

Meeting: International Public Sector Accounting
Standards Board

Meeting Location: Brussels, Belgium

Meeting Date: September 15-18, 2014

Agenda Item 4

For:

- ☐ Approval
☒ Discussion
☐ Information

Strategy and Work Plan

Objective of Agenda Item

The objective of this agenda item is to consider the responses to the IPSASB Strategy and Work Plan consultation and provide direction to staff.

Material(s) Presented

Agenda Item 4.1	Analysis of Issues
Agenda Item 4.2	Summary of responses
Agenda Item 4.3	Responses by Jurisdiction, Function and Language

1. The response date for the strategy and work plan consultation was July 31, 2014. Thirty-two responses were received. These have been distributed to members in an earlier posting of agenda materials.
2. The consultation paper included eight specific questions for respondents. Agenda item 4.2 provides the “cut and paste” summary of responses by question. Given the short timeframe between the response date and the IPSASB meeting staff has not had adequate time to analyze responses to all eight questions. Agenda item 4.1 provides an initial analysis of responses to questions 1 through 7. Staff is seeking direction from the IPSASB to these issues at this meeting.
3. The responses to question 8, which deals with the specific projects constituents think should be added to the work plan, will be considered in depth at the December meeting. Staff has included in agenda item 4.1 a summary of the individual projects set out in the consultation paper that indicates the number of respondents that mentioned each project. This is simply a numerical summary and the IPSASB is cautioned that staff has not yet analyzed the responses on question 8 in depth.
4. Staff anticipates that the IPSASB will be in a position in December to approve the final strategy for 2015 forward and the work plan for 2015-2019.

Strategy and Work Program Consultation

Background

1. You will recall that the IPSASB's Consultation Paper (CP) on its strategy for 2015 forward and its work program for the period 2015-2019 was issued in March 2014 with a July 31, 2014 response deadline. Thirty-two responses were received to the CP. The detailed list of respondents is included at the beginning of agenda item 4.2, which also provides a full collation of the responses by question. Agenda item 4.3 provides a breakdown of the responses by region, function and language. All responses were provided in the materials posted for this meeting.
2. The responses to the CP will be considered at this meeting for the first time. Given the short time period between the response deadline and the preparation of meeting papers staff has not analyzed the responses to question #8. In addition, comments related to other issues or of a general nature have not been analyzed in depth. This agenda item focuses on the initial analysis of responses to questions 1 through 7. Responses will be further discussed in December 2014, at which time a final strategy is planned for approval and project priorities are expected to be approved.

General Comments

3. A number of respondents provided general comments in addition to answering specific questions. Respondents were generally very supportive of the IPSASB's consultation with stakeholders and saw this as a positive step in enhancing the credibility of the Board's work. There were also a number of respondents that commented that the IPSASB's work should be very focused on public sector specific projects and activities, respondents also emphasizing that the IPSASB's primary focus should be on developing high-quality financial reporting standards for the public sector.
4. Staff will provide the detailed analysis of comments related to other issues for the IPSASB's discussion in December. However at this point staff would like to highlight the general comments of the New Zealand XRB (response 007). The XRB has committed to continuing their support of the IPSASB's work through ongoing staff support on a future project. The XRB expressed a specific interest in a project on non-exchange and exchange revenues. The analysis on projects will be provided in December and the IPSASB can assess at that time whether a project on revenues is supported by stakeholders.
5. For purposes of this meeting staff simply wanted to acknowledge the ongoing strong support of the NZ XRB and highlight this to the IPSASB.

The IPSASB's Proposed Strategic Objective – question 1

6. The CP identified the IPSASB's proposed strategic objective as:
Strengthening public financial management and knowledge globally through increasing adoption of accrual-based IPSASs by:
 - (a) **developing high-quality financial reporting standards;**
 - (b) **developing other publications for the public sector; and**

(c) raising awareness of the IPSASs and the benefits of their adoption.

What did respondents say? And what does it mean?

7. All of the thirty-two respondents provided feedback on this proposal. Overall it garnered strong support with 30 of 32 respondents agreeing or partially agreeing with the strategic objective.

Those Who Agreed

8. Twenty-three of the thirty-two response responses expressed explicit support for the strategic objective as summarized in agenda item 4.2. There were a number of responses that agreed with all three components of the strategic objective but who expressed the view that the first, “developing high-quality financial reporting standards” should be emphasized. This view was often expressed in the context of limited resources. There was an overall sentiment that this is the IPSASB’s most important work and that while the other aspects should be included, they are at some level “secondary” in the context of the strategy objective as a whole. Of these respondents, eight suggested some editorial changes to the current wording.
9. One respondent (009) interpreted that RPGs would be part of financial reporting standards. This was not the IPSASB’s intent. When developing the strategic objective, the IPSASB intended that the first bullet, “developing high--quality financial reporting standards” relate only to IPSASs. The use of the phrase “other publications” in the second bullet was intended to relate to anything that is not an IPSAS. This would encompass primarily RPGs, though could include studies or other reports (as yet undefined) the IPSASB might prepare. The majority of respondents expressed no concern about this and in reviewing the text of the paper, particularly with respect to the specific outputs, staff considers that these are adequately clear. **Therefore staff recommends no change.**
10. One respondent (032) suggested that the strategic objective should include the development of implementation guidance. The IPSASB specifically discussed this while developing the CP and made a clear and explicit decision not to include this due partly to concerns that this could impair the IPSASB’s independence. While the IPSASB acknowledges the need for implementation guidance it does not see this as its primary role. **Therefore no change is proposed.**

Those Who Partially Agreed

11. Seven respondents partially agreed with the strategic objective. One respondent (002) thought that, as expressed, the strategic objective does not meet the needs of those using cash standards nor does it recognize the importance of GFS. The respondent provided suggestions to include these aspects. The IPSASB’s primary focus has always been on accrual-based standards. Even while developing a cash basis IPSAS, the IPSASB has always positioned this as a transitional approach not an end in itself. So the focus on accrual based IPSASs is purposeful and all other responses supported that. As far as recognizing the importance of GFS, the goal of reducing differences with GFS where possible is embedded in the IPSASB’s processes as highlighted in the recently approved policy paper on GFS. Staff does not believe that the strategic objective requires this level of detail and notes that if harmonizing with GFS is included then it would be necessary to also consider including a reference to minimizing differences with the IFRSs. **Staff recommends no change in this regard to the current strategic objective.**
12. One respondent (006) agreed with the first two components but thought that the third, raising awareness of IPSASs, was a consequence of the first two items and therefore should not be included.

On balance staff disagrees with this view and notes that the intention of including this was to emphasize and acknowledge the role of IPSASB members in outreach. Respondents generally supported this, albeit some thought this should be a more “secondary” objective. **Staff recommends no change.**

13. One respondent (011) expressed the view that the IPSASB should focus on accounting and therefore that other publications should address only areas related to financial reporting. Related to this, the respondent expressed a clear view that providing guidance on performance reporting is outside of the IPSASB’s core competencies. This respondent also suggested that the IPSASB’s strategic objective should include a reference to strengthening the Board’s legitimacy. Staff notes that the scope as outlined in the conceptual framework is “general purpose financial reporting”, which on the surface seems consistent with the respondents’ view. However, the respondent is of the view that general purpose financial reporting does not encompass service performance reporting. The IPSASB’s view has been that service performance reporting is encompassed in general purpose financial reporting. It is therefore not possible to reconcile these views.
14. As far as adding “strengthening the legitimacy of the IPSASB” to the strategic objective, staff agrees that the legitimacy of the IPSASB as a credible independent standard-setter is critical. However, staff believes that the IPSASB’s legitimacy is more likely an outcome of the processes it has in place, including those related to public interest oversight. **On that basis, staff recommends no change to the strategic objective to address this comment.**
15. Two respondents (014, 017) agreed in general terms with the strategic objective but both thought it should be reframed somewhat to focus on transparency and accountability. The respondents noted that improving public finance management would result from the improved transparency in financial reporting that results from adopting accrual-based IPSASs. The respondents provided suggestions that would emphasize transparency. Somewhat related to this, one respondent (024) thought that strengthening public financial management is an outcome resulting from the strategic objective rather than an objective itself. The respondent proposed removing this phrase.
16. Staff notes that the description in the strategy consultation paper related to the strategic object includes reference to the importance of transparent financial reporting to accountability and decision-making. In addition, staff is of the view that a large majority of respondents specifically supported the reference to strengthening public financial management. Staff did consider whether changes might be made to the strategic objective to reflect these comments. However, staff did not think that these resulted in any improvement when considering the strategic objective together with the related descriptive text in the paper. **Therefore staff recommends no change.**

Those Who Did Not Agree

17. Two respondents (012, 025) expressed explicit disagreement with the strategic objective. One respondent (012) expressed the view that the IPSASB should not be developing accounting standards but rather interpreting existing international standards for the public sector. The respondent expressed strong views that the IPSASB’s processes should be structured more to use IFRSs more explicitly, including the IASB’s conceptual framework. The respondent expressed the view that the IPSASB should identify a “more proportionate approach to addressing public sector differences.” Another respondent (025) noted their disagreement with the focus on improving public financial management, noting that it is an “abstract concept with a larger scope than the field of competence of the IPSAS Board”.

18. With respect to respondent 012, while the IPSASB's processes have been developed to build on the IASB's existing standards and use these where possible, the differing objectives of financial reporting in the public sector have meant some variation between the IFRSs and the IPSASs, as well as between the conceptual frameworks. Many respondents in fact expressed a clear preference that the IPSASB focus on public sector specific projects. The IPSASB has established itself as a dedicated public sector standard setter and the public sector conceptual framework is virtually complete. The respondents' proposals would mean a fundamental rethink of the IPSASB's processes and activities. This was not supported by other respondents though aspects of the IPSASB's relationship with the IASB will be further discussed in the analysis of general comments to be done in December.
19. With respect to respondent 025, staff acknowledges the viewpoint that strengthening public financial management is broader than the IPSASB's competence. However the positive support by the overwhelming majority of respondents indicates that this view is not shared by most stakeholders. **Staff recommends no change.**

Editorial comments

20. Of the respondents who agreed with the strategic objective, five (007, 019, 024, 026, 028) provided some editorial suggestions related to the first component. Three of the respondents (009, 026, 032) suggested some clarification about the second component and one respondent (005) proposed a change to the third component.
21. The table following provides a summary of the editorial comments and staff's recommendations related to them.

Resp #	Editorial suggestion	Staff comments/ recommendation
005	raising awareness of the <u>benefits</u> of IPSASs and the benefits of their adoption.	Staff considers that there is some merit to this proposal and that it does not result in any substantive change. Recommend change
007	developing high-quality <u>principle-based</u> financial reporting standards	Staff view is that this is somewhat unnecessary and arguably inferred from the notion of "high-quality"; however, adding this to the strategic objective might emphasize the importance of this. Recommend change.
019	developing high-quality financial reporting standards <u>which responds to the needs of the users of public sector reports</u>	All suggestions are intended to reiterate that the scope of the IPSASB's standard-setting activities is the public sector. Staff considers this a useful addition to add clarity and recommends adding "for the public sector" to the end of the phrase (which would be consistent with the wording of the second bullet of the strategic objective).
024	developing high-quality <u>public sector</u> financial reporting standards	
026	developing high-quality financial reporting standards <u>specific to the needs of the public sector</u>	

026	Developing other publications <u>that would result in better reporting for the public sector</u>	The respondent suggested that this would be clearer. Staff does not consider it a substantive change but is not convinced it is clearer. Given that the majority of respondents expressed no concerns, staff recommends no change.
028	developing high-quality <u>globally accepted</u> financial reporting standards	Staff does not agree with the proposal; In staff's view, whether the standards are globally accepted is an outcome of their development rather than an aspect of their development. Recommend no change

Proposed Revised Strategic Objective

22. Based on this analysis, staff does not think any substantive change to the strategic objective is needed. However staff proposes that a few minor editorial changes be made. The revised strategic objective would be:

Strengthening public financial management and knowledge globally through increasing adoption of accrual-based IPSASs by:

- (a) **developing high-quality principle-based financial reporting standards for the public sector;**
- (b) **developing other publications for the public sector; and**
- (c) **raising awareness of the benefits of the IPSASs and ~~the benefits of their adoption.~~**

Matter for Consideration

1. The IPSASB is asked whether it agrees with the analysis and the proposed editorial changes to the strategic objective.

Outcomes – Question 2

23. The IPSASB identified two outcomes in the CP:
- (a) **Improved ability of public sector entities to reflect the full economic reality of their finances as well as of stakeholders to understand; and**
 - (b) **Increased awareness of IPSASs and their public finance management benefits in order to influence their adoption.**

What did responses say? And what does it mean?

24. Of the thirty-two respondents, twenty-nine provided feedback on the proposed outcomes. Of these, six did not agree with the outcomes while twenty-three agreed or partially agreed. Of these twenty-three, there were mixed views related to one or both of the outcomes. Eighteen respondents agreed with both outcomes in the CP. Of the five who expressed partial agreement, one respondent (012) explicitly agreed with the first outcome but did not agree with the second and 4 respondents (002,014,022,026) agreed with the second outcome but had concerns, about the first. This means

that nineteen respondents in total agreed with the first outcome while twenty-two respondents agreed with the second outcome.

25. As a reminder and to assist in the analysis of responses, ED 54, *Service Performance Reporting*, defines outcomes as follows:

Outcomes are the impacts on society, which occur as a result of the entity's outputs, its existence and operations.

Respondents who agreed

26. Those who agreed with the outcomes provided some feedback as noted in agenda item 4.2. Two respondents (010,017) agreed with both outcomes but noted that the first outcome should be prioritized. One respondent (017) proposed removing the word "full" from the first outcome on the basis that no accounting and financial reporting system can ever show the full economic reality. It is noted that one respondent who partially agreed (022) also proposed removing this word. One respondent (024) recommended a change to the first outcome to clarify that it is an entity's financial reporting rather than the entity itself that will reflect the full economic reality of its finances.
27. In considering the feedback from those who agreed with the outcomes as stated, staff is of the view that the few minor amendments proposed are not needed. The majority of respondents who agreed with the outcomes had no concerns with the wording and staff considers this a strong indicator of support.

Respondents who partially agreed

28. One respondent (002) suggested the first outcome be revised to recognize GFS and that a third outcome should be added related to cash and budgetary control. Similar to comments on the strategic objective, staff does not agree with these changes. One respondent (012) commented that the second outcome is too wide ranging and preferred that adoption of an accruals framework using an international framework (recognizing that some public sector jurisdictions use IFRSs) be prioritized. The respondent also preferred a focus away from financial management to financial reporting. Staff is of the view that it is appropriate that the second outcome be focused on IPSASs since that is arguably the IPSASB's key output.
29. One respondent (014) proposed deleting the first outcome since the way or extent users understand information is not solely in the IPSASB's control and is not measurable in the respondent's view. The respondent also proposed adding an outcome that measures the actual adoption of IPSASs in jurisdictions. There was significant support for the first outcome by other respondents and staff therefore does not agree with the deletion. As far as adding an outcome that measure adoption of IPSASs, staff is of the view that when considering the definition of an outcome above, this does not match. Adoption of IPSASs is arguably in itself a way to measure the outcomes rather than an outcome.
30. Respondent 022 commented that the first outcome is broad and vague and proposed that it be focused on public sector entities' financial reporting rather than finances. One respondent (026) had a somewhat related comment, stating that reflecting the "full economic reality of their finances" may be beyond the strategic objective and purposes of financial reporting. The respondent also thought it was unclear what stakeholders should understand. As noted, the first outcome had broad support as stated and staff is of the view that the suggestions do not enhance the wording.

Respondents who did not agree

31. Six respondents (003,006,007,009,031,032) did not agree with the outcomes and expressed a variety of views. Respondent 003 did not agree with the need to distinguish between outcomes and outputs and suggested that the IPSASB's objective be expressed more clearly, and in line with the current wording in the terms of reference. This is counter to the IPSASB's desired approach, an approach that overall is supported by respondents. One respondent (006) expressed the view that the outcomes could not be achieved solely through the inputs and outputs laid out in the CP. The respondent proposed three new outcomes directly related to developing accounting standards. Looking at the proposed outcomes, staff does not think they are outcomes as the term is used by the IPSASB. They are worded more in the nature of outputs though the descriptions seem to also include potential impacts.
32. One respondent (007) proposed the outcomes be aligned with the objectives of financial reporting set out in the conceptual framework with more emphasis on developing IPSASs that provide information to users for accountability and decision-making. Respondent 009 suggested a somewhat similar approach. This respondent also proposed a single outcome, expressing the view that the second outcome is a means to an end rather than an end in itself. Staff is of the view that the IPSASB's goal in developing the strategic objective and outcomes was to ensure that accrual IPSASs are established within the broader framework of PFM. Using the language proposed by these respondents would narrow this. **Therefore recommend no change**
33. Respondent 031 agreed in principle with the outcomes but expressed concern that they are not measureable and proposed instead a single outcome based on measuring the adoption of accrual IPSASs. Staff does not share these concerns. Staff considers that it will be possible to establish some ways to measure the outcomes and that, as noted above, one of these measures might be the increased adoption of IPSASs. Lastly, one respondent (032) thought the outcomes should be closely aligned to the expected outcome of a country operating an effective PFM system in order to tie in better to the strategic objective. Staff is of the view that while it is appropriate that the strategic objective focus on positioning adoption of accrual IPSASs within the broader PFM perspective, when it comes to outcomes and outputs these should be more narrow.

Staff Recommendation

34. Staff notes that the responses on the outcomes had, on initial review, a broad range of feedback. However, on in-depth analysis of the responses, staff is of the view that there is strong support for the outcomes as stated in the CP. In addition, in considering those who expressed contrary views, there were few areas of commonality. The support for outputs (as summarized below) was somewhat higher, but staff believes that this is because outputs as defined are easier to identify and are more directly within the IPSASB's control. Some stakeholders may have less experience in identifying outcomes - the impacts on society, which occur as a result of the entity's outputs, its existence and operations.
35. On balance, staff is of the view that it is difficult to reconcile the views of those who did not agree with the approach the IPSASB has taken – an approach a majority of respondents agreed with. **On that basis, staff recommends no changes to the outcomes as set out in the CP.**

Matter for Consideration

2. The IPSASB is asked whether it agrees with the analysis and the staff recommendation to retain the outcomes unchanged.

Outputs – Question 3

36. The IPSASB identified two outputs in the CP:
- (a) Developing high-quality financial reporting standards and other publications for the public sector; and**
 - (b) Undertaking presentations, speeches and other outreach activities in order to engage with stakeholders.**
37. Of the thirty-two respondents, thirty provided feedback on the proposed outputs. Of these thirty, twenty-one respondents agreed and seven respondents partially agreed. The respondents that agreed were supportive of both outputs but there was some view expressed that the second output is secondary and that the IPSASB's primary focus should be on the first output. Some respondents that agreed provided some general feedback about the need to develop measures to evaluate achievement of the outputs. In the context of the second output, some respondents provided views on specific outreach activities. These have been captured in the analysis for question 4 summarized later in this paper.
38. As noted, seven respondents are classified as partially agreeing. Two of these respondents (009,010) expressed strong agreement with the first output and noted that it should be the primary focus of the IPSASB's activities. While both saw the value of the second output they expressed the view that it should be secondary and that it will likely be a result from achieving the first output.
39. One respondent (002) proposed additions to the outputs to include enhanced cash and budgetary reporting standards and statistical reporting. These proposals were consistent with the respondents' views that the strategic objective should include a focus on cash standards and statistical reporting as discussed earlier in this paper. One respondent (006) thought the outputs should better reflect the specificities of the public sector. Two respondents (007,019) agreed with the two outputs but proposed an additional output. Respondent 007 suggested adding an output related to research into the effectiveness of IPSASs in achieving the desired outcomes. Respondent 019 proposed an output related to capacity building in the area of implementation of IPSAS. That respondent also suggested that performance criteria should be developed to measure achievements.
40. One respondent (024) generally agreed with both outputs but suggested that the second output focus on the engagement with stakeholders rather than on undertaking presentations, speeches and other outreach activities.
41. Two respondents (003,012) have been identified as disagreeing with the outputs. However their disagreement was not so much an overt issue with the outputs but rather some disagreement on the approach. Respondent 003 did not see the purpose of breaking down the strategic objective to outcomes and outputs. The respondent did not have a fundamental issue with either output. The respondent preferred that the first output focus on developing accounting standards to address public sector specificities and thought that the second would be better achieved by establishing better relationships between the IPSASB and public sector stakeholders.

