Public Sector Combinations
- (e) Presentation of Financial Statements

These projects, we believe, would help address some of the major concerns that some constituents have expressed regarding the incompleteness of the IPSASs on public sector specific issues.

Regarding Social Benefits we are well aware that the Board has been considering this issue but the concrete work on this highly relevant issue was postponed until the Conceptual Framework discussion on the liability in the public sector context has been finished. However we believe that the Board has achieved enough clarity on these basic definitions to start the work on this predominant issue of accounting for Social Benefits in the Public Sector.

In relation to the other projects mentioned above, we also recommend the Board to finalise the project on *Financial Statement Discussion and Analysis* as originally planned due to its well advanced status.



### Projects related to simplification

It would also be worthwhile to dedicating sufficient time on reducing complexity in the standards. It would be particularly relevant to financial instruments related projects, namely including the projects on Public Sector Financial Instruments and Amendments to IPSASs 28-30. These two projects can be potentially combined with the aim to addressing public sector specific aspect of financial instruments as well as simplifying accounting for financial instruments. These projects however should be commenced after the IASB has completed its work on IFRS 9.

We also note that the Board has already set up a task base group for a new financial instrument project, which will likely be a substitute for IPSAS 15 and IPSAS 28-30. We support the establishment and the objective of such a group.

The projects on Heritage Assets, Non-Exchange Revenues, and Sovereign Powers and their Impact on Financial Reporting could be conceptually addressed as part of work related to the Conceptual Framework. Upon the completion of Conceptual Framework, the status and urgency of these projects can be reassessed.

### **Question 3: Please provide any further comments you have on the IPSASB's Work Program for 2013-2014.**

#### *Research activities and trends in the market*

In a longer term, we also believe that the Board could well use some of its resources to have a regular dialogue with academics carrying out relevant empirical studies to anticipate future standard setting needs and how to shape future reporting in many years ahead. Dedicating some time to making contact with other institutions for example Eurostat, has also been considered worthwhile in order to monitor the development of the standards and other relevant trends in the market.

#### *Integrated reporting*

Among some of these long-range strategic directions, we recommend that the IPSASB continue to engage with the International Integrated Reporting Council (IIRC) with respect to integrated reporting and closely monitor and influence the development of this new concept. However, at present, these developments are still in an early stage, but given their potential scope they may have an important impact on financial reporting in the public sector in the future.

#### *Governance of the IPSASB*

The governance structure is also critical to the credibility and the wide acceptance of the IPSASB's standards. It should provide for a standard setting environment which is independent of vested interest, but in the same time, it remains accountable to those adopting IPSASs. We fully recognise the hard work that the IPSASB and IFAC have done to date on these matters and recommend that the Board continue to engage with all stakeholders.