42. Respondent 012 commented that developing a full suite of public sector specific standards is not a proportionate approach given how resource intensive it is. Consistent with comments on other questions, the respondent thinks that the IPSASB should focus on interpreting private sector standards rather than developing public sector standards. With respect to the second output, the respondent did not express an overt disagreement but suggested greater outreach across a range of stakeholders and a better understanding of the IPSASB's engagement with international organizations.

Analysis of responses to question 3

43. Staff is of the view that there is strong support overall for the two outputs identified. There was some view that the outputs should be "ranked" as primary and secondary. Staff notes that if considering the allocation of resources, the outputs are in effect ranked since the bulk of the IPSASB's budget is devoted to the developing standards i.e. the first output. However, staff does not see the need to specifically rank the outputs.
44. As far as adding outputs related to cash and budgetary controls and statistical reporting, consistent with comments on the strategic objective, staff does not agree with adding these to the outputs. The focus is purposely on accrual standards and the reference to statistical reporting is unnecessary given that alignment with GFS where possible is embedded in the IPSASB's processes through the recent policy paper. Staff does not agree with adding any outputs related to research or capacity building as there is inadequate resources to address either of these items specifically. Additionally, the IPSASB expressed the view that developing implementation guidance is not its primary focus.
45. One respondent wanted the outputs to better reflect public sector specificities. Staff does not think this is needed since the outputs are clear that the materials are being developed for the public sector. Inherent in the IPSASB's work is the need to consider its public sector constituents.
46. Lastly, with respect to the suggestion that the second output could be revised to reflect engagement with stakeholders rather than specific activities, the respondent was concerned that as worded, measuring the second output would focus simply on numbers of activities which may not be effective in achieving the outcomes. Staff understands the caution but is of the view that this type of measure of success is not likely. In addition, the definition of an output in ED 54, *Service Performance Reporting*, is: Outputs are the services provided by an entity to recipients external to the entity. Under this definition, staff believes that the current wording is a better reflection of the outputs the IPSASB is delivering. Given that the majority of respondents had few concerns staff recommends no change to reflect this point.
47. On balance, considering all of the responses on outputs, **staff considers these are strongly supported by the responses and proposes no changes to the outputs.**

Matter for Consideration

3. The IPSASB is asked whether it agrees with the analysis and the staff recommendation to retain the outputs unchanged.

Feedback Mechanisms – Question 4

48. The IPSASB asked respondents to the CP to consider changes to feedback mechanisms to ensure the IPSASB is fully informed of the views of its stakeholders. Of the thirty-two responses, only two

(05,025) did not provide some commentary on the feedback mechanisms. Two of the thirty who commented (015,030) proposed no changes to the current feedback mechanisms.

49. Comments from the remaining twenty-eight respondents covered a broad range of suggestions, some general in nature and many more specific. Several respondents (004,008,009,011,016,029) commented generally on the importance of engaging with specific stakeholders and the needed to be targeted in approach. One respondent (001) commented that the IPSASB should be clear on its outreach activities so that stakeholders are aware where they can provide feedback. Another respondent (023) suggested that the IPSASB have a standard policy for outreach rather than IPSASB members individually implementing such activities.
50. In terms of comments related to specific suggested activities some respondents made comments of a similar nature. Staff has grouped the comments by similar issue and these are analyzed below.

i) Comments Relating to Aspects of Due Process

51. Ten respondents provided feedback related to some aspect of the due process. Four of these respondents (002,007,017,018) highlighted the importance of establishing a Consultative Advisory Group (CAG) to give the IPSASB advice on technical matters. These respondents noted the feedback on work program and technical projects that the CAG could give. One respondent (027) commented generally on the positive benefits to the feedback mechanisms that a governance body with broad membership would provide.
52. Four respondents (006,007,012,020) provided comments related to analyses of responses to consultation papers and exposure drafts. The respondents suggested that communication of the outcome of consultations could be clearer by preparing published summary reports. This would assist stakeholders in understanding the Board's decisions and how responses are taken into account in projects and would provide greater transparency.
53. Two respondents (006,017) encouraged the IPSASB to review its current due processes and ensure that they reflect best practices. Related to this, a due process handbook could be developed providing details of the Board's processes.
54. One respondent (016) proposed that the Board's due processes somehow address the challenges of translation in order to increase the reach of the consultation process. Acknowledging the potential costs of this, the respondent noted that at a minimum the Board consider asking a specific question in consultation document whether any specific issues from the perspective of non-English stakeholders might arise. The respondent also suggested that the IPSASB's "At a Glance" documents might be translated into a small number of languages.

Analysis of responses on issue i

55. As part of the governance and oversight review, there are likely to be a number of changes to the IPSASB's due processes that will result in greater transparency and that are intended to enhance the IPSASB's credibility. One of the major structural changes being discussed is the implementation of a CAG. Responses to the Review Group consultation supported this and staff is operating on the assumption that this will be established effective January 1, 2016. In addition, staff agrees that a due process handbook that outlines the IPSASB's processes should be developed and posted publicly on the website. This will need to be developed in conjunction with the governance and oversight changes and staff supports this as a positive initiative. Staff also agrees that preparing feedback

summaries should be incorporated formally into the due process. While this will add some extra pressure on staff resources, the analyses are already prepared - improving their communication to stakeholders on a summary basis will add transparency to the processes thereby enhancing the IPSASB's credibility.

56. As far as the translation issues, the IPSASB shares the desire to reach further with respect to non-English stakeholders. The "At a Glance" documents are somewhat shorter and there may be some scope to consider translating these on a trial basis. Staff has decided that they will now be prepared at the end of a project and thinks it may make sense to consider translating these since they will reflect final positions. Staff will investigate what the translation costs would be for these. One alternative may be to enlist IFAC member bodies to assist in translation.

ii) Comments Relating to Interpretations Committee/Rapid Response Process

57. Seven respondents (001,003,010,014,026,027,028) made proposals relating to establishing an interpretations committee or some sort of urgent issues/rapid response process. While some of these respondents recognized this might be a longer-term initiative, and also acknowledged the potential resource implication, others noted that the current interest in IPSASs and the momentum in adoption mean that an interpretations committee to address application issues would be valuable.

Analysis of responses to issue ii

58. Staff acknowledges that having an interpretations committee could be high value to adopters of the IPSASs. There is however a significant resource issue that would need to be addressed. The IPSASB still has work to do in terms of standards development and enhancements to its due processes and oversight. Allocating resources to an interpretations committee would mean diverting them away from these other activities. At this stage, staff sees an interpretations committee as a "nice to have" in the current resource constrained environment. Even some of the respondents who supported this expressed concern about the resource requirements.
59. Staff believes that with the needs for standards development and the governance and oversight changes that are imminent it would be premature to divert resources to an interpretations committee. There are concerns about the need for future sustainable funding for the IPSASB and staff does not think that establishing an interpretations committee is the best use of the Board's limited resources. This issue is likely best suited for consideration at a future strategy review.

iii) Comments Relating to Post-Implementation Reviews

60. Nine respondents (006,007,008,010,014,016,017,029,031) proposed that post-implementation reviews would provide valuable feedback to assess the effectiveness of the IPSASs. Many noted the IASB's commitment to undertake post-implementation reviews after 2 years of implementation of an IFRS. Some respondents noted this might be more appropriate at a future time after more jurisdictions have adopted the IPSASs. One respondent suggested that adopting countries might conduct their own post-implementation review and could share this with the IPSASB.

Analysis of responses to issue iii

61. While staff agrees that post-implementation reviews could be high value, similar to issue ii, staff has concerns about diverting resources to this at this time. The reasons are two-fold – firstly the demands for standards development and the governance and oversight changes are higher priority for

resources. In addition, staff considers that it would be better to wait until more jurisdictions have adopted the IPSASs to undertake these more formally.

62. Having said that, staff is aware that some jurisdictions that have adopted are doing post-implementation reviews and considers that there would be some value to liaising with them to share the information. Staff proposes that this be followed up with one to two jurisdictions with the goal to share the information with the Board and consider whether it could be shared on the website.

iv) Comments Relating to Technology and Social Media

63. Seven respondents (004,007,014,019,024,028,032) provided comments about possible technology based methods for enhancing feedback mechanisms. The comments focused on the potential for standard presentations and webinars as well as on-line forums or chat rooms for soliciting feedback. Respondents also suggested that technology could be used to gather information on adoption and noted the value generally of social media and enhanced website content.

Analysis of responses to issue iv

64. Staff highlights that the IPSASB has been using twitter for almost a year through the IFAC twitter feed and has recently acquired its own twitter "handle". Staff are providing content for this to ensure that it stays active and current.
65. In terms of the other comments, staff shares the view that we could be using technology more and that there is room for enhancement in this area. To that end staff proposes to consider the use of web-based tools on specific projects or topic areas by discussing with the IFAC communications team. In addition, staff agrees that it may be useful to consider on-line forums to gather feedback on consultation documents or to get information on implementation experiences. This will also be discussed with the communications team.

v) Comments Relating to National Standards Setters and Roundtables

66. Four respondents (007,010,021,032) suggested that the IPSASB use national standard setters (NSS), through forums or surveys, to enhance feedback mechanisms. Three respondents (009,017,022) suggested that the IPSASB consider public roundtables in various locations to elicit feedback on consultations.

Analysis of responses to issue v

67. Staff does interact regularly with NSS and the IPSASB is represented at bi-annual meetings of the NSS as well as the annual meeting of world standard setters. In the context of discussions about oversight and sustainable funding for the IPSASB, there has been some preliminary discussion of organizing a forum specifically for public sector NSS on either a global or regional basis. Staff proposes to keep the IPSASB informed on this as discussions progress.
68. As far as hosting roundtables for feedback, staff agrees this could have value though we have been cautioned by staff of other IFAC standard-setting boards that this can be very costly both in actual expenses and in staff time. Public roundtables could achieve multiple objectives including enhancing engagement with all stakeholders but also specifically extending the IPSASB's reach to non-English constituents. Staff will investigate this more fully to assess whether it could be undertaken in a cost effective manner. This could also be considered in the context of comments on issue iv relating to using on-line or virtual roundtables.

Summary of Proposed Actions on Feedback Mechanisms

69. Based on the various comments received and considering the breadth of suggestions, staff thinks there are a number of actions that can be taken to enhance feedback mechanisms. These are summarized as:

- Develop due process handbook; timing TBD but completion by January 1, 2016.
- Develop a template for feedback summaries on consultations and implement on a trial basis for a) the strategy and work program consultation and b) the CP on GBEs; completion December 31, 2014 (strategy) and March 2015 (GBEs).
- Consider costs of translation of “At a Glance” documents; timing TBD.
- Liaise with jurisdictions doing post-implementation reviews and assess whether scope exists for sharing information; timing TBD; ideally during 2015.
- With IFAC communications team, consider development of web-based tools, for example, on the conceptual framework project; timing TBD; consider January 2015.
- With IFAC communications team, consider use of on-line forums and roundtables for eliciting feedback on consultations issued in 2015; timing TBD.
- As governance and oversight progresses and funding discussions advance, consider organizing global or regional forum (s) for the public sector; timing TBD but consider 2016.

Matter for Consideration

4. The IPSASB is asked whether it agrees with the analysis and staff summary on feedback mechanisms?

Factor for Prioritizing Projects – Question 5

70. The CP identified five key factors that the IPSASB considers in setting the work program. These were: significance for the public sector, urgency of the issue, gaps in standards, IFRS convergence and alignment with GFS.
71. Of the thirty-two responses, thirty-one provided feedback on these factors. Twenty-six respondents expressed support for the five key factors though some expressed views about the relative importance among the factors. Five respondents (003, 005, 006, 025, 030) partially agreed. These five respondents supported the first three factors but had differing views on the relevance of IFRS convergence and alignment with GFS. None of these respondents thought that IFRS convergence should be a factor in project prioritization given that the standards relate primarily to the private sector. Three of the respondents (003, 006, 030) also did not think alignment with GFS should be a factor in prioritizing projects given the differing objectives of reporting on a GFS basis. One respondent (003) characterized these two factors as constraints to deal with in the process of developing standards rather than differentiating factors in project selection.
72. Of the twenty-six respondents who agreed with the five factors there were individual comments expressing support for each of the specific factors. Some respondents expressed the view that some factors have a higher “weighting” or emphasis but the respondents nonetheless supported all five. Some respondents specifically noted that the factors should not be ranked, one respondent even suggesting that this be explicitly stated.

73. Of the thirty-one respondents who commented, there were five suggestions for additional factors that the IPSASB should consider in project prioritization. One respondent (003) proposed adding jurisdictional prevalence as a factor. One respondent (005) suggested adding cost effectiveness which was explained as meaning that a project should only be initiated when it is in proportion to the importance of the results and the benefits. One respondent (012) suggested adding a principle of “minimum deviation” meaning that consistency with private sector standards should only be broken when there is a clear, justifiable need of a uniquely public sector matter...” One respondent (019) recommended adding “achievement of a balance between resources required and the effect/impact of a project”. Lastly, one respondent (031) recommended adding “development” which the respondent described as the development or growth of an issue in advance.

Analysis of responses

74. This is an area that garnered strong support for the IPSASB’s view. There was agreement among respondents on the first three factors. While there was some shared view among some respondents that IFRS convergence should not be a factor, equally there were views expressed that specifically supported this as a factor. This is also the case for GFS alignment. Staff is of the view that all of the five key factors listed are strongly supported by constituents.
75. As far as the proposed additional factors, the IPSASB considered jurisdictional prevalence in a previous version in developing the CP but came to the conclusion that it is encompassed in the factor “urgency of the issue”. Likewise staff is of the view that “development” as described could be encompassed within urgency of the issue.
76. As far as cost effectiveness, staff is of the view that this is one of the constraints on inputs the IPSASB considers in project selection but that it is not one of the key factors in prioritizing projects. This is also true for the proposal related to balance between resources and impact. Lastly, the respondent who suggested “minimum deviation” has a different perspective generally on the role the IPSASB should be taking in standards development and this cannot be reconciled. Staff does not agree that “minimum deviation” should be a factor in project selection.
77. Staff recommends that the five key factors be retained given the strong support they received.
78. As far as the comments related to ranking the five key factors, the IPSASB did not intend that the factors be ranked in any order. Some members will likely emphasize certain factors more than others and on that basis the weighting attributed to each factor could change. In addition, changes in the environment could result in changes in how various factors are weighted. Staff considers that it could be helpful to add a clarifying statement to the final strategy that highlights this.

Matter for Consideration

5. The IPSASB is asked whether it agrees with the analysis and the staff recommendation to retain the five key factors?

Cash Basis IPSAS – Questions 6 & 7

79. You will recall that in the CP the IPSASB addressed the future of the Cash Basis IPSAS and sought respondents’ views on the value of the Cash Basis IPSAS as well as recommendations for how the IPSASB should address it. There were three options laid out for proceeding with the Cash Basis IPSAS. These can be summarized as a) complete the project to revise the Cash Basis IPSAS; b) retain the Cash Basis IPSAS but do no further work on it; or c) withdraw the Cash Basis IPSAS.

80. Of the thirty-two respondents, thirty provided feedback on the Cash Basis IPSAS. The responses to questions six and seven have been analyzed jointly since they were integrally related. Respondents' answers to question 7 were a direct result of their views on question 6.
81. In reviewing the responses, there was a close to equal split among the three options presented. Of the thirty who commented, nine respondents favored withdrawing the Cash Basis IPSAS. These respondents generally questioned its usefulness, commented on the lack of uptake, and noted that it is inconsistent with a strategic objective of increasing adoption of accrual-based IPSASs. Some of the respondents proposed that it be withdrawn at a future date or indicated the need to give due notice of such intent.
82. Twenty-one respondents favored retaining the Cash Basis IPSAS but their views on whether the review project should be completed varied. Twelve respondents proposed retaining the Cash Basis IPSAS but doing no further work on it. These respondents highlighted that the Cash Basis IPSAS has some value as a transitional tool toward accrual accounting but thought that resources should be focused on developing the accrual-based IPSASs. Eight respondents favored completing the review project. Some of these respondents highlighted that adoption of the Cash Basis IPSAS might increase with the project completed since this would address obstacles to adoption the Task Force identified. One respondent expressed a clear preference against withdrawal but indicated they did not have a definitive view on whether to complete the project or not.

Analysis of responses

83. While nine respondents favored withdrawing the Cash Basis IPSAS, staff considers that on balance the responses favor retaining the Cash Basis IPSAS at this time. Of those who commented, there was a large majority who advocated for either option a or option b. Even some of those who recommended option c proposed withdrawal at a future time. Staff considers that at this time based on responses it would be preliminary for the IPSASB to withdraw the Cash Basis IPSAS.
84. Removing the respondent (031) who did not express a specific view on option a or b, of the twenty respondents who expressed a clear view, 60% thought that no further work should be done while 40% thought the review project should be completed. Respondents who favored completing the review project argued that the recommendations of the Task Force issued in 2010 are still applicable and that revising the IPSAS would have value. Those who favored not completing the review project were largely of the view that in the resource constrained environment the IPSASB operates in it is more appropriate that resources be used to support developing accrual-based IPSASs.
85. In order to assist the IPSASB to make a decision staff considered what the resource requirements of completing the project would be. Following the usual due process, the next step would be to prepare an exposure draft that reflects the Task Force's recommendations. Responses would then be analyzed and final revisions made. Staff estimates that if this was pursued, an ED could be prepared for approval at the March 2015 meeting with a July response date. Analysis of responses would occur in September and December 2015 with approval of a revised IPSAS in either December 2015 or March 2016. Given the lack of project specific funding for this project, it would be necessary to delay a project for an accrual-based IPSAS for this period, i.e. approximately one year.
86. However, staff also suggests that the IPSASB might consider whether an alternative approach to revising the Cash Basis IPSAS could be taken. Given that it is seen as a transitional tool towards adoption of accrual-based IPSASs perhaps some alternative to the full due process could be

implemented for example the IPSASB could have a shorter response period. This would not mitigate the staff resources involved but would shorten the period of development. This in turn would mean that deferral of an accrual-based project would be for a shorter period.

87. Another possibility would be to retain the Cash Basis IPSAS but reconsider its status as a standard. If it is re-positioned as an RPG or some other guidance document for assisting transition to accrual accounting, then it could be revised to reflect the Task Force recommendations without issuing an ED. While this might seem unconventional, staff considers that the IPSASB could take a different approach to the Cash Basis IPSAS in order to maximize its benefit without diverting so many resources to it. The downside to such an approach might be that governments may be reluctant to adopt it if it is not seen as mandatory. On the other hand, given that adoption of the Cash Basis IPSAS is already low, making changes to remove the obstacles as quickly as possible might be feasible. Similar to shortening the response period, this would still require staff resources but it would shorten the time period of deferral of an accrual-based project.
88. Staff has considered the respondents' comments and notes the concerns about resources being devoted to the Cash Basis IPSAS. Given the momentum that has been evidenced towards full accrual accounting staff considers that the best use of IPSASB's limited resources is for the development of accrual-based IPSASs and that this directly supports the strategic objective. Staff is of the view that while respondents were split, on balance there is adequate support for option b – retaining the Cash Basis IPSAS but doing no further work on it.

Matter for Consideration

6. The IPSASB is asked whether it agrees that the Cash Basis IPSAS should be retained unchanged and that the review project should be suspended?

Potential New Projects – Question 8

89. As noted, staff has not analyzed the responses to question 8 in detail. It is intended that the IPSASB discuss these in depth in December, at which time project priorities will be approved. For information only, staff has summarized the number of respondents that mentioned an individual project in the table that follows. Members are cautioned that this is simply a numerical summary of the number of times each project was mentioned and that the in depth analysis is needed to make any assessment of the responses.

Projects to Address Public Sector Specific Issues	Respondents who mentioned project	Total
<i>Biological assets held for the provision or supply of services</i>	01	1
<i>Heritage assets</i>	004, 011, 014, 015, 019, 022, 023, 026, 027	9
<i>Infrastructure assets</i>	004, 008, 010, 011, 014, 016, 022, 023, 026, 027, 029	11
<i>Intangible assets – public sector specific</i>	003, 009, 014, 026,	4

<i>Measurement – public sector specific</i>	<i>004, 009, 010, 014, 016, 019, 023, 027, 028, 029</i>	<i>10</i>
<i>Military assets</i>	<i>004, 008, 010, 014, 015, 022, 027, 028</i>	<i>8</i>
<i>Natural resources</i>	<i>011, 014, 019, 022, 023</i>	<i>5</i>
<i>Non-exchange expenses</i>	<i>001,003, 004, 006, 008, 009, 010, 011, 014, 016, 017, 018, 022, 023, 026, 027, 028</i>	<i>17</i>
<i>Role of government as owner rather than government</i>	<i>010, 014, 022, 027, 028</i>	<i>5</i>
<i>Sovereign powers and their impact on financial reporting</i>	<i>003, 006, 009, 010, 017, 018, 026</i>	<i>7</i>
<i>Trust funds</i>	<i>001, 011, 014, 018</i>	<i>4</i>
Projects to Maintain Existing IPSASs		
<i>Borrowing Costs IPSAS 5</i>	<i>019, 022, 029</i>	<i>3</i>
<i>Construction Contracts IPSAS 11</i>	<i>019, 023</i>	<i>2</i>
<i>Disclosure of Financial Information about the General Government Sector IPSAS 22</i>	<i>002, 008, 011, 019</i>	<i>4</i>
<i>Employee Benefits IPSAS 25</i>	<i>004, 008, 009, 010, 011, 016, 019, 027, 028</i>	<i>9</i>
<i>Improvements to IPSAS 23 – Non-Exchange Revenues,</i>	<i>004, 007, 008, 009, 010, 014, 016, 017, 022, 023, 024, 026, 027, 028</i>	<i>14</i>
<i>Leases IPSAS 13</i>	<i>018, 027, 028, 029</i>	<i>4</i>
<i>Presentation of Financial Statements (IPSAS 1</i>	<i>011, 019, 022</i>	<i>3</i>
<i>Related Party Transactions IPSAS 20</i>	<i>014</i>	<i>1</i>
<i>Revenue IPSAS 9</i>	<i>007, 014, 019, 023, 026</i>	<i>5</i>
<i>Segment Reporting IPSAS 18,</i>	<i>011, 014, 018, 019</i>	<i>4</i>

Projects to converge with IFRS		
<i>Extractive Industries (IFRS 6 interim standard but no comparable IPSAS)</i>		
<i>Insurance Contracts (IFRS 4 interim standard but no comparable IPSAS)</i>		
<i>Non-current Assets Held for Sale and Discontinued Operations (IFRS 5 but no comparable IPSAS)</i>	014	1
<i>Rate Regulated Industries</i>		
Other Projects		
<i>Differential Reporting</i>	010, 011, 018, 019	4
<i>Integrated Reporting</i>	029	1
<i>Interim Financial Reporting</i>		
Projects not on list		
<i>Cash basis review</i>	002	1
<i>Disclosure initiative</i>	007	1
<i>Insurance – self-insurance vs externally sourced insurance</i>	008	1
<i>XBRL</i>	017	1
<i>IFRS13 Fair value measurement</i>	027	1

SUMMARY OF RESPONSES TO STRATEGY CONSULTATION

Note: This paper includes extracts of each response received and have been grouped to identify respondents' views on the Specific Matters for Comment (SMCs) set out in the ED as well as the key issues identified by staff. In some cases, an extract may not do justice to the full response. This analysis should therefore be read in conjunction with the submissions themselves.

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List of Respondents:

Response #	Respondent Name	Country	Function
01	Malaysian Institute of Accountants (MIA)	Malaysia	Member or Regional Body
02	The International Consortium on Governmental Financial Management (ICGF)	USA	Other
03	Conseil de Normalisation des Comptes Publics (CNOCP)	France	Standard setter/Standards Advisory Board
04	Swedish National Audit Office	Sweden	Audit Office
05	Wirtschaftsprüferkammer (WPK)	Germany	Member or Regional Body
06	Direction Generale des Finances Publiques (DGFIP)	France	Preparer
07	New Zealand Accounting Standards Board (XRB)	New Zealand	Standard setter/Standards Advisory Board
08	Federation des Experts Comptables Europeens (FEE)	International	Member or Regional Body
09	Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW)	Germany	Member or Regional Body
10	PwC	International	Accountancy Firm
11	Swiss Public Sector Financial Reporting Advisory Committee (SRS-CSPCP)	Switzerland	Standard setter/Standards Advisory Board
12	Institute of Chartered Accountants of Scotland (ICAS)	United Kingdom	Member or Regional Body
13	Association of National Accountants of Nigeria (ANAN)	Nigeria	Member or Regional Body
14	Accounting Standards Board	South Africa	Member or Regional Body
15	Association of Chartered Certified Accountants (ACCA)	International	Member or Regional Body
16	Chartered Institute of Public Finance and Accountancy (CIPFA)	UK	Member or Regional Body
17	Deloitte Touche Tohmatsu Limited	International	Accountancy Firm
18	European Commission	Europe	Other

Summary of Responses
IPSASB Meeting (September 2014)

Response #	Respondent Name	Country	Function
19	Institute of Chartered Accountants of Jamaica (ICAJ)	Jamaica	Member or Regional Body
20	Interamerican Accounting Association - AIC	USA	Member or Regional Body
21	Institute of Certified Public Accountants of Kenya (ICPAK)	Kenya	Member or Regional Body
22	The Institute of Chartered Accountants of India	India	Member or Regional Body
23	The Japanese Institute of Certified Public Accountants (JICPA)	Japan	Member or Regional Body
24	Australian Accounting Standards Board (AASB)	Australia	Standard setter/Standards Advisory Board
25	Cour des Comptes	France	Audit Office
26	Ernst & Young Global Limited	International	Accountancy Firm
27	Joint Accounting Bodies (CPA Australia and the Institute of Chartered Accountants in Australia)	Australia	Member or Regional Body
28	Heads of Treasuries Accounting and Reporting Advisory Committee (HoTARAC)	Australia	Preparer
29	Denise Silva Ferreira Juvenal	Brazil	Other
30	Colegio de Contadores Públicos de Costa Rica	Costa Rica	Member or Regional Body
31	South Africa Institute of Chartered Accountants	South Africa	Member or Regional Body
32	Patrick Kabuya	South Africa	Other

General Comments on the ED

R#	RESPONDENT COMMENTS GENERAL COMMENTS	STAFF COMMENTS
01	We generally agree with the IPSASB's strategy, its strategic objective and its work program for the period 2015 – 2019.	No further action
03	<p>We agree with the IPSASB's overall objective for the period from 2015 forward of strengthening public finance management and knowledge globally. We also gladly observe that most projects identified as potential projects to be addressed by the IPSASB touch on the public sector specific features.</p> <p>However, because we believe that the IPSASB's activities need to remain focused on the public sector specificities, yet to be fully identified and addressed from an accounting perspective, we have some reservations as to how to achieve the proposed objective. Remaining focused on the development of high-quality financial reporting standards is to us all the more critical in times of tight resources.</p> <p>Additionally, we are of the view that raising awareness of the IPSASs and the benefits of their adoption could also be well achieved through addressing practical narrow issues on a timely basis, alongside longer term standard-setting topics.</p>	
04	The Swedish National Audit Office finds the strategy and overall objectives to be relevant and of highest importance. The demands on more transparency and good governance within the public sector has never been higher. Relevant and accurate financial data/financial statements is one of the prerequisites for accountability. We agree with the IPSASB that the move towards accrual based accounting is a necessity and should be encouraged worldwide. But to implement accrual based accounting is not the only solution, there needs to be a set of robust and qualified accounting standards defined by an independent standard-setter and not drawn and decided by a government who presents the financial statements. There has been critics from the public sector towards the IPSAS due to their lack of relevance to critic areas relevant to the public sector.	
07	<p>We have a keen interest in the IPSASB's strategy and work program, given that the accounting standards New Zealand public benefit entities apply from 1 July 2014 are based on IPSASs.</p> <p>In particular, we wish to emphasise the importance of IFRS convergence when deciding whether to initiate a project and assessing its priority. In our view, any unnecessary differences between IPSASs and IFRSs may undermine the credibility and quality of IPSASs, particularly if the IPSASs are perceived to significantly lag behind major developments in reporting in the for-profit sector that would also improve reporting in the public sector.</p> <p>In addition, for jurisdictions that apply IFRSs, unnecessary differences could create a barrier to adopting IPSASs if there are group reporting entities that comprise some entities that apply IFRSs and other entities that apply IPSASs,</p>	

R#	<p>RESPONDENT COMMENTS</p> <p>GENERAL COMMENTS</p>	STAFF COMMENTS
	<p>such as a group comprising a central government applying IPSASs and its government business enterprises (GBEs) applying IFRSs. Unnecessary differences in the accounting policies applied by entities in the group would compound consolidation issues and affect compliance costs for group reporting entities when preparing consolidated financial statements.</p> <p>We acknowledge that the IPSASB will face a difficult task prioritising projects, having regard to the resources required to complete those projects that are already active. In keeping with our ongoing commitment to support the work of the IPSASB, we would be pleased to assist the IPSASB with one of its projects. We are particularly interested in a project to consider revenue. In our view, such a project should encompass both exchange and non-exchange revenue, considering the implications of IFRS 15 <i>Revenue from Contracts with Customers</i> and re-considering IPSAS 23 <i>Revenue from Non-Exchange Transactions (Taxes and Transfers)</i>.</p>	See 4.1 discussion
08	<p>FEE have been long-term supporters of the IPSASB's objectives of create high quality international public sector accounting standards and promoting their worldwide use in furtherance of accountability, transparency, improved clarity and comparability in public sector accounting.</p> <p>Consequently, we welcome the publication of this Consultation and the chance to make a contribution to the future development of IPSASs.</p> <p>From FEE's perspective, the time period covered by the strategy consultation and work plan presents a unique opportunity for IPSASB to address the factors cited as reasons for IPSASs not yet being fully suitable for application in the EU. FEE acknowledges the IPSASB's contribution to the improvement and harmonisation of public sector accounting within Europe. In particular, improvements to IPSASB governance resulting from the recent consultation thereon will, we hope, serve to further legitimise IPSASB as an international standard setter and thus address one of the concerns that led to the suggestion that EPSASs be developed in the EU rather than IPSASs being adopted directly. Acknowledging the current debate in the EU, FEE strongly supports the involvement of the IPSASB with the EPSAS project, which can have a positive impact on the discussion. The IPSASB also has the opportunity to address gaps in the existing suite of standards and to improve some existing standards, and work on this may serve to further demonstrate that IPSASB is continuing to be responsive to the needs of public sector stakeholders.</p> <p>...Consequently, we are looking forward to the publication of the Conceptual Framework during 2014. Furthermore, FEE believes that the matter of governance is of crucial importance in establishing the legitimacy of IPSASs in the public sector. Based on the outcome of the governance consultation, we encourage all relevant parties to determine a course of action to resolve this issue as a matter of urgency. FEE's response to the consultation can be found at http://www.fee.be/images/publications/public_sector/IPSASB_governance_consultation_FEE_response_final.pdf</p>	
09	The Board has made significant progress in recent years, firstly in having achieved a suite of IPSASs based on	No further action

R#	<p>RESPONDENT COMMENTS</p> <p>GENERAL COMMENTS</p>	STAFF COMMENTS
	<p>IFRS, then issuing certain additional standards specific to the public sector and most recently in developing a – shortly to be completed – Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities. This Conceptual Framework will guide the Board in its standard setting activities going forward and should enhance the Board's credibility considerably. The IPSASB's outreach activities have contributed to a growing awareness and acceptance of IPSASs in many jurisdictions throughout the world. It also appears hopeful that, with the recent consultation by the Review Group, the way has been paved for the establishment of public oversight for the IPSASB.</p> <p>This progress is reflected in the increasing take up of the IPSASs as detailed in the Consultation. In our view, the Board now urgently needs to focus its attention on completing its suite of standards, so that those key public-sector specifics not yet dealt with are also covered. We therefore believe that this is the right time for formal consultation with stakeholders as to the strategy and priorities for the work program. Indeed, following the 2012 work program consultation, this first full formal public consultation on the IPSASB's future strategy and work plan has an important role in enhancing the credibility of the Board's standard setting process further.</p>	
10	<p>We support the work the IPSASB undertakes to develop high-quality accounting standards for use by governments and other public sector entities around the world with the aim of enhancing the quality, consistency and transparency of public sector financial reporting worldwide.</p> <p>We also support the IPSASB's decision to seek the views of its stakeholders on its strategy and priorities for the work programme covering the period 2015-2019. We agree that this approach will help contribute to the IPSASB's public accountability and legitimacy and therefore enhance the credibility of IPSASs.</p> <p>We agree that the objectives and potential projects set out in the present consultation paper will be useful for constituents. However we believe the primary focus of the IPSASB should be on finalising the projects which are most critical to complete a high-quality framework that addresses the major accounting and financial reporting principles and topics that are relevant to public sector entities, and which is sufficiently tailored to address the specific characteristics of the public sector. We believe that this will greatly contribute to the credibility of the IPSAS framework and its recognition as a global and widely accepted framework</p>	
11	<p>The SRS-CSPCP finds it in principle positive that the IPSAS Board has distributed for consultation a paper on its strategy and work programme for the next five years. From a strategic perspective the Committee, however, emphasised that the interest of the IPSAS Board should be concentrated primarily on the subject of accounting and financial reporting. In this area its competences are recognized and it enjoys a high degree of legitimacy. The SRS-CSPCP therefore considers it to be strategically false, if the IPSAS Board deals with topics of secondary importance or with topics that do not derive from its core competences. Looked at from this aspect the SRS-CSPCP considers the attempt of the IPSAS Board to provide guidance in performance reporting as an example of a secondary topic, which does not belong among the core competences of the IPSAS Board (<i>see ED Reporting Service Performance</i></p>	

R#	RESPONDENT COMMENTS GENERAL COMMENTS	STAFF COMMENTS
	<i>Information).</i>	
12	<p>IPSASB is strongly positioned to make a valuable contribution to public sector financial reporting internationally and we believe IPSASB is best placed to provide public sector accounting pronouncements. We see the high level objective as being to help increase the adoption of high quality accruals based public sector financial statements using an international framework. We believe there is potential for IPSASB to become more focused and relevant to accelerate the achievement of this. In our view, a radically different approach is required to ensure more benefit can be obtained from the work of the IASB in its development of IFRS by tweaking, not rewriting international accounting standards.</p> <p>We see the proposals for European public sector accounting standards as a worrying development. It is crucial that IPSASAB gets its strategy right or other jurisdictions may develop their own accruals based standards. Whilst the aim at the outset may be to base standards on IPSAS, there is the inherent risk of significant deviation from an international norm over time which dilutes the original purpose of improving comparability and transparency. We would also like to see a strategy include greater outreach activity with a range of stakeholders around the globe, developing clear networks to support delivery.</p> <p>ICAS sees three main priorities for this strategic review to position IPSASB more strongly to meet the various challenges ahead:</p> <ul style="list-style-type: none"> • We need a strategy which is more strictly focused on addressing the material public sector differences which can be evidenced as affecting the true and fair view (or equivalent) of financial statements of public sector entities; • The establishment of a clear and consistently applied boundary that focuses on the financial statements rather than wider financial management; and • A more proportionate approach to addressing these differences which is based more on interpreting IFRS for the public sector and signposting good practice through the production of a 'companion' rather than recreating a full specialist alternative. <p><i>Focusing more strictly on the material public sector differences</i></p> <p>We believe there is potential for greater clarity in the approach to adapting IFRS to avoid moving too far along a trajectory of greater public sector specialism. Our principle would be minimum deviation – the principle of consistency with private sector standards should only be broken where there is a clear, justifiable need of a uniquely public sector matter that is material, adversely impacts the true and fair view and is not covered by IFRS. Moreover, definition changes should be minimal. This would be more consistent with a higher level principles-based approach to address public sector differences, where an international framework should sit.</p> <p><i>The establishment of a clear and consistently applied boundary</i></p>	

R#	<p>RESPONDENT COMMENTS</p> <p>GENERAL COMMENTS</p>	STAFF COMMENTS
	<p>We believe it is essential for greater clarification of the purpose and the boundary of IPSASBs remit so it can be applied efficiently and consistently going forwards. This supports the need for a more targeted and achievable strategy. A clearly articulated boundary for scope of work reduces the risk of creating a more demanding framework and an unintentional barrier to adoption. Clarification includes:</p> <ul style="list-style-type: none"> • What should sit within mandatory accounting standards; • What should be part of recommended practice; and • What is better suited to national regulation by local jurisdictions. <p><i>A more proportionate approach to addressing public sector differences</i></p> <p>ICAS is not convinced that the gap to tailor IFRS to the public sector is as large as IPSASB perceives and we urge rigorous challenge of the size of this gap moving forwards. We are not convinced of the need or cost/benefit of a detailed reworking of recognised international accounting standards, concepts and definitions to produce a full alternative suite for the public sector. This is lengthy and resource intensive for IPSASB and its stakeholders. It also raises a question on the sustainability of this approach in the face of resource constraints.</p> <p>Practice for developing accounting standards has evolved and the historic approach being followed by IPSASB needs greater challenge. We would encourage consideration of recent developments. Our preference would be for international standards to develop and operate in a similar manner to the UK Accounting Standards Board who produced a concise principles based Interpretation for Public Benefit Entities in 2007 rather than a separate conceptual framework and secondly, the FRC Financial Reporting Standard (FRS) 102 in the UK. This is an all-encompassing accounting standard, substantially based on the IFRS for SMEs, which establishes one accounting framework for the private and not for profit sectors.</p> <p>IPSASB is well placed to provide a more interpretative role targeting how to address the most significant public sector differences which affect a true and fair view and substance/economic reality of transactions (as per our principle in paragraph 0). We believe this would be a more effective use of IPSASB resources. Our vision would be for IPSASB to develop a companion to the IFRS i.e. one document which interprets IFRS for the public sector. This leverages existing standards and good practice more strongly and minimises the greater level of detail and duplication which is inherent in a full alternative framework. This would be more consistent with a principles based approach. A companion guide could perhaps also provide sector illustrations and signpost examples of pragmatic solutions used by other jurisdictions.</p> <p>Establishing a stable platform for IPSAS's</p> <p>The convergence policy with IFRS's and cycle of amendments are one contributory factor to not yet having a stable platform of IPSASs. An appropriate balance is needed between a continuous update of the standards and</p>	

R#	<p align="center">RESPONDENT COMMENTS</p> <p align="center">GENERAL COMMENTS</p>	STAFF COMMENTS
	<p>establishing a stable platform of standards for implementation. We suggest that IPSASB has scope to make a decision to improve stability. A pragmatic approach is needed to minimise disruption through establishing a change policy such as the UK FRC's envisaged approach for FRS 102 which commits to 3 years before revisions¹. This is in line with the IASB's timetable for the IFRS for SMEs.</p> <p>Funding</p> <p>In our submission to the OECD on the future governance of IPSASB, we suggested that existing funding arrangements need reviewed and that a wider pool of funding should be investigated, such as at G20 level, to reduce the risk and perception of conflict of interests. International bodies with an interest in high quality, transparent financial reporting should also be considered as they are likely to have an incentive to support the development of high quality public sector public reporting standards. This may include the IMF, World Bank, OECD etc. amongst others.</p>	
15	<p>For a number of years ACCA has been highly supportive of the work of the IPSASB and its strategic approach to developing accounting standards for the public sector. Overall, we agree with the strategic objectives outlined by the IPSASB in the consultation and its general approach to developing high quality standards.</p> <p>It is pleasing to see that international consistency and comparability of accounting standards for the public sector are at the heart of the objectives of the IPSASB. In our view this consultation is very timely, particularly given the need for governments to become more accountable and transparent in the aftermath of a sovereign debt crisis.</p> <p>However, we are surprised that the strategy makes no reference to current developments in the EU in respect of developing European Public Sector Accounting Standards (EPSASs) and IPSASB's strategy for dealing with this significant development. It would be helpful if the IPSASB could set out clearly how the development of EPSASs will impact on its future work programme, if at all.</p> <p>As a final point we are also aware of the finite resources of the IPSASB as set out on page 7 of the document and encourage it to inject some realism into what it can deliver post 2015.</p>	
16	<p>As noted in successive responses, CIPFA strongly supports IPSASB's development of high quality standards for public sector financial reporting, whether through the development and maintenance of IPSASs on topics covered by IFRS, through wholly public sector specific IPSASs, or through other initiatives which may be necessary to support the requirements of public sector financial reporting.</p> <p>Now that the work on the Conceptual Framework is drawing to a conclusion, and the Board's governance arrangements are in the process of being formalised, we believe it is important that the Board is seen to build</p>	

¹ [FRC - The Future of Financial Reporting in UK and ROI](#) (pg. 3)

R#	<p>RESPONDENT COMMENTS</p> <p>GENERAL COMMENTS</p>	STAFF COMMENTS
	<p>on this foundation and:</p> <ul style="list-style-type: none"> • ensure that existing standards remain fit for purpose; • review the IPSASB literature to identify any gaps to be filled by standards or guidance; and • develop such standards and guidance deemed necessary, as well as • maintaining the suite of standards in the light of the work and pronouncements of the International Accounting Standards Board. <p>The Board's strategic direction from 2015 should reflect this and CIPFA looks forward to continuing to support the Board's work over the coming years.</p> <p>As the consultation notes, the effects of the financial crisis and the related sovereign debt issues have both highlighted the need for improved public sector financial reporting and, beneficially, have increased the appetite for improved reporting. The Board has a crucial opportunity to serve the public interest by facilitating high quality reporting, but at the same time it is particularly important to make the best use of the Board's resources.</p> <p>The enlarged field of IPSAS implementation also reinforces the need for the Board to consider the needs of preparers at very different stages of the implementation process, including governments and international organisations with stable and secure implementations, governments in transition to accruals IPSAS from cash based or other financial reporting, current users of the Cash Basis IPSAS, and governments which have yet to apply any international standards to their financial reporting. At the same time, the Board needs to have regard to the wide range of stakeholders other than preparers, including citizens and service recipients, taxpayers, international donors, lenders and other funding providers.</p> <p>The dynamics of the adoption of IPSAS are complicated, and one of the most recent developments is in relation to the improvement and harmonisation of public sector reporting in Europe, where IPSASB standards have, after some discussion and debate during consultations by Eurostat, been proposed as a reference for standards rather than being directly adopted or incorporated as local standards.</p> <p>Perceptions of improved governance that should result from the recent consultation led by OECD may also stimulate improvements in the level of engagement with some public sector stakeholders. IPSASB standards were subject to some criticism during the Eurostat consultations, although in our view some of this may have been unfair, or perhaps more relevantly, may have taken a view of the nature of standard setting which is unrealistic for standard setters in any sector. Nevertheless, against this background we suggest that a key element of the Board's program is to address stakeholder perceptions that the IPSASB set of standards is incomplete. This is not a new consideration for IPSASB: indeed the Board has for many years considered the read across between IFRS and IPSAS with a view to developing standards corresponding to IFRS where these are of significance to public sector preparers, while also considering those public sector specific issues which</p>	

R#	<p>RESPONDENT COMMENTS</p> <p>GENERAL COMMENTS</p>	STAFF COMMENTS
	<p>most warrant additional standards or guidance.</p> <p>We are conscious that Europe is only part of the stakeholder community to which IPSASB needs to pay attention, so 'gap filling' activity should not only be justified in terms of the effect on EPSAS, but should have regard to the benefits to all public sector stakeholders globally. Furthermore, while the most straightforward approach to gap filling is to ensure that IPSAS standards cover all matters in IFRS which are relevant to public sector preparers, there may be other approaches which are helpful in the short term. In particular, in those cases where the Board has decided not to converge with a particular IFRS because it is not urgent, it might be helpful if the Board were to separately publish an information sheet setting out the reasons for the decision: this might include signposting to the relevant IAS or IFRS, an explanation of the Board's perception that the standard is applicable to relatively few public sector situations, and any view the Board might have on the ease with which the private sector standard could be applied to those cases where it was relevant. On the latter point, the experience of jurisdictions such as the United Kingdom might be relevant, given that in many cases the UK applies IFRS without adaptation, or with a small amount of additional guidance.</p> <p>Further to the above, we are also conscious that education and outreach have a key role to play both in the European discussion and more generally. We strongly support the Board's activities in this regard, including its engagement with the EPSAS project and participation in FEE round tables on this topic. While the strategy consultation is clear that the Board's resources are limited, and the standards development agenda will be demanding, it is still vital that the Board is seen to be engaged with stakeholders and promoting the benefits of IPSAS in order to encourage adoption. While we see the development of standards and guidance as the principal activity of the Board, we strongly support the inclusion of paragraph (c) in the IPSASB strategic objective.</p> <p>Once the Board has processed the proposals in the light of responses from stakeholders, we expect the remaining workload will be challenging, but with the potential to substantially contribute to improved public sector financial reporting. CIPFA will of course continue to support the Board through contributing to its consultations and by other means.</p>	
17	<p>Deloitte Touche Tohmatsu Limited is pleased to respond to the IPSASB Strategy Consultation (the Consultation). We commend the International Public Sector Accounting Standards Board (the 'Board' or 'IPSASB') for undertaking this review, especially in view of the on-going review by the IPSASB Governance Review Group about how best to strengthen the oversight, governance and accountability of the IPSASB. The Board's Consultation addresses the likely period for the implementation of the Governance Review Group's recommendations and it is appropriate that the IPSASB has a clear view both of its strategic objective and work plan if the Board's efforts to develop high-quality financial reporting by the public sector are to continue during this period of organisational change.</p>	No further action
18	<p>We are grateful for the opportunity to comment on the future strategic direction of the IPSAS Board and on the</p>	

R#	<p>RESPONDENT COMMENTS</p> <p>GENERAL COMMENTS</p>	STAFF COMMENTS
	<p>priority of individual projects for the five-year period from 2015-2019. As the European Commission (hereinafter referred to as "Commission") is required by the Financial Regulation of the European Union (EU) to prepare financial statements for its institutions and bodies based on IPSAS, this consultation is very important as it provides an opportunity for preparers and other stakeholders to participate in planning the standard setting agenda for the coming years and it also enhances the legitimacy of IPSASs. Moreover, this is also of importance to the Commission in the context of the development of European Public Sector Accounting Standards (EPSAS) and its work on government finance statistics generally.</p> <p>The Commission very much welcomes the priority currently being given by the Board to completing the IPSAS Conceptual Framework in the short-term. Once this project is complete, the Commission would propose that freed-up resources should be devoted as a priority to projects of direct relevance for public sector financial reporting, including, and not least, those which are needed to maintain or renew the existing standards for recent developments in the conceptual framework, IFRS and government finance statistics. Moreover the Commission hopes that the current discussion of IPSAS governance can be concluded quickly and thereby will not delay or impede the core work of the Board in the coming years.</p> <p>As you know, a Commission Communication on future European Public Sector Accounting Standards is currently being prepared, wherein IPSAS would be a reference basis for EPSAS. We welcome and value the role that IPSAS Board members continue to play in the discussions of EPSAS.</p> <p>Taking into account the EPSAS discussions held so far, we would like to highlight some issues that IPSASB may wish to consider when finalising its own work program:</p> <p style="padding-left: 40px;">The priority for EPSAS standard-setting is expected to be given to key public sector specific issues where current IPSAS standards are not considered sufficiently developed, in particular for taxes, social benefits.</p> <p style="padding-left: 40px;">IPSAS standards are applicable to all sizes of government entities, but that need not necessarily be the case for a future set of EPSAS standards. It is to be expected that the extent of implementation for smaller entities would be limited, or at least that the more important entities would be prioritised, taking into account their materiality.</p> <p style="padding-left: 40px;">It is expected that an interpretation function would be needed for EPSAS, while this does not exist for IPSAS.</p>	
19	<p>The Institute of Chartered Accountants of Jamaica (ICAJ) wishes to commend the IPSAS Board for affording its stakeholders the opportunity to participate in the process of shaping the strategic direction of the IPSASB. This consultative approach will undoubtedly facilitate the development of an agenda that addresses the needs and priorities of the users of public sector accounting standards, and will achieve the desired effects of enhancing the credibility of IPSAS, and contributing to the IPSASB's public accountability and legitimacy.</p>	No further action

R#	<p>RESPONDENT COMMENTS</p> <p>GENERAL COMMENTS</p>	STAFF COMMENTS
21	<p>We agree with the proposed strategy and believe that it will enable the board to focus on the crucial projects which will ensure financial statements are of high quality and fairly presented. Review of the Cash basis IPSAS and introduction of timelines for transition from cash basis to accrual basis will assist the board in achieving its strategic objective.</p>	No further action
24	<p>While the AASB broadly agrees with many of the proposals, it has a number of specific suggestions. The AASB's main comments on the ED, which are expanded on in the attached Appendix, include recommending:</p> <ul style="list-style-type: none"> • removing 'strengthening public sector financial management' from the IPSASB's stated strategic objective as it is a desired outcome and not an objective in itself; • the IPSASB have a strategic objective to develop a public sector conceptual framework; • the IPSASB investigate ways of using web-based communication techniques as a means of developing a feedback loop; and • in addition to progressing the projects that are already approved, prioritising the improvements to IPSAS 23 <i>Revenue from Non-Exchange Transactions (Taxes and Transfers)</i>. 	First three bullets addressed in answers to specific questions
25	<p>The Cour des Comptes takes note of the achievements of the IPSAS Board over several years, in particular as regards the conceptual framework for international public sector accounting standards. However, it points out that despite significant efforts made on promotion and communication, the diffusion of IPSASs within public sector, especially among national and local governments, has not significantly improved and remains confined to international organisations. Furthermore, a distinction should be made, among governments and public sector entities, between those, which are apparently few in number, whose financial statements have indeed been the subject of a statement of compliance with IPSASs issued by independent external auditors and those which have partially implemented these standards or have merely signalled their intention to adopt them in the future.</p> <p>The Cour des Comptes sees here the results of the questionable choice made by the IPSAS Board to pursue convergence between the IPSASs and the IFRSs, which led to less consideration for the distinctive features of the public sector and placed the latter under a tacit obligation to evolve in order to comply with standards which are totally detached from this sector realities.</p> <p>Therefore, the Cour des Comptes calls for a strategic shift which would deviate from the assumption that IFRSs, which were initially developed for the private sector and enterprises under private governance, should also serve as a standard for the public sector even though the latter has very specific characteristics.</p>	
26	<p>We agree with the IPSASB that this formal public consultation process will help contribute to the IPSASB's public accountability and legitimacy, and ensures that the Board's priorities are aligned with stakeholders'</p>	No further action

R#	<p>RESPONDENT COMMENTS</p> <p>GENERAL COMMENTS</p>	STAFF COMMENTS
	needs.	
27	<p>Our 2012 submission to the IPSASB work programme consultation emphasised the importance of the IPSASB completing the Conceptual Framework project. We are therefore pleased that this project will be completed by the end of 2014. In 2012, we encouraged the IPSASB to consider how its relationship with the International Accounting Standards Board (IASB) might be demonstrated in a future work programme. While progress has been made, the full potential of this relationship has not been realised and we would encourage the IPSASB to reflect on how this might be advanced. We note that the existing Memorandum of Understanding (MoU) between the IASB and the International Federation of Accountants (IFAC) will be reviewed by both parties prior to the end of 2014. We suggest that the IPSASB's relationship with the IASB, particularly in respect to a future work programme, might be usefully addressed in the new MoU.</p>	
28	<p><u>Funding</u></p> <p>HoTARAC recommends the strategy consultation paper give further consideration to funding, as adequate resources will be required to progress the strategies developed and work program proposed in the consultation paper.</p> <p>HoTARAC notes that the paper has been written on the assumption of current funding being maintained (page 8). However, a number of issues addressed in the paper will require additional resourcing:</p> <ul style="list-style-type: none"> • Additional staff will be needed to implement oversight changes (page 16). • The second outcome on page 11 seeks increased adoption of IPSASs from the current 80 jurisdictions. Increasing the rate of adoption potentially puts more strain on limited resources: <ul style="list-style-type: none"> ○ to address the increased number of financial reporting issues (page 8); and ○ for outreach activities and need for feedback from new adopters (page 13). • Calls to establish a mechanism to deal with urgent issues/interpretations of IPSASs (page 8). <p><u>Engagement with the International Accounting Standards Board (IASB)</u></p> <p>HoTARAC strongly recommends the IPSASB develop a strategy for its engagement with the International Accounting Standards Board (IASB). The consultation paper raises the possibility of collaborating with the IASB as one of the key factors in deciding whether to initiate a project (page 15). This could be better addressed as part of a broader strategy for engagement with the IASB. HoTARAC's preference would be working toward the long-term goal of eventual integration of the two bodies.</p> <p>HoTARAC notes that an initial step was taken in the signing of a Memorandum of Understanding (MoU) between the International Federation of Accountants (IFAC) and the IASB to enhance cooperation in developing private and public sector accounting standards in 2011. The MoU is scheduled for review in December 2014 and this will represent an opportunity to further enhance cooperation as part of an overall strategic goal.</p>	

R#	<p>RESPONDENT COMMENTS</p> <p>GENERAL COMMENTS</p>	STAFF COMMENTS
	<p><u>Suggestion to adopt a strategy to address urgent issues</u></p> <p>While acknowledging the IPSASB's resource constraints, HoTARAC recommends that the IPSASB consider developing a strategy to address urgent issues that may, from time to time, emerge for public sector entities. Often such urgent issues (e.g. when narrow amendments or interpretations are required) need to be resolved in a timely manner but do not take a significant amount of staff and board members' time and effort compared to other more complicated projects. A streamlined process (e.g. by establishing a separate Interpretations Committee as suggested below for Question 4, or adopting an out-of-session voting system on urgent and non-essential issues) may serve the purpose of enhancing the board's efficiency in addressing these issues.</p>	
29	<p>First, IPSASB needs to identify the IPSAS stakeholders in the document PSASB Strategy Consultation. It would help to set the strategy and actions plans.</p> <p>Second, IPSASB needs to solve the financial issue. In the document IPSASB Strategy Consultation, the word resource constraints appear 3 times (pages. 8, 19, 20), the word limited resources appear 1 time (pages. 2), the word scarce resources appear 1 time (pages. 3), and the word resource limitations appear 1 time (page 14)</p> <p>Third, IPSASB needs staff and board members resources (page 6). In order to get resources, IPSASB needs external funding and to get a structure which enables to develop IPSAS. We do not find any strategic action related to get the required funds to support the IPSASB's activities or plan.</p> <p>Fourth, we think that without a proper structure and funding, the strategy's deliverables would be hard to get. The same problem face AISB with greater resources as Hans Hoogervost, president of IASB said:</p> <p>"However, a single set of standards does not mean a single accounting standard setter.</p> <p>IFRS has long been a joint effort by the worldwide standard-setting community. There is no way the IASB with around 60 technical staff and 16 board members can adequately engage with stakeholders across more than 100 countries. Without your help, we would struggle to identify the practical, gritty issues companies and investors would face when applying the new standards²."</p> <p>IASB have 60 technical staff versus IPSASB 7.5 people.</p> <p>Fifth, IPSASB needs to get a quick win. IPSASP need to get IPSAS implementation in one country, hopefully, a third</p>	

² **Strengthening institutional relationships.** Hans Hoogervost. IFRS Foundation World Standard-Setters Conference. September 23, 2013, London. Page 1. www.ifrs.org

R#	RESPONDENT COMMENTS GENERAL COMMENTS	STAFF COMMENTS
	<p>World country and/or a developed Country.</p> <p>Sixth, IPSASB should identify which countries are using IPSAS. It seems to be the same problem it happened to IFRS foundation about the worldwide IFRS implementation.</p> <p>Hans Hoogervost, president of IASB said: The SEC Report also touched upon a lack of clarity on the extent to which IFRS jurisdictions had actually adopted the standards. So, during 2013 former IASB Board member Paul Pacter has led a major research programme looking to answer exactly that question³.</p>	

³ **Opening remarks**, Hans Hoogervorst. AICPA 2013 Conference on current SEC and PCAOB Developments. Washington, DC. 10 December 2013. Page 3. www.ifrs.org

Question 1:

1. Do you agree with the IPSASB's tentative view on its strategic objective for the period from 2015 forward? If not, how should it be revised?

Summary of responses to Question 1:

STAFF ASSESSMENT OF RESPONSES RECEIVED: These are staff views and do not necessarily reflect the views of IPSASB Members

CATEGORY (C #)	RESPONDENTS (R #)	TOTAL
A – AGREE	001,003,004,005,007,008,009,010,013,015,016,018,019,020,021,022,023,027,028,029,030,031,032	23
B – PARTIALLY AGREE	002,006,011,014,017,024,026	7
C – DISAGREE	012, 025	2
SUB-TOTAL OF THOSE PROVIDING COMMENTS		32
D – DID NOT COMMENT		
TOTAL RESPONDENTS		32

R#	C#	RESPONDENT COMMENTS Question 1	STAFF COMMENTS
01	A	We generally agree with the IPSASB's strategy, its strategic objective and its work program for the period 2015 – 2019. We agree with the Questions for Respondents raised in the consultation paper except as set out below.	No further action required
02	B	<p>The strategic objective is fine for those countries in a position to adopt accrual accounting. However, it does not meet the needs of those developing countries or countries in transition that will only be able to meet cash and budgetary reporting standards. Nor does it recognize the need to continue to work closely with the International Monetary Fund in the development of their Government Financial System (GFS) standards. We would recommend that the strategic objective be modified as follows:</p> <p>"Strengthening public financial management and knowledge globally through increasing adoption of accrual-based IPSASs by:</p> <ul style="list-style-type: none"> a) <u>Enhancing cash and budgetary reporting standards;</u> b) <u>Developing high-quality accrual-based financial reporting standards;</u> c) <u>Harmonizing with the GFS to maximum extent possible;</u> d) <u>Developing other publications for the public sector; and</u> 	<p>Staff does not agree with proposed changes.</p> <p>IPSASB agreed that focus should be accrual accounting and responses support that.</p> <p>Harmonizing with GFS is addressed through recently approved policy paper and therefore is</p>

R#	C#	RESPONDENT COMMENTS Question 1	STAFF COMMENTS
		e) Raising awareness of the IPSASs and the benefits of their adoption.”	embedded in work program; no need to include specifically in strategic objective.
03	A	<p>The CNoCP broadly agrees with the IPSASB’s tentative view on its strategic objective for the period from 2015 forward, given the challenges identified for the 2015-2019 period. However, we develop below some reservations we have on the means to achieve the proposed objective.</p> <p>We acknowledge that the tentative view on the IPSASB’s strategic objective fits the description in the IPSASB’s terms of reference revised in 2012⁴, although the CNoCP has always objected to the IPSASB dealing with broader issues than those directly related to general purpose financial statements.</p> <p>However, we would like to alert the IPSASB on the necessity to focus on those issues that are of prominent importance for public sector accounting standard-setting, more specifically in a context of tight resources. We strongly believe that, at present, should other publications be developed the credibility of the IPSASB would be at stake.</p> <p>In that respect, given the nature of the potential projects listed at the end of the strategy consultation, we are broadly confident that those remain mainly within the remit of accounting standard-setting. Nevertheless, we would be concerned if the IPSASB were to prioritise and take on their agenda for the period 2015-2019 two of the three potential projects labelled ‘other projects’, namely ‘differential reporting’ and ‘integrated reporting’.</p> <p>In addition, we are concerned that the IPSASB’s strategic objective includes promoting IPSASs around the world with Board members acting on a voluntary basis and resources being tight. In that respect, we would encourage the Review Group to take the opportunity of the review of the IPSASB’s governance to address the issue.</p>	<p>Comments are consistent with many (even those that fully supported strategic objective) that emphasis should be on public sector specific projects (including those addressing existing IPSASs)</p> <p>Comments regarding specific projects to be addressed in the context of question 8.</p> <p>Caution also expressed by some other respondents that this objective is “secondary” in nature. RG has indicated it will address funding – see discussion in 4.1 with general comments.</p>
04	A	In overall we agree with the IPASB’s tentative view on its strategic objectives.	No further action required

⁴ Terms of reference paragraph 2: The IPSASB’s objective is to serve the public interest by developing high-quality accounting standards and other publications.

R#	C#	RESPONDENT COMMENTS Question 1	STAFF COMMENTS
05	A	<p>We support the identified strategic objective for the period 2015 forward to strengthening public financial management and knowledge globally. Especially the adoption of accrual-based accounting in all areas of the public sector entity is absolutely essential.</p> <p>In what extent the IPSAS are appropriate to strengthening public financial management and knowledge by providing faithful, understandable and comparable information needs to be expressed more clearly. Therefore we see the need not only to raise awareness of the benefits of the adoption of the IPSAS but also of the benefits of the IPSAS itself.</p>	See 4.1 discussion of editorial suggestions
06	B	<p>DGFiP believes that the first two items of the definition of the strategic objective which are the development of high quality accrual-based reporting standards and of other publications for the public sector are of major importance. However, the third item consisting of raising awareness of IPSASs and the benefits of their adoption seems to be the consequence of the first two items.</p> <p>In order to meet those objectives and to improve the transparency and the legitimacy of the IPSASB, DGFiP suggests that additional inputs could be taken into account in the due process. Thus, identified inputs⁵ could be completed as follows:</p> <ul style="list-style-type: none"> Communicate more on the analysis of the two stages of the IPSASB's consultation⁶; Indeed, more information could be given to the respondents and the stakeholders as a whole on the analysis of responses to public consultations and the way the latter are taken into account in determining the direction for finalizing the project. As for the IASB, the development and publication of a due process handbook, more detailed than paragraph 8 of the current introduction to the IPSAS handbook dealing with terms of reference, would help to clarify and to assist in the review of the due process of the IPSASB. Adjust the weighting of the responses received to avoid the over-representation of a country or category of respondents; Moreover, all types of respondent (professional accountant, government official, or any interested party) should not be accounted for in the same way. Instead there should be a weighting to reflect the extent they represent the public sector. This is because it is critical in the case of designing accounting standards dedicated to the public sector to give more weight to the views of those with practical experience of the public sector and representatives of the official public bodies in charge of public entity accounting issues. 	<p>Staff disagrees that third item is a consequence of the first two items - intended to be more specific in terms of actions and acknowledge members' role in outreach. Respondents supported this albeit as a "secondary" objective.</p> <p>See 4.1 for discussion of due process concerns.</p>

⁵ CP p 11 « Inputs: Funding; Staff; IPSASB members; IPSASB technical advisors; Stakeholder input; Operational procedures. ».

⁶ CP and exposure draft.

R#	C#	<p align="center">RESPONDENT COMMENTS</p> <p align="center">Question 1</p>	STAFF COMMENTS
		<ul style="list-style-type: none"> • Draw on the best existing national practices to better reflect the specific features of their organisation and constraints; In particular, and in conjunction with making the due process transparent, it might be interesting to investigate and assess existing national practices and those of international organisations by introducing benchmarking of specific public sector features (sovereignty, economic and social regulation role, mainly non-commercial activity...). • Continue to emphasize the proportion of Board members coming from public sector; • Include in the decision-making process, an analysis of the known or even potential consequences of implementing the proposed IPSAS standards. This analysis must include a cost-benefit assessment taking into account the international context of resources constraints and budgetary sustainability as well as the financial, economic and social issues inherent to all public policies. 	See discussion in 4.1 in the context of question 4
07	A	<p>We support the IPSASB's proposed strategic objective, particularly the objective of setting high-quality financial reporting standards. We think that this objective could be enhanced by referring not only to "high quality" but also "principle-based" financial reporting standards.</p> <p>When considering the IPSASB's strategic objective we reflected on the role of the Memorandum of Understanding (MOU) between the International Federation of Accountants (IFAC) and the International Accounting Standards Board (IASB). In the MOU, both parties have agreed to enhance initiatives of common and mutual interest. We encourage the IPSASB to maximise the potential of this MOU by identifying projects of mutual interest and engaging with the IASB to see how each body can contribute to such projects. We note that the IPSASB's research project on Emission Trading Schemes is to be undertaken as a joint project with the IASB and consider that this is a good example of how the MOU should work. We consider that such collaborative projects will benefit the work of both Boards.</p>	See 4.1 discussion of editorial suggestions
08	A	<p>FEE agrees in principle with the IPSASB's tentative view on its strategic objective for the period from 2015 onward of strengthening public financial management and knowledge globally through increasing adoption of accrual-based IPSASs. We note this strategic objective is to be pursued through: developing high quality financial reporting standards; developing other publications for the public sector and raising awareness of the IPSASs and the benefits of their adoption. It might, however, be challenging for the IPSASB to address all aspects of the strategic objective in the limited time span from 2015 to 2019 of the suggested work programme.</p> <p>We believe that for the period under review the IPSASB should concentrate on <u>developing high-quality</u></p>	No further action required

R#	C#	<p align="center">RESPONDENT COMMENTS</p> <p align="center">Question 1</p>	STAFF COMMENTS
		<p><u>accruals based financial reporting standards</u>. In particular, it should concentrate on developing standards to cover the most important <u>gaps</u> currently perceived as existing in the suite of standards and also <u>revise</u> those current standards that are considered to be defective in some key respect. We believe this to be especially important as gaps in the standards are frequently cited in the EU as being one of the main reasons that the standards as a whole are not yet suitable for adoption.</p> <p>We believe that there is a need for the IPSASs and, indeed, the use of accruals based accounting to be actively promoted to governments. Other international standard setters like the IASB and the IAASB are promoting their standards. The IPSASB should also engage in such <u>outreach activities</u>, provided that sufficient resources are available and that the perception of independence is not prejudiced. Additionally, it is important that individual IPSASB members continue to contribute to roundtables and other public outreach activities that they are already undertaking that contribute to the promotion of IPSAS.</p> <p>We certainly regard the development of <u>other publications</u> for the public sector and raising awareness of IPSASs, and the benefits that derive from their adoption, as valid goals, but we believe that they are subsidiary to that of the development of standards. We can see the benefit of IPSASB developing other publications specifically for the public sector. However, we do believe that, for the foreseeable future, diverting resources away from the development of a full set of standards towards such projects is somewhat premature.</p>	
09	A	<p>We generally agree with the IPSASB's tentative view that its strategic objective will be to strengthen public financial management and knowledge globally through increasing adoption of accrual-based IPSASs.</p> <p>Consequently, we believe that for the immediate future the IPSASB should focus its staff resources and Board meeting time on the development of public sector specific standards for general purpose financial reporting by public sector entities, i.e., on the accrual-based IPSASs and on the Recommended Practice Guidelines (RPGs) rather than on any further "other publications" or the cash based IPSAS. The Consultation is not entirely clear as to what the term "other publications" encompasses, so our response is on the assumption that papers such as Study 14, or similar are meant. We do not believe the Board currently has the resources to devote to this type of publication.</p> <p>Furthermore, it would be useful to clarify that the phrase "developing high quality financial reporting standards" is intended to include development of new standards as well as appropriate maintenance of IPSASs and RPGs. Some revision may be needed in aligning existing IPSASs to the Conceptual Framework and also in response to the Board becoming aware of practical implementation issues or relevant emerging accounting issues. In the context of the latter, we would encourage the IPSASB to undertake formal post implementation reviews of its standards.</p> <p>In addition, we agree that raising awareness of the IPSASs and the benefits of their adoption is</p>	See discussion in 4.1

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		extremely important, but do not believe this needs to be identified as an isolated part of the Board's strategic objective going forward.	
10	A	<p>We agree with the proposed strategic objective, which recognises the need for high-quality financial reporting standards arul other publications for the public sector together with the increased acceptance and application of these standards as a means of strengthening public financial management.</p> <p>However, we believe that the IPSASB's first priority within this overall objective should be the development of high-quality financial reporting standards.</p> <p>Increasing awareness through public engagement and with production of promotional materials is desirable but the primary objective should be the development of a comprehensive set of standards that adequately address issues that are specific to the public sector. Developing standards that sufficiently address key public sector-specific financial reporting needs will contribute to the secondary objective of raising awareness of the IPSASs and the benefits of their adoption by adding further credibility to the standards among users and other stakeholder groups.</p>	No further action required
11	B	<p>The SRS-CSPCP agrees with the strategic objective that financial management and knowledge of public finances should be achieved by increased adoption of the IPSASs. It is, however, important that the IPSAS Board concentrates on accounting. In that perspective it is proposed that letter (b) be supplemented: <i>“developing other publications for the public sector that are relevant for financial reporting”</i>. In the strategic objectives a point concerning strengthening of the legitimacy of the IPSAS Board should be mentioned. In fact in Switzerland the IPSASB legitimacy or standards proposed by the IPSAS are sometimes disputed. A point (d) “Strengthening the legitimacy of the IPSAS Board” should therefore be added.</p>	<p>Staff does not agree that the proposed addition addresses the scope issue. See 4.1 for discussion</p> <p>Staff disagrees with suggested additional strategic objective as this is more likely an outcome of the processes, including those related to governance and oversight.</p>
12	C	<p>No, we suggest amending the mission statement and strategic objective from ““<i>developing high-quality accounting standards...and other publications</i>”to <u>interpreting</u> international accounting standards for the public sector. We do not believe it is either the best use of resources or a proportionate response to address public sector differences by recreating a separate suite for the public sector. We have concerns that the trajectory for greater specialism increases complexity which reduces transparency and understanding of public sector financial reporting for a wider audience. It also reduces comparability with</p>	<p>Fundamentally different approach that has not been supported by the IPSASB nor by respondents. A number of</p>

R#	C#	<p align="center">RESPONDENT COMMENTS</p> <p align="center">Question 1</p>	<p align="center">STAFF COMMENTS</p>
		<p>the private sector (particularly relevant given the increasing use of Government Business Enterprises [GBEs] to deliver services by some public bodies).</p> <p>The landscape is different from when IPSASB was first established. An international accounting framework already exists in the form of IFRS. The UK has now shown that IFRS can be successfully implemented in the public sector and obstacles can be successfully managed⁷. This challenges the need for a whole separate specialist framework.</p> <p>As an example, when IAS 19 Employee Benefits was adopted in the UK⁸ a public sector specific issue was addressed by introducing a statutory intervention to neutralise the potential and significant impact of holiday pay accruals affecting the local government tax calculation. This was addressed by a targeted approach with the solution led by the national jurisdiction. It demonstrates that public sector tailoring is not necessarily best achieved by a blanket approach of developing a separate standard but targeted action on a specific issue may suffice.</p> <p>We also see a priority for IPSASB to encourage wider adoption of accruals based accounting by the public sector internationally. The consultation paper (page 10) cites “[the] only globally recognised accrual accounting standards for the public sector are IPSASs” yet it is not the only option available and the mission statement of IPSASB with its support for the adoption of accrual accounting should recognise this. The strategy should be updated to reflect that some jurisdictions may choose to adopt IFRS to achieve the same end and there is no added value (with potentially significant costs) of transferring from IFRS to IPSASs.</p> <p>The existing approach and work programme may represent in an ideal world what IPSASB could do however there is insufficient evidence that the significant resource constraints will be addressed to support this or that the adoption rates for IPSASs and accruals based accounts justify such a detailed approach. In the context of today’s challenges, we question the sustainability of the business model to develop standards and keep pace with the IASB with their greater resource capabilities.</p> <p>Some specific concerns we have identified on the current approach include recent consultations where IPSASB has redefined basic terms such as “assets”, “liabilities”⁹, “parent” and “subsidiary”¹⁰. We are not convinced that these changes are justifiable. This suggests a lack of focus on what is materially different</p>	<p>respondents encouraged greater focus on public sector specific projects and issues.</p> <p>IPSASB outreach often speaks to the importance of accrual accounting generally by the public sector. Staff believes that IPSASB’s strategic objective should reinforce the IPSASB’s role in the context of this broader message.</p> <p>Changes reflect views of stakeholders after full public consultations. The IPSASB is aware of the</p>

⁷ ICAS research on **The implementation of IFRS in the UK devolved administrations** icas.org.uk/Connolly-wall/

⁸ [Explanation and statutory references \(England\) line 747](#)

⁹ Consultation paper Conceptual Framework - Elements and Recognition in Financial Statements

¹⁰ Exposure Draft 48 which changes terminology from IAS 27

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		<p>in the way the public sector operates and why it may need to account differently to present a true and fair view or to better represent the substance of a transaction. Redefining basic terminology also does not consider the impact on public sector hybrid organisations and GBEs, such as those which are increasingly being used to deliver services in UK local authorities. There is a risk of an inconsistent approach followed by a group company based on IFRS which is not in accordance with local authority group policy definitions based on IPSASs. This could lead to the need for further consolidated accounting adjustments at the group level and potentially may also have implications on the audit opinion expressed.</p> <p>We also note that recent exposure drafts on groups (ED 48-51) demonstrated closer alignment with IFRS equivalents which we support. This also raises the question of cost benefit and how IPSASB can justify the resource to rewrite and consult on these separate exposure drafts for the public sector if we are also seeking convergence with IFRS.</p> <p>We believe IPSASB should identify a more proportionate approach to addressing public sector differences. Our preference is for IPSASB to produce a shorter, simpler companion which interprets IFRS, focusing on those areas which are material and particular to the public sector and signposts good practice examples of how other jurisdictions have managed specific issues. We also suggest engagement with the IASB perhaps through consultation at exposure draft stage to discuss how material public sector issues could be addressed and adding extra wording into the standard itself.</p> <p>The IPSASB Conceptual Framework is, in our view, overly long, detailed and complex. We are not convinced of the need for a separate Conceptual Framework and do not believe that it is necessary to go back so far to first principles to address public sector differences. We question whether the correct balance is being struck to maintain a high level principles-based approach. Our preference would be for greater leveraging of the existing IFRS conceptual framework supported by an interpretation for the public sector, similar to the UK Accounting Standards Board who produced a concise Interpretation for Public Benefit Entities in 2007. This sets out the principles which should underlie the preparation and presentation of general purpose financial statements of public benefit entities.</p> <p>Financial Reporting Standard (FRS) 102 in the UK is a new all-encompassing accounting standard, substantially based on the IFRS for SMEs, which establishes one accounting framework for the private and not for profit sectors but which can also be tailored by specialist sector Statements of Recommended Practice (SORPs). This is a more concise and proportionate approach building on common framework, without rewriting it, and only specialises for those material differences where a difference in accounting is needed to better represent the substance of a transaction. Notably, this approach is much quicker to implement. Development, consultation and implementation are quicker given its presentation as one comprehensive FRS and one SORP for all areas of the accounts rather than a series of papers on a suite of standards.</p>	<p>impact on GBEs and has started to address this in the context of the GBE project.</p> <p>Inconsistent with existing due processes which do include policy paper on modifying IFRSs. This approach is not supported by other respondents.</p> <p>Conceptual framework almost complete and is not a convergence project. Approach not supported by other respondents.</p>

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		<p>Although IPSASB does not set accounting standards for both companies and other entities as the UK Financial Reporting Council (FRC) does, it does demonstrate that with some flexibility, accounting standards can apply across all sectors without a need to 're-invent the wheel'. This is an approach which ICAS supports.</p> <p>Less time spent developing and consulting on a public sector specific conceptual framework and standards would not only fit better with resource constraints but also enable more time to be spent looking outwards i.e. helping increase adoption of accruals based accounts and delivering the outcome of high quality financial reporting.</p> <p>Once the outcome of this strategy review has been decided, it would be helpful to publish the SMART objectives, key performance indicators and milestones. The statistic quoted on page 4 "over 80 jurisdictions have either adopted or have processes in place to adopt IPSASs, directly or indirectly" is wide ranging. To strengthen scrutiny and inform strategic planning it would be helpful to have more specific information on the number of countries, over time, who:</p> <ul style="list-style-type: none"> • Have fully adopted IPSASs; • Have partially adopted IPSASs with adoption rates for specific IPSASs; • Have plans in place and how long it takes to fully adopt IPSASs; • Apply IFRS (private and not for profit sectors); and • Apply cash or accruals based accounting. 	
13	A	<p>Yes, ANAN agrees with the strategic objective as it is appropriate and in order. As a credible global standard setter, the need to strengthen public financial management through well researched and improved standards and creating awareness for its adoption cannot be over-emphasized and with the right inputs as outlined in the strategy consultation draft,, the outputs and outcomes are also adequate and relevant.</p>	No further action required
14	B	<p>The IPSASB's tentative view on its strategic objective is as follows:</p> <p>"Strengthening public financial management and knowledge globally through increasing adoption of accrual-based IPSASs by:</p> <p>(a) Developing high-quality financial reporting standards;</p>	

R#	C#	<p align="center">RESPONDENT COMMENTS</p> <p align="center">Question 1</p>	STAFF COMMENTS
		<p>(b) Developing other publications for the public sector; and</p> <p>(c) Raising awareness of the IPSASs and the benefits of their adoption.”</p> <p>While we agree in principle with the strategic objective, we do not believe that financial reporting standards can themselves enhance financial management. We believe that it is the credible, reliable, transparent information that is produced by applying those standards which facilitates strengthened financial management because users have better information to make decisions and hold entities accountable. As such we believe that the first part of the strategic objective should be reformulated to focus on the credible, reliable, transparent information that is produced by applying IPSASs, and that this facilitates the strengthening of public financial management through improved decision-making and accountability. An illustration of this re-formulation could be:</p> <p align="center">Facilitating the strengthening of public financial management through the production of credible, transparent financial information that results in improved decision-making and accountability, which is achieved by...</p>	<p>See 4.1 for discussion – similar point raised in resp #17 below</p>
15	A	<p>We support the strategic objectives going forward. It is pleasing to see that international consistency and comparability of accounting standards for the public sector are at the heart of the objectives of the IPSASB.</p> <p>However, we are surprised that the strategy makes no reference to current developments in the EU in respect of developing European Public Sector Accounting Standards (EPSASs) and IPSASB’s strategy for dealing with this significant development. It would be helpful if the IPSASB could set out clearly how EPSAS developments will impact on its future work programme, if at all.</p>	<p>Relationship with EPSASs to be discussed in analysis of general comments in December</p>
16	A	<p>CIPFA agrees with the IPSASB’s tentative view on its strategic objective for the period from 2015 forward.</p> <p>Clearly it is fundamental to the Board’s purpose to strengthen public financial management and knowledge globally through developing high-quality accrual based financial reporting standards.</p> <p>CIPFA also supports the Board’s development of other publications such as Recommended Practice Guidelines, which can address issues on which it is problematic to develop international standards. These are nevertheless of considerable importance and potentially cover a wider range of issues than in private sector reporting, where the IASB has issued non-mandatory guidance only in the area of Management Commentary. While we envisage the main output of the Board being in the development of accrual IPSAS, we do agree that development of RPGs will in some cases be necessary and beneficial.</p>	<p>No further action required</p>

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		As explained in the covering letter, it is also important that IPSASB engages with key stakeholders to raise awareness of the benefits of adopting high quality accrual based accounting in line with standards developed by and for the international public sector financial reporting community. The ultimate objective is of course that governments should achieve these benefits by implementing accrual IPSAS, rather than just be aware of the benefits.	
17	B	<p>We agree that the sovereign debt crisis emphasised that there is an urgent need to strengthen the quality and credibility of financial management and financial reporting by governments around the world. Sovereign issuers are major participants in public capital and debt markets and should provide information that is prepared using high-quality accounting standards and is comparable across governments. The work of IPSASB to develop high-quality accounting standards for the public sector that serve the objectives of financial reporting by public sector entities in public capital and debt markets, providing information about the entity that is useful for accountability and decision-making purposes, is an integral part of meeting this need.</p> <p>Transparent and credible reporting contributes to global fiscal (and financial) stability and should assist citizens and lenders in holding governments accountable for the resources committed to them. Consequently, we support a Strategic Objective to improve transparency in financial reporting by the public sector through increasing adoption of accrual-based IPSASs and continuing to develop high-quality financial reporting standards. Improving financial management should also result from the discipline established by reporting under accrual-based IPSASs.</p>	See 4.1 for discussion – similar to resp #14
18	A	<p>The European Commission supports the adoption of accrual accounting as a fundamental step towards improving governments financial reporting and absolutely agrees that credible and transparent financial reporting is positive for the decision-making in the public sector, for accountability towards resource providers and service recipients and for the enhancement of global fiscal stability and sustainability.</p> <p>Broadly we agree with the IPSASB strategic objective of strengthening public financial management and knowledge globally through increasing the adoption of accruals-based IPSASs and as in line with IPSASB mission of providing high-quality accounting standards and other pronouncements for general purpose financial reports for use by the public sector.</p>	No further action required
19	A	Yes. The strategic objective proposed is appropriate. However, it is recommended that the phrase <i>“..which responds to the needs of the users of public sector reports” be added to bullet “a)”</i> .	See 4.1 discussion of editorial suggestions
20	A	In general we agree, but it is important to emphasize achievements and intermediate dates with the expected results in each sub-step. We do not agree to work towards a harmonization with IFRS for	No further action required

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		private companies.	
21	A	We agree with the IPSASB's tentative view on its strategic objective for the period 2015 forward, strengthening public financial management knowledge and awareness is crucial in ensuring accountability, high quality reporting standards and transparency in government reporting.	No further action required
22	A	Yes, we agree with the view of the IPSAS Board in respect of its given below strategic objective. However, interpretations of IPSASs can be issued similar to IFRSs interpretations issued by the IASB. <i>"Strengthening public financial management and knowledge globally through increasing adoption of accrual-based IPSASs by: a) developing high-quality financial reporting standards; (b) developing other publications for the public sector; and (c) raising awareness of the IPSASs and the benefits of their adoption."</i>	Interpretations discussed in the context of question 4 analysis
23	A	We agree with the IPSASB's tentative view on its strategic objective for the period from 2015 forward.	No further action required
24	B	The AASB does not entirely agree with the IPSASB strategic objective as proposed. In particular, the AASB considers that 'strengthening public financial management' is a desired outcome that results from strategic objectives but is not an objective itself, therefore this phrase should be removed from the IPSASB's strategic objective. The AASB considers that another strategic objective for the IPSASB is to develop a public sector conceptual framework and suggests that development of a public sector conceptual framework is added to the objectives listed in subparagraph (a)-(c) on page 9 of the Strategy Consultation document. In addition, the AASB continues to support the IPSASB move towards convergence with International Financial Reporting Standards (IFRSs) and considers that differences between IFRSs and IPSASs should be minimised to the extent possible, and differences should only occur when there are specific public sector reasons for them. Therefore, the AASB recommends the IPSASB should have convergence with IFRSs as a strategic objective. As a minor point, the AASB recommends the objective of 'developing high-quality financial reporting standards' be amended to read 'developing high-quality <u>public sector</u> financial reporting standards' [additional text underlined] to clarify that the IPSASB does not develop private sector accounting standards.	Strategy is for 2015+; public sector conceptual framework will be complete and so will no longer be a strategic objective Convergence with IFRS considered a factor in project selection rather than a strategic priority on a stand-alone basis See 4.1 for discussion
25	C	The Cour des Comptes considers that the IPSAS Board's first priority should be to propose an international public sector accounting standard allowing good appropriation by public sector entities and enabling its wider diffusion. In this regard, it does not share the stated priority of focusing on the improvement of "Public Finance Management", which, for that matter, is an	View not shared by IPSASB and most respondents supported the proposed strategic

R#	C#	RESPONDENT COMMENTS Question 1	STAFF COMMENTS
		<p>abstract concept with a larger scope than the field of competence of the IPSAS Board.</p> <p>If the Cour des Comptes takes note of the second stated objective – the production of high-quality international accounting standards for public sector- it does not consider that the production of other documents, such as the "Recommended Practice Guidance" (RPGs), should be given the same priority, unless they remain in the scope of the implementation of accounting standards and sharing of good practice in this area.</p>	<p>objective.</p> <p>See 4.1 for discussion of scope issue</p>
26	B	<p>We broadly agree with the stated objective but suggest the following wording improvements:</p> <ul style="list-style-type: none"> For bullet point (a), we suggest adding 'developing high-quality financial reporting standards <u>specific to the needs of the public sector</u>'. First, that would put the focus back on public sector entities, which is consistent with the language in bullet point (b). More importantly, we believe that the IPSASB should focus on developing standards that would provide accounting guidance on public sector-specific issues that is currently lacking in the IPSASB's literature. For example the treatment of non-exchange expenses. For bullet point (b), we suggest explicitly stating the purpose for these 'other publications'. If the purpose of these other publications is to promote better reporting and increase accountability of public sector entities for the benefit of users, the objective could make that clearer. For example, 'developing other publications <u>that would result in better reporting</u> for the public sector'. 	<p>See 4.1 for discussion</p> <p>See 4.1 for discussion</p>
27	A	Yes, we agree with the IPSASB's tentative view on its strategic objective to strengthen public financial management and knowledge.	No further action required
28	A	<p>HoTARAC agrees with IPSASB's tentative view on its strategic objective. HoTARAC further suggests IPSASB include "globally accepted" in its objective as follows:</p> <p><i>(a) Developing high-quality, globally accepted financial reporting standards</i></p> <p>Globally accepted standards will help IPSASB achieve its strategic objective, in particular strengthening public financial management and knowledge globally and raising awareness of the IPSASs.</p>	See 4.1 for discussion
29	A	Yes, I agree with the IPSASB's tentative view on its strategic objective for the period from 2015.	No further action required
30	A	We agree with the strategic objective. However, we think there are issues to be resolved (e.g., structure, financing, etc.) in order to accomplish the strategic objective.	No further action required
31	A	We believe that poor public finance management may have dramatic adverse economic consequences. We also believe that public finance management may be strengthened globally by the improved ability of	

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		<p>public sector entities to reflect the full economic reality of their finances, and among other things, by users' improved ability to understand those to make appropriate decisions.</p> <p>We support the notion that the adoption of accrual-based IPSASs will improve the ability of public sector entities to reflect the full economic reality of their finances and provide meaningful reporting to users in the public sector, and hence may strengthen public finance management to create or maintain economic stability, as it may improve the ability of users to make appropriate decisions – but only because public entities provide users with sound information.</p> <p>These beliefs, as cited in the Strategy, may be summarised as follows:</p> <table><tr><td>Hypothesis 1</td><td>Economic stability is improved by good public finance management</td></tr><tr><td>Hypothesis 2</td><td>Public finance management is strengthened by quality financial reporting (public sector entities reflecting the full economic reality of finances in order to make appropriate decisions)</td></tr><tr><td>Hypothesis 3</td><td>The adoption of quality accrual-based standards improves the ability of public sector entities to reflect the full economic reality of finances</td></tr><tr><td>Strategic objective</td><td>Strengthening public finance management and knowledge globally through increasing adoption of accrual-based IPSASs</td></tr></table> <p>We therefore agree with the view that public financial management may be strengthened globally by the adoption of accrual-based IPSASs, and it can be achieved by developing high-quality financial reporting standards that are actually adopted and applied. We also note that:</p> <ul style="list-style-type: none">• The IPSASB's views on sustainable public finance management as stipulated in the Strategy supports IFAC's vision, i.e. that the global accountancy profession be recognised as a valued leader in the development of strong and sustainable organisations, financial markets and economies, and• The IPSASB's strategic objective of strengthening public financial management is in keeping with IFAC's mission, specifically by:<ul style="list-style-type: none">○ Contributing to the development of high-quality standards and guidance, and○ Facilitating the adoption and implementation of high-quality standards and guidance. <p>We support of IFAC's vision and mission, and are also in support of the IPSASB's strategic objective. However, we want to make note that the strength of public finance management and knowledge does not depend solely on the adoption of high-quality accrual-based IPSASs. It may be one of the influences</p>	Hypothesis 1	Economic stability is improved by good public finance management	Hypothesis 2	Public finance management is strengthened by quality financial reporting (public sector entities reflecting the full economic reality of finances in order to make appropriate decisions)	Hypothesis 3	The adoption of quality accrual-based standards improves the ability of public sector entities to reflect the full economic reality of finances	Strategic objective	Strengthening public finance management and knowledge globally through increasing adoption of accrual-based IPSASs	Agreed; strategy notes that
Hypothesis 1	Economic stability is improved by good public finance management										
Hypothesis 2	Public finance management is strengthened by quality financial reporting (public sector entities reflecting the full economic reality of finances in order to make appropriate decisions)										
Hypothesis 3	The adoption of quality accrual-based standards improves the ability of public sector entities to reflect the full economic reality of finances										
Strategic objective	Strengthening public finance management and knowledge globally through increasing adoption of accrual-based IPSASs										

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		<p>which indirectly strengthen public finance management, but there are other factors beyond the IPSASB's terms of reference that may also play a role.</p> <p>This is because the IPSASB's objective in its terms of reference is very specific in its scope within the context of strengthening public finance management:</p> <p><i>The IPSASB's objective is to serve the public interest by developing high-quality accounting standards and other publications for use by public sector entities around the world in the preparation of general purpose financial reports.</i></p> <p><i>This is intended to enhance the quality and transparency of public sector financial reporting by providing better information for public sector financial management and decision making. In pursuit of this objective, the IPSASB supports the convergence of international and national public sector accounting standards and the convergence of accounting and statistical bases of financial reporting where appropriate; and also promotes the acceptance of its standards and other publications.</i></p> <p>We understand that the IPSASB plays a very specific part in strengthening public finance management (within its terms of reference). We wish to see it clarified a bit more in the strategic objective in the Strategy, because the holistic content in the strategic objective may confuse a "cold reader".</p> <p>The strategic objective as indicated in the Strategy appears to resemble more of a general vision or mission statement than a focused, five year, measurable strategic objective. So in our opinion, under the IPSASB's overall objective of serving "the public interest by developing high-quality accounting standards and other publications", the strategic objective can be focused on the adoption of accrual-based IPSAS over the next few years.</p> <p>We have made a suggestion in our response to question 2 below.</p>	<p>adoption of accrual IPSASs is one of the foundations of strong PFM but not intended to infer that it alone is adequate.</p>
32	A	<p>Yes, I agree with the strategic objectives.</p> <p>However, it should be extended to also include "develop IPSAS implementation guidance". A lot of awareness has been created in Africa and the countries want to implement the standards but don't know "<u>how to</u>". While I acknowledge the Board roles as that of standard setting, to meet the increasing demand of countries wanting to implement the standard, the Board should play the instrumental and stop gap role of developing necessary implementation tools. This should include: strategy to implement IPSAS; template financial statements especially for countries that have made a decision to transition to accrual based IPSAS over a number of years, a framework that such countries can use etc. Constantly, countries are requesting for such a framework as they have moved beyond cash basis of reporting. On</p>	<p>See 4.1 for discussion</p>

Summary of Responses
IPSASB Meeting (September 2014)

R#	C#	RESPONDENT COMMENTS Question 1	STAFF COMMENTS
		<p>the other hand, especially in Africa, there is limited expertise to develop such guidance hence the need for the Board to step in. The Board should consider inviting partners to develop the guideline and hence address resource gap. The above would address existing risk where consultants are providing wrong advice to Governments: say to apply Cash Based IPSAS where a country has already moved beyond cash basis of reporting.</p>	

Question 2

2. Do you think that the two outcomes identified are appropriate for achieving the strategic objective? If not, what outcomes do you think are more appropriate?

Summary of responses to Question 2:

STAFF ASSESSMENT OF RESPONSES RECEIVED: These are staff views and do not necessarily reflect the views of IPSASB Members

CATEGORY (C #)	RESPONDENTS (R #)	TOTAL
A – AGREE	001,004,008,010,011,013,015,016,017,019,020,021,023,024,027,028,029,030	18
B – PARTIALLY AGREE	002,012,014,022,026	5
C – DISAGREE	003,006,007,009,031,032	6
SUB-TOTAL OF THOSE PROVIDING COMMENTS		29
D – DID NOT COMMENT	005,018,025	3
TOTAL RESPONDENTS		32

R#	C#	RESPONDENT COMMENTS Question 2	STAFF COMMENTS
01	A	We generally agree with the IPSASB's strategy, its strategic objective and its work program for the period 2015 – 2019. We agree with the Questions for Respondents raised in the consultation paper except as set out below.	No further action
02	B	The two outcomes are fine as presented except we would like to see the first output revised to recognize the importance of the GFS. In addition, the following outcome should be added: "Enhance control over cash and budgetary resources in order to maintain fiscal discipline and to hold government officials accountable for their actions."	See 4.1 discussion
03	C	The CNoCP is unsure what breaking down the strategic objective into outcomes and outputs adds to the approach undertaken and to the purpose it serves. Combining those outcomes and outputs, we understand that the IPSASB's objective reads: 'to strengthen public finance management by developing accounting standards and recommended practice guidelines and promoting the adoption of IPSASs worldwide'. Unless we're missing an important point, we truly believe that the IPSASB's objective would	See 4.1 discussion

R#	C#	RESPONDENT COMMENTS Question 2	STAFF COMMENTS
		<p>gain in efficiency and credibility if it was expressed in a more straightforward manner. Because we struggle to clearly outline the need for a distinction between outcomes and outputs, the response we provide below relates to both questions 2 (outcomes) and 3 (outputs).</p> <p>Incidentally, we note that the objective of developing high-quality accounting standards and other publications is already stated as an overall IPSASB's objective in the IPSASB's terms of reference revised in 2012. To enhance credibility and to tie-in the objective more tightly to the well identified challenges of the 2015-2019 period, we would rather have the IPSASB focus on the dynamics of customising accounting standards to the specificities of the public sector.</p> <p>Additionally, consistent with our earlier comment on the promotion of IPSASs using Board members' time, we think that increasing awareness of IPSASs and their public finance management benefits would be better achieved through setting-up a closer relationship between public sector standard-setting and public sector stakeholders. That process could be developed alongside the IPSASB. On this topic, please see also our response to question 4.</p>	
04	A	Yes	No further action
05	D	No Comments.	No further action
06	C	<p>With regard to the answers to questions 1 and 3, DGFIP considers that the improvement of the ability of public sector entities to reflect the full economic reality of their finances, requires other inputs and outputs than those set out in the CP. The same is true for their ability to make these financial statements clear understandable and comparable for stakeholders, and more generally for all users.</p> <p>Therefore, as stated previously in the DGFIP's different responses, the expected outcomes should take account multi-faceted identity of the users of financial statements (users of public services, citizen and taxpayer). Indeed, the users of financial statements are not all financial specialists or professional accountants.</p> <p>Public sector accounts must be understandable and comparable over time.</p> <p>Therefore, IPSASB's process could be directed towards the following outcomes:</p> <ul style="list-style-type: none"> • The development of accounting standards that are straightforward to apply and understandable by all users of financial statements and not just by accountants; • The non-introduction of rules that lead to volatility and procyclicality in the financial statements (for example, the recurrent use of fair value as a measurement base for financial instruments); • The reduction of options in the standards in order to promote the comparability of 	See 4.1 discussion

R#	C#	<p>RESPONDENT COMMENTS</p> <p>Question 2</p>	STAFF COMMENTS
		<p>the financial statements of public entities¹¹. The existence of options does not contribute to the comparability of the accounts of public entities. Nevertheless, some flexibility is required to adapt to the structural diversity of public entities, particularly, in terms of granularity, and the financial and accounting issues at stake.</p>	
07	C	<p>We agree that better financial reporting and increased adoption of IPSASs are important. However, we encourage the IPSASB to align the outcomes with the objectives of financial reporting set out in the Conceptual Framework. We consider there should be more emphasis on the development of IPSASs that provide information to users that is helpful for accountability and decision-making.</p>	See 4.1 discussion
08	A	<p>FEE agrees with the two outcomes (the improved ability of public sector entities to reflect the economic reality of their finances and increased awareness of IPSASs and their public sector finance management benefits) identified in the Consultation. As with Question 1, however, we believe that IPSASB's current focus should be on the development of standards.</p> <p>We are convinced that accounting standards, if well researched and developed, can assist public sector entities to "reflect the full economic reality of their finances", and they can certainly assist in providing a framework for improved transparency and comparability in the public sector.</p> <p>As mentioned under Question 1, we believe that the IPSASB should also engage in promoting IPSAS, provided that sufficient resources are available and that the perception of independence is not impeded</p>	No further action
09	C	<p>The wording of the first of the proposed outcomes (and accompanying explanations) may give an overly optimistic impression of the potential benefits of the application of accrual-based IPSASs, in stating: "Improved ability of public sector entities to reflect the full economic reality of their finances as well as of stakeholders to understand". In our view, it is not appropriate to refer to the reflection of "full economic reality", since a full or all-encompassing picture of economic reality may never be attainable irrespective of whether a public sector entity applies IPSASs or another financial reporting framework. Also, since at present the accrual-based IPSASs relate solely to financial statements, and thus exclude additional reports such as those dealt with by RPGs, the phrase "economic reality of finances" may also be misunderstood. It would therefore be more appropriate to align this wording to that used in Chapter 2 the Conceptual Framework and IPSAS 1 as we suggest below.</p> <p>With regard to the second outcome: "Increased awareness of IPSASs and their public finance management benefits in order to influence their adoption", we believe that increased awareness of the</p>	See 4.1 discussion

¹¹ The requirement to produce reliable and comparable financial statements is set out in Council Directive n° 2011/85/EU, of 8 November 2011, on requirements for the budgetary frameworks of Member States of the European Union.

R#	C#	<p align="center">RESPONDENT COMMENTS</p> <p align="center">Question 2</p>	STAFF COMMENTS
		<p>potential benefits both in terms of public finance management and enhanced transparency about accountability should be subsumed within the first outcome, since increased awareness is only a means to an end, but not an end in itself (i.e., IPSASs cannot improve ability for those who are unaware of either their existence).</p> <p>We therefore suggest the IPSASB should focus on a single outcome with regards to adoption of accrual-based IPSASs, which could be worded along the following lines: "Outcome: Improved ability of public sector entities to present fairly their financial position, financial performance, and cash flows, for accountability and decision making purposes."</p>	
10	A	<p>We agree that these outcomes are appropriate, but we believe the primary focus should be on the first one. In order for the increased awareness of IPSASs to lead to adoption by governments, users must have confidence in the suitability of the standards in place and in their ability to appropriately reflect the economic reality of transactions and events. A sufficiently complete set of standards must be in place to capture routine and public sector-specific transactions that shape the economic reality of public sector finances.</p> <p>The IPSASB could also consider aligning the wording in a) with the wording included in the IPSASB Terms of Reference posted on the IPSASB website: 'enhanced quality and transparency of public sector financial reporting to provide better information to stakeholders for public sector financial management and decision making'.</p>	See 4.1 discussion
11	A	The two <i>outcomes</i> clearly concern the financial area and are therefore considered to be appropriate.	No further action
12	B	<p>We agree with outcome 1: "<i>Improved ability of public sector entities to reflect the full economic reality of their finances as well as of stakeholders to understand.</i>"</p> <p>Outcome 2 is too wide ranging, our preference would be to prioritise increased adoption of accruals based accounts using an international framework to recognise the existence of IFRS and that it is used by some jurisdictions for the public sector. We also challenge the inclusion of financial management, preferring the focus to be on strengthening public sector <u>financial reporting</u>, not to extend the role of IPSASB to address the significantly broader remit of financial management which risks conflicting with local jurisdictions' arrangements.</p> <p>The boundary of IPSASBs scope needs to be more clearly articulated and applied consistently. Our view is that extending beyond the remit of an accounting standard setter risks conflicting with audit mandates and local statutory reporting arrangements. We have noted in the past, some apparent confusion around the boundary and scope of IPSASB's work on the financial statements and wider financial reports. We welcome the latest decision to introduce service performance reporting as an RPG. We hope that the recognition that service performance reporting is best suited to an RPG is indicative of greater clarity of</p>	See 4.1 discussion

R#	C#	RESPONDENT COMMENTS Question 2	STAFF COMMENTS
		<p>where the IPSASB boundary sits.</p> <p>A second example of providing an authoritative pronouncement on a topic that is not normally within the scope of accounting standards is IPSAS 24 (Presentation of Budget Information in Financial Statements). This appears to be mixing up management accounting and financial accounting in an accounting standards framework. This is not normal accounting practice, as accounting and budget information may be prepared using different bases¹². It is another area subject to local regulation and one we believe is better suited to national regulation so countries can develop their own tailored solutions and therefore an RPG would be more appropriate. Perhaps given IPSASBs clarification of its boundary with the recent work on service performance reporting, the status of IPSAS 24 needs reviewed to ensure its consistency with IPSASBs scope.</p>	
13	A	<p><u>Our responses to specific matters (or comments {1-3} are set out below:</u></p> <p>Whether the proposed strategic objective, outcomes and outputs are appropriate</p> <p><u>Our Response:</u></p> <p>Yes, ANAN agrees with the strategic objective as it is appropriate and in order. As a credible global standard setter, the need to strengthen public financial management through well researched and improved standards and creating awareness for its adoption cannot be over-emphasized and with the right inputs as outlined in the strategy consultation draft,, the outputs and outcomes are also adequate and relevant.</p>	No further action
14	B	<p>1.1 The first outcome states the following: “Improved ability of public sector entities to reflect the full economic reality of their finances as well as of stakeholders to understand”.</p> <p>1.2 We interpreted this outcome as referring to the ability of users to understand the financial information provided to them. We do not believe that the way or extent to which users understand information provided to them is solely within the IPSASB’s control, nor do we think that this is measurable as an outcome. Consequently we believe that this outcome should be deleted.</p> <p>2.3 We agree in principle with the second outcome as stated.</p> <p>2.4 We are of the view that a key outcome of the IPSASBs work would be the number of governments or other organisations that adopt IPSASSs. As such we believe that an additional outcome should</p>	See 4.1 discussion

¹² [IPSAS 24](#) – para IN6(a)

R#	C#	<p>RESPONDENT COMMENTS</p> <p>Question 2</p>	STAFF COMMENTS
		be added which measures the actual adoption of IPSASs in jurisdictions or other entities.	
15	A	In our view both the outputs and outcomes outlined are realistic for achieving IPSASB's strategic objectives.	No further action
16	A	<p>CIPFA agrees that both of these are appropriate.</p> <p>CIPFA agrees that accrual IPSASs and RPGs should be designed to improve the ability of public sector entities to reflect the full economic reality of their finances. While accrual reporting is, almost by definition, more complete than most cash basis reporting, the further benefit of IPSASs is that they seek to better address the economic substance of public sector transactions and balances. While it may arguably not be possible to represent the 'full' economic reality, the IPSAS standards need to provide relevant and reliable information for accountability and decision making, having regard to the need to balance the costs and benefits of information provision. RPGs provide further non-mandatory guidance on how to provide a more complete understanding of the affairs of the entity and its effect on citizens, service recipients and other stakeholders. These matters have been extensively discussed in the development of the conceptual framework, while also noting that that financial reporting should be as understandable as possible – a position with which CIPFA also strongly supports.</p> <p>Furthermore, having taken steps to develop high quality standards and guidance, these are only useful if they are adopted by governments and other public sector entities. IPSASB cannot and impose or mandate its standards, and so it is in the public interest that, having developed high quality material in line with stakeholder needs and following the exacting due process required of a standard setter, IPSASB promotes this material in a persuasive manner to encourage adoption. There is perhaps a risk that such activities might be seen as 'self-serving' on the part of IPSASB or IFAC, and this may be something that the Board needs to manage, to make it clear that this work is a key part of its public interest role: we hope that the Board's position in this regard, will be eased by developments in its governance arrangements over time.</p>	No further action
17	A	<p>We agree with the strategic outcomes identified by the Board. However, until the Board's governance and oversight arrangements are reformed as a result of the IPSASB Governance Review Group's recommendations, we suggest that the IPSASB prioritise the first outcome: an "improved ability of public sector entities to reflect the economic reality of their finances as well as of stakeholders to understand."</p> <p>We do not think any system of accounting and financial reporting can ever show the 'full economic reality' of a reporting entity (private sector or public sector). What is important is that accounting and financial reporting present fairly the economic phenomena that they purport to present.</p> <p>At present, until such time as a complete set of accrual-based IPSASs is achieved and given that the Board's resources are limited, we think that raising awareness of IPSASs through presentations,</p>	See 4.1 discussion

R#	C#	RESPONDENT COMMENTS Question 2	STAFF COMMENTS
		speeches and other outreach activities should not be a priority of the Board at this time. Preparers (governments), in particular, are best placed to demonstrate the benefits of adopting IPSASs both to their constituents and to other governments. Multilateral agencies such as the World Bank, the IMF, and the OECD play an important role in raising awareness of IPSASs, as does IFAC through its Transparency Now campaign.	
18	D	No comments	No further action
19	A	<p>The outcomes identified are appropriate for achieving the strategic objective. However, it is proposed that Outcome 1 be separated into two outcomes and expanded to read as follows:</p> <p><i>“Improved ability of public sector entities to prepare high-quality financial reports which reflect the full economic of reality their finances and which meet the needs of the users of these reports”</i></p> <p><i>“Improved ability of stakeholders to understand and effectively utilize public sector financial reports ”</i></p>	All others who agreed were fine as written; recommend no change.
20	A	We are in complete agreement with the expected results. It is essential to emphasize the basis to achieve the first outcome "Improving the capacity of public sector entities to reflect the full economic reality of their finances, as those of stakeholders in order to understand" but always with a proper direction for public sector entities.	No further action
21	A	Yes, the outcomes identified are appropriate for achieving the strategic objective.	No further action
22	B	<p>The following outcomes are identified by the IPSASB:</p> <ul style="list-style-type: none"> <i>Improved ability of public sector entities to reflect the full economic reality of their finances as well as of stakeholders to understand.</i> <i>Increased awareness of IPSASs and their public finance management benefits in order to influence their adoption</i> <p>In this regard, it is mentioned that the outcome mentioned at bullet no 1 (above) seems to be very broad and vague. It is suggested that the said outcome should be more focused on improvement in financial reporting by the Public Sector entities. The suggested outcome may be as:</p> <p><i>“Improved ability of the public sector entities to reflect economic reality of its financial information reported through financial reports to enable the stakeholders to understand ”</i></p>	See 4.1 discussion
23	A	With respect to Outcome (b), we suggest that the IPSASB concretely shows the “public finance	Agree that public finance

R#	C#	RESPONDENT COMMENTS Question 2	STAFF COMMENTS
		management benefits” by splitting them into the benefits provided by public sector entities inwardly and outwardly. As examples of the internal benefits of adopting the IPSASs, we believe that public sector entities may minimize the cost for achieving their administrative objectives or improving organizational operation.	benefits could be inward or outward; staff does not think it is necessary to include this detail within the outcome; recommend no change
24	A	<p>The AASB generally agrees with the outcomes proposed in the Strategy Consultation document but, as mentioned in the response to Question 1, considers that ‘strengthening public sector financial management’ is an outcome, rather than an objective. Accordingly, the AASB recommends this be included in the proposed outcomes.</p> <p>The AASB considers that because the role of the IPSASB is to develop accounting standards for financial reporting, it may be more appropriate for the proposed outcome to specify that it is an entity’s financial reporting, rather than the entity itself that will reflect the full economic reality of its finances. It is only within the IPSASB’s ability (via IPSASs) to influence the financial statements of an entity and not the entity itself. Therefore, the AASB recommends the outcome identified at sub-paragraph (a) on page 10 of the consultation document be amended to read ‘improved ability of public sector entities’ <u>financial reporting</u> to reflect the full economic reality ...’ [additional text underlined].</p>	See 4.1 discussion
25	D	No Comments	No further action
26	B	<ul style="list-style-type: none"> • The outcome to ‘reflect the full economic reality of their finances’ may be beyond the objectives stated in bullet points (a) and (b) of the tentative strategic objectives and purposes of financial reporting. We think that the outcome needs to reflect what is achievable through the financial reporting framework. In addition, we do not think that this outcome is achievable through general purpose financial statements alone; and other reports such as an intergenerational equity report and budgetary reports would be needed to achieve that outcome. • In outcome (a), it is unclear to us what stakeholders should understand and whether the Board intended for stakeholders to understand the ‘full economic reality’ of an entity’s finances. 	See 4.1 discussion
27	A	Yes, we think the two outcomes “improved ability of public sector entities to reflect the full economic reality of their finances as well as of stakeholders to understand” and “increased awareness of IPSASs and their public finance management benefits in order to influence their adoption” are appropriate for achieving the strategic objective.	No further action
28	A	HoTARAC agrees, subject to the remarks on funding in the general comments above.	Current wording is not

R#	C#	RESPONDENT COMMENTS Question 2	STAFF COMMENTS
		HoTARAC further suggests IPSASB replaces “finances” with broader terminology that also encompasses service performance.	intended to preclude service performance reporting and the language in the outputs supports this; recommend no change
29	A	Yes, I think that the two outcomes identified are appropriate for achieving the strategic objective.	No further action
30	A	We agree with the two outcomes. The outcomes are easy to understand, clear and helpful to set the path.	No further action
31	C	<p>We agree in principle that the two salient outcomes listed in the Strategy support the strategic objective. However, both outcomes of “improved ability of public sector entities to reflect the full economic reality of their finances” and “increased awareness of IPSASs and their public finance management benefits” are onerous to measure, with no or little risk of failure. For instance, only one speech, presentation or outreach activity (outputs) may have the effect of increasing awareness (outcome).</p> <p>(The “improved ability of stakeholders to understand” is not only onerous to measure but also partly beyond the IPSASB’s control, except for producing standards that are clear and understandable to a wide range of preparers and users, which supports sound financial reporting by entities.)</p> <p>We want to highlight that the definitive adoption of IPSASs is measurable, which seems to be a conduit of the strategic objective. We are mindful that the risk of failure to achieve the measurable objective (i.e. a definite adoption of accrual-base IPSASs) is much greater than the two qualitative supporting outcomes, as there may be many factors beyond the IPSASB’s control or mandate which may frustrate the adoption of IPSASs. There are even more factors beyond the IPSASB’s control and terms of reference which may weaken public finance management, making the core of the strategic objective also uncontrollable – its ambit is much wider than the adoption of IPSASs.</p> <p>It appears that the two outputs are measurable, the “conduit” part of the strategic objective that deals with the definitive adoption of IPSASs is measurable, but the outcomes linking the outputs and the strategic objective are not really measurable. Also, the “core” part of the strategic objective dealing with strengthening public sector finance management appears not to be measureable either.</p> <p>Therefore, though the outcomes support the strategic objective’s “conduit” (the adoption of IPSASs) in a way, the outcomes are not measurable, the “core” of the strategic objective (strengthening public finance management) is not measurable either, and beyond the IPSASB’s control and role.</p>	See 4.1 discussion

R#	C#	<p style="text-align: center;">RESPONDENT COMMENTS</p> <p style="text-align: center;">Question 2</p>	STAFF COMMENTS
		<p>We suggest thus that the following proposed changes be considered:</p> <ul style="list-style-type: none"> • <u>The IPSASB's ethos</u> is that economic stability should be sustained. • <u>The IPSASB's vision</u> is to strengthen public sector finance management (it supports our belief on economic stability). • <u>Mission</u>: Improving public sector financial reporting. It supports our vision of strengthening public finance management globally. However, the specific role the IPSASB plays is improving the quality of financial reporting, in other words its mission. More specifically, the IPSASB's mission is regarding standard-setting (refer to the IPSASB terms of reference). • <u>Strategic objective for 2015—2019</u>: Increasing the adoption of accrual-based IPSASs. • <u>The outcome</u> that will enable us to assess whether we have met our strategic objective is the adoption of accrual-based IPSASs by X countries within the next five years. • <u>Outputs</u> that will effectively result in the above outcome: <ul style="list-style-type: none"> ○ Issuance of X high quality standards ○ Y outreach activities and Z communications ○ X implementation projects with stakeholders/donors/partnerships ○ ? • <u>Projects</u> supporting the outputs: <ul style="list-style-type: none"> ○ Issuance of X high quality standards: <ul style="list-style-type: none"> ▪ Natural resources, ▪ Borrowing costs, etc. ○ Outreach activities: <ul style="list-style-type: none"> ▪ List projects... ○ Implementation projects <ul style="list-style-type: none"> ▪ Country A, with funding by donor B, or in partnership with... • Implementation project 1: <ul style="list-style-type: none"> ○ List milestones, project plan... <p>Finally, note that our understanding of “developing other publications for the public sector” is that it refers in general to publications that would support the strategic objective, but it refers more specifically to RPGs accompanying IPSASs. Those other publications are therefore still within the scope of the strategic objective and within the mandate of the IPSASB.</p>	
32	C	<p>Since the strategic objectives are linked to Public Finance Management, I am of the view that the outcomes should also be closely aligned to the expected outcome of a country operating an effective PFM system, namely: aggregate fiscal discipline and stability, strategic and efficient allocation of</p>	See 4.1 discussion

Summary of Responses
IPSASB Meeting (September 2014)

R#	C#	RESPONDENT COMMENTS Question 2	STAFF COMMENTS
		resources and delivery of quality services to citizens.	

Question 3:

3. Do you think that the outputs identified will assist in achieving the outcomes? If not, what outputs do you think the IPSASB should focus on?

Summary of responses to Question 3:

STAFF ASSESSMENT OF RESPONSES RECEIVED: These are staff views and do not necessarily reflect the views of IPSASB Members

CATEGORY (C #)	RESPONDENTS (R #)	TOTAL
A – AGREE	001,004,008,011,013,014,015,016,017,018,020,021,022,023,026,027,028,029,030,031,032	21
B – PARTIAL AGREEMENT	002,006,007,009,010,019,024	7
C – DOES NOT AGREE	003,012	2
SUB-TOTAL OF THOSE PROVIDING COMMENTS		30
D – DID NOT COMMENT	005,025	
TOTAL RESPONDENTS		32

R#	C #	RESPONDENT COMMENTS Question 3	STAFF COMMENTS
01	A	We agree on the outputs identified in the consultation paper. We propose the IPSASB to establish an equivalent interpretation committee as established by the IFRS Foundation to review on a timely basis widespread accounting issues in public sector that have arisen within the context of current IPSASs and to provide authoritative guidance on those issues.	Interpretations addressed in analysis of question 4
02	B	In line with the proposed changes above in the strategic objective and the outcomes, we would suggest the following changes to the outputs: a) <u>Enhanced cash and budgetary reporting standards;</u> b) Developing <u>High-quality accrual-based financial and statistical reporting standards as well as</u> and other publications for the public sector; and c) Undertaking <u>Presentations, speeches and other outreach activities in order to engage with stakeholders.</u>	See 4.1 discussion; no change proposed

R#	C #	RESPONDENT COMMENTS Question 3	STAFF COMMENTS
03	C	<p>The CNoCP is unsure what breaking down the strategic objective into outcomes and outputs adds to the approach undertaken and to the purpose it serves. Combining those outcomes and outputs, we understand that the IPSASB's objective reads: 'to strengthen public finance management by developing accounting standards and recommended practice guidelines and promoting the adoption of IPSASs worldwide'. Unless we're missing an important point, we truly believe that the IPSASB's objective would gain in efficiency and credibility if it was expressed in a more straightforward manner. Because we struggle to clearly outline the need for a distinction between outcomes and outputs, the response we provide below relates to both questions 2 (outcomes) and 3 (outputs).</p> <p>Incidentally, we note that the objective of developing high-quality accounting standards and other publications is already stated as an overall IPSASB's objective in the IPSASB's terms of reference revised in 2012. To enhance credibility and to tie-in the objective more tightly to the well identified challenges of the 2015-2019 period, we would rather have the IPSASB focus on the dynamics of customising accounting standards to the specificities of the public sector.</p> <p>Additionally, consistent with our earlier comment on the promotion of IPSASs using Board members' time, we think that increasing awareness of IPSASs and their public finance management benefits would be better achieved through setting-up a closer relationship between public sector standard-setting and public sector stakeholders. That process could be developed alongside the IPSASB. On this topic, please see also our response to question 4.</p>	See 4.1 discussion
04	A	<p>We believe that the outputs are relevant and will assist the achievement of the outcomes. The only thing we would like to point out is that it could be more clearly stated to which output most resources are allocated.</p>	See 4.1 discussion
05	D	No Comments	No further action
06	B	<p>In connection with replies 1 and 2 above, the development of high quality reporting standards and other publications partially meets the objective of improving the quality of accounting standards. Indeed, the mentioned outputs should better reflect specificities of public action. This would enable standards to be introduced to cover key areas of public policy¹³ that are not currently dealt with in IPSASs.</p> <p>In addition, over and above the outputs, the outcomes can only be achieved by employing</p>	See 4.1 discussion

¹³ For example EU Accounting Rule n°3 "Expenses and Payables" developed by the European Commission because of the lack of equivalent IPSAS.

R#	C #	<p>RESPONDENT COMMENTS</p> <p>Question 3</p>	STAFF COMMENTS
		<p>the necessary resources. To this end, in order to increase the legitimacy and credibility of the IPSASB, a greater involvement of public sector accountants in the IPSASB conferences and other events would be useful.</p>	
07	B	<p>We largely support the proposed outputs. However, we have the following recommendations:</p> <p>(a) We encourage the IPSASB to include another output regarding research into the effectiveness of IPSASs in achieving the desired outcomes. The IPSASB would not necessarily need to engage in such research directly. Rather, it could encourage academic research, such as research on the impact of accrual-based accounting on central governments. We note that such research does occur from time-to-time, but consider that there would be benefits from more widespread research¹⁴.</p> <p>(b) We encourage the IPSASB to be more actively engaged in research to help identify the nature of issues, their prevalence and the impact that a standard might have. This could help improve the effectiveness and efficiency of the standard setting process.</p>	See 4.1 discussion
08	A	<p>We agree that the outputs identified (of developing high-quality financial reporting standards and other publications and undertaking further outreach activities so as to engage with stakeholders) will assist in achieving the outcomes to a certain extent in that the suite of standards as a whole will gain more credibility as and when more standards are published dealing with public sector specific issues. The public sector does differ in certain aspects from the private sector and the perception that perhaps IPSASs are IFRSs with different terminology is one factor that could have an impact on their perceived relevance.</p> <p>As mentioned above, we believe that there is probably further work to be done in convincing Member States which have not yet switched to accruals accounting of the practical benefits of accruals accounting in general, in particular highlighting the practical benefits that arise in delivering cost-effective public services. This would probably include research to evaluate and quantify the benefits that have arisen to jurisdictions that have moved from cash basis accounting to accruals accounting. However, we appreciate that the IPSASB may not have the resources available to fund such studies. We believe that there is also a role for national governments that have adopted high-quality accruals-based public sector accounting</p>	See 4.1 discussion

¹⁴ At the OECD 2014 accruals symposium there was a presentation on a project entitled "The potential impact of accrual-based public accounting harmonization on public policy making from the perspective of national governments".

<http://www.slideshare.net/OECD-GOV/d1-amsession4giovannadabbicoitaly>

R#	C #	RESPONDENT COMMENTS Question 3	STAFF COMMENTS
		standards to highlight the practical benefits that they have obtained from adopting such an approach.	
09	B	<p>As explained in our response to question 1, we believe that the outputs should focus on high quality standards (IPSASs and, where appropriate, RPGs), rather than on “other publications”. The key output should be IPSASs, which need to be enhanced so as to deal with all key public sector specifics in order to define a complete set of financial statements in the public sector environment.</p> <p>We agree that presentations, speeches and other outreach activities are also important output (albeit, these do not give rise to a separate outcome as discussed in our response to q. 2). In our view, the publication of consultations and exposure drafts should also be regarded as part of the stakeholder engagement in the wider sense, as these serve the twofold purpose of making stakeholders aware of the IPSASB’s proposals at an early stage and of informing the IPSASB’s decisions in finalizing pronouncements.</p> <p>Until relatively recently, the Board held its meetings throughout the world, achieving considerable success in terms of promoting IPSASs and forging significant contacts within a variety of host jurisdictions. In addition, the Board’s visits often provided an opportunity for the hosts to hold additional outreach events for a wider interested public. In our view, it is somewhat incongruous for the Consultation to identify outreach as a second output, when a recent change in policy has resulted in 3 of 4 of the IPSASB’s meetings each year being held in North America – missing out on what is probably the most powerful means of raising awareness. Besides potential lost opportunities for expanding the Board’s outreach, this change in policy may impact the acceptance of IPSASs by increasing perceptions that the Board’s work is largely North American driven rather than truly international.</p>	See 4.1 discussion
10	B	<p>We believe that the IPSASB’s primary focus should be on production of the standards themselves as the key output that enables public sector entities to reflect the economic reality of their finances and increase acceptance of the IPSASs.</p> <p>Building public awareness and outreach activities are helpful but these promotional efforts will be more effective once a robust set of standards is in place. The standards must be acceptable to governments and other public sector entities and must be of sufficiently high quality to permit reflecting the underlying economic reality in their general purpose financial reports. We believe that it is important that the efforts relating to the promotion of standards focus on the front end of the standard setting process, at the discussion paper and exposure draft stages.</p>	See 4.1 discussion

R#	C #	<p>RESPONDENT COMMENTS</p> <p>Question 3</p>	STAFF COMMENTS
11	A	<p>The SRS-CSPCP is by and large in agreement with the <i>outputs</i> described for achieving the <i>outcomes</i>. But as already mentioned in the response to Question 1, the RPGs (<i>Recommended Practice Guidelines</i>) should be restricted to the accounting and financial reporting area.</p>	See 4.1 discussion
12	b	<p>Output 1 - it is not a proportionate approach to develop a full suite of public sector specific standards. Standard development, consultation and board paper analysis is all resource intensive. More targeted and proportionate approaches are needed (see our response to question 1).</p> <p>Output 2 – it is not clear if there are resources to deliver outreach activities or if other mechanisms, such as networks are in place to have greater impact. We would like to see greater outreach activity across a range of stakeholders and a better understanding of how engaged IPSASB is with international organisations (e.g. OECD given the governance review consultation), EC (with the development of EPSAS), preparers, auditors and regulators across different jurisdictions. We believe it would be useful to seek more key stakeholder meetings across the globe. As an example other IFAC boards such as the IAASB hold roundtables on specific issues in key locations such as Asia, Europe, and South America etc.</p>	See 4.1 discussion
13	A	<p><u>Our responses to specific matters (or comments {1-3}) are set out below:</u></p> <p>Whether the proposed strategic objective, outcomes and outputs are appropriate</p> <p><u>Our Response:</u></p> <p>Yes, ANAN agrees with the strategic objective as it is appropriate and in order. As a credible global standard setter, the need to strengthen public financial management through well researched and improved standards and creating awareness for its adoption cannot be over-emphasized and with the right inputs as outlined in the strategy consultation draft,, the outputs and outcomes are also adequate and relevant.</p>	No further action
14	A	<p>We agree with the outputs proposed.</p> <p>3.2 While we commend the IPSASB for the extent of its outreach, which is undertaken voluntarily by board members and technical advisers, we do believe that improvements could be made in this area.</p>	See 4.1 discussion

R#	C #	<p align="center">RESPONDENT COMMENTS</p> <p align="center">Question 3</p>	<p align="center">STAFF COMMENTS</p>
		<p>3.3 We would urge the IPSASB to consider a more targeted, focused approach when undertaking its outreach activities. This would include developing a more regular schedule of interactions with specific outcomes or objectives of the interaction, for example, is the objective of the interaction relationship building, imparting information i.e. a high level overview of a Standard, ED, RPG etc., or soliciting feedback on proposals. It would also be useful if the outreach is targeted towards those jurisdictions that clearly indicate that adoption of IPSASs is possible or feasible in their jurisdiction.</p>	
15	A	<p>Yes, we agree that the outputs identified will assist in achieving the outcomes specified. However, it might be helpful if IPSASB could introduce an evaluation process to capture whether or not the outcomes are being achieved, in particular, whether outreach activities are leading to increased adoption and raised awareness about IPSAS. The findings may help inform future strategies.</p>	See 4.1 discussion
16	A	<p>In line with our response to Question 2, CIPFA agrees with the Board's proposed focus on</p> <ul style="list-style-type: none"> - Developing high-quality financial reporting standards and other publications for the public sector; and - Undertaking presentations, speeches and other outreach activities in order to engage with stakeholders. <p>A key factor linking these outputs is that the Board's materials must be seen to be relevant, sufficiently comprehensive, and responsive to the needs of public sector stakeholders. IPSASB pronouncements also need to be clear and sufficiently easy for preparers to interpret, while in turn promoting financial reporting which is clear and as easy as possible for readers to understand.</p>	No further action
17	A	<p>Consistently with our view on outcomes, we support the outputs in general, but suggest that the Board concentrate on developing high-quality financial reporting standards (which might include, for a transitional period, the cash basis IPSASs). In particular, the Board should ensure that as an IPSAS is developed or amended, it is based on IFRSs but with adaptations made only for public sector specificities. Any differences between an IPSAS and a related IFRS should be transparent and discussed in the IPSAS's basis for conclusions.</p> <p>Although the IPSASs now for the first time are approaching a comprehensive set of accrual-based accounting standards underpinned by a robust conceptual framework, much time-consuming standard-setting work remains to be done. Whilst undertaking presentations, speeches and similar activities is important, governments, multilateral organizations and</p>	See 4.1 discussion

R#	C #	RESPONDENT COMMENTS Question 3	STAFF COMMENTS
		<p>IFAC through its Transparency Now campaign should play a more prominent role the IPSASB itself in this type of activity.</p> <p>We encourage the Board to devote much of its outreach activity to support its standard-setting activity. Recent experience from the IFRS Foundation and the International Accounting Standards Board has demonstrated that the quality of standards can benefit significantly from a properly planned and executed outreach strategy throughout the development and implementation of a standard.</p>	
18	A	<p>The Commission considers that that IPSASB should focus on standard-setting and outreach as the two key outputs for achieving the IPSASB strategic objectives. As regards feedback mechanisms we would like to encourage the Board to reconsider the idea of implementing a Consultative Advisory Group that would provide feedback on standard setting projects to the Board from a wide range of stakeholders. The feedback to IPSASB exposure drafts and consultation papers in particular from European preparers can currently be described as rather low in particular as compared to the feedback the Commission has received from its EPSAS consultation papers.</p>	CAG comments addressed in analysis of responses to question 4
19	B	<p>The two outputs identified are appropriate for achieving the strategic objective. However, there are two recommendations in this area as follows:</p> <ul style="list-style-type: none"> i) There should be an output relating to capacity building in the area of implementation of IPSAS. The following text or some similar formulation is proposed: “Developing a framework for, and facilitating the process of, capacity building for the implementation of IPSAS.” ii) In identifying the outcomes and the outputs, it is suggested that some performance criteria, which would facilitate measurement of the achievements, be included. 	See 4.1 discussion
20	A	<p>As in the previous question, we agree with the identified outputs, as this means that the high quality of these standards and that all presentations and speeches to be held indicate a clear position of a proper direction for the standards of the Public Sector.</p>	No further action
21	A	<p>Yes, the outputs will achieve high quality financial statements and enhance public awareness.</p>	No further action
22	A	<p>Outputs identified by the IPSAS Board:</p> <ul style="list-style-type: none"> • <i>High-quality public sector financial reporting standards and other publications- IPSASs & RPGs</i> 	See 4.1 discussion

R#	C #	RESPONDENT COMMENTS Question 3	STAFF COMMENTS
		<ul style="list-style-type: none"> <i>Presentations, speeches and other outreach activities in order to engage with stakeholders</i> <p>It is felt that the both identified outputs will assist in achieving the stated outcomes. In respect of the output mentioned above at second bullet, it is mentioned that IASB organises a World Standards Setters meet every year wherein various technical issues are discussed and their experience is shared with the National Standard Setters (NSS).</p> <p>On the same lines, it is suggested that a meeting/conference of the National Standard Setters for Government/ Public sector may be organised wherein the NSS may share their experience in government accounting and discuss their issues.</p> <p>It may also be useful to include webinars/ webcasts in the outreach activities of the IPSAS Board.</p>	
23	A	<p>Examples of outputs include “undertaking presentations, speeches, and other outreach activities in order to engage with stakeholders.” We suggest that the IPSASB should explain the practical benefits of adopting the IPSASs in its outreach activities.</p> <p>CP identified “high-quality financial reporting standards” in Output (a). We think that quality needs to be shown in the context of the benefits provided by implementation of the IPSASs.</p>	See 4.1 discussion
24	B	<p>The AASB generally agrees with the proposed outputs. However, the AASB suggests that the output at sub-paragraph (b) on page ten of the consultation document (‘undertaking presentations, speeches and other outreach activities in order to engage with stakeholders’) focus on the engagement with constituents rather than on the undertaking of presentations, speeches and other outreach activities. By focusing on the engagement, this would allow for an informative qualitative measure of how successful that engagement has been rather than on a quantitative measure of how many outreach activities were undertaken, which may or may not have been effective in achieving the outcome of increased awareness of IPSASs.</p> <p>Whilst the AASB is aware of the uncertainty surrounding the future governance of the IPSASB, the AASB considers it would be appropriate to include an output that reflects the IPSASB’s accountability to its governing body.</p>	See 4.1 discussion
25	D	No Comments	No further action
26	A	We agree with the outputs identified.	No further action
27	A	Yes, we think the development of high-quality financial reporting standards for the public	No further action

R#	C #	RESPONDENT COMMENTS Question 3	STAFF COMMENTS						
		sector is critical to achieving the outcomes. We agree that a full range of outreach activities to raise awareness of IPSASs and the benefits of their adoption will play an important role in enhancing public sector financial management, as will the development of other publications.							
28	A	HoTARAC agrees with the outputs identified.	No further action						
29	A	Yes, I think that the outputs identified will assist in achieving the outcomes.	No further action						
30	A	We agree with the two outcomes. The outcomes are easy to understand, clear and helpful to set the path. However, we think as native Spanish speakers, the IPSAS presentations and speeches should be translated. We have faced a big issue regarding the translation of International Auditing and Assurance standards.	Some translation on an ad hoc basis. See general discussion of translation in analysis of responses to question 4; consider involving member bodies for standards presentations						
31	A	<i>Output #1</i> <table><tr><th>Output</th><th>Outcome</th><th>Strategic objective</th></tr><tr><td>High-quality public sector financial reporting standards and other publications (IPSASs & RPGs)</td><td>Improved ability of public sector entities to reflect the full economic reality of their finances as well as of stakeholders to understand</td><td>Strengthening public financial management and knowledge globally through increasing adoption of accrual-based IPSASs</td></tr></table> <p>We believe that the above output will assist in achieving the above outcome. However, we want to make note that the output only supports the outcome if it is placed within context of the strategic objective. Without the output being in keeping with the strategic objective, it will not achieve the outcome.</p> <p>This is because high-quality standards that support their adoption are not necessarily exceedingly technically complex. They rather provide succinct and clear guidance on financial reporting issues which are relevant to public finance management. Such standards will be increasingly adopted because the benefits thereof outweigh the cost by far.</p> <p>This is why the key factors in deciding whether to initiate a project should always be considered with the strategic objective in mind. We propose no specific changes to this output, with the understanding that the output will always be considered with due regard to the strategic objective, which is the adoption of accrual-based IPSASs in order to strengthen</p>	Output	Outcome	Strategic objective	High-quality public sector financial reporting standards and other publications (IPSASs & RPGs)	Improved ability of public sector entities to reflect the full economic reality of their finances as well as of stakeholders to understand	Strengthening public financial management and knowledge globally through increasing adoption of accrual-based IPSASs	No further action
Output	Outcome	Strategic objective							
High-quality public sector financial reporting standards and other publications (IPSASs & RPGs)	Improved ability of public sector entities to reflect the full economic reality of their finances as well as of stakeholders to understand	Strengthening public financial management and knowledge globally through increasing adoption of accrual-based IPSASs							

R#	C #	RESPONDENT COMMENTS Question 3	STAFF COMMENTS						
		<p>public finance management.</p> <p>Output #2</p> <table><tr><th>Output</th><th>Outcome</th><th>Strategic objective</th></tr><tr><td>Presentations, speeches and other outreach activities in order to engage with stakeholders</td><td>Increased awareness of IPSASs and their public finance management benefits in order to influence their adoption</td><td>Strengthening public financial management and knowledge globally through increasing adoption of accrual-based IPSASs</td></tr></table> <p>We believe that this output will assist in achieving the related outcome and consequently may have a positive effect on the strategic objective. We propose no changes, but are of the view that longer term, focused projects could be more efficient than once-off presentations and speeches (see our response to question 4 below). Yet, presentations and speeches should not be neglected.</p>	Output	Outcome	Strategic objective	Presentations, speeches and other outreach activities in order to engage with stakeholders	Increased awareness of IPSASs and their public finance management benefits in order to influence their adoption	Strengthening public financial management and knowledge globally through increasing adoption of accrual-based IPSASs	
Output	Outcome	Strategic objective							
Presentations, speeches and other outreach activities in order to engage with stakeholders	Increased awareness of IPSASs and their public finance management benefits in order to influence their adoption	Strengthening public financial management and knowledge globally through increasing adoption of accrual-based IPSASs							
32	A	<p>In respect to presentations, speeches and other outreach activities in order to engage with stakeholders, I am of the view that the Board should:</p> <p>a. Extend the stakeholders to include professional accountancy organizations, the Cabinet (in addition to the Minister of Finance) and civil society organizations.</p> <p>The PAOs should serve as the Board's ambassadors in promoting the standards in the countries especially with the Government authorities, support the Government to implement the standards by developing implementation strategies and guidelines and holding Government hands throughout the process, including IPSAS subjects in the professional and technician qualification etc. Engaging the entire cabinet will enhance the knowledge on the importance and contribution of the standards on service delivery. Civil Societies empowerment would accelerate the demand for good governance which requires application of the standards.</p> <p>b. "Sharpen" the awareness message to focus on improved fiscal discipline and service delivery by adopting the standards i.e. focus on why. In this regard, the Board should consider designing brochures with such a message that can be used by the IPSAS</p>	<p>See analysis of responses to question 4</p> <p>Addressed somewhat in IFAC Accountability Now! initiative</p>						

Summary of Responses
IPSASB Meeting (September 2014)

R#	C #	RESPONDENT COMMENTS Question 3	STAFF COMMENTS
		ambassadors. The discussion with the Government authorities should not be adopt IPSAS standards but rather to enhance service delivery, it is important for the country to have quality financial information which can be produced by adopting IPSAS standards.	

Question 4:

4. What changes to feedback mechanisms should the IPSASB make to ensure it is fully informed about the views of its stakeholders?

Summary of responses to Question 4:

R#	C #	RESPONDENT COMMENTS Question 4	STAFF COMMENTS
01		<p>We note that the IPSASB gets feedback through its standards development processes and outreach activities. However, we wish to clarify what the outreach activities entail. We believe the outreach activities should be properly planned and structured to achieve the outcomes stated in the consultation paper. Further, it would be beneficial for constituents to understand the outreach activities the IPSASB undertakes so that they can provide feedback through appropriate channels.</p> <p>As discussed in our comments to Question for Respondent 3 above, the establishment of an interpretation committee could also be another channel of getting feedback on the current IPSASs.</p>	<p>See 4.1 discussion – general</p> <p>See 4.1 discussion – related issue ii</p>
02		<p>In the past, a Consultative Advisory Group (CAG) was established but never consulted (to the best of our knowledge). To take advantage of the expertise within this group, we highly recommend that the suggestions from the CAG be fully considered prior to the publication of any exposure drafts.</p>	<p>See 4.1 discussion – related issue i</p>
03		<p>We believe that receiving feedback from stakeholders might not be sufficient to ensure stakeholders that the IPSASB is working towards meeting their needs. As expressed in our response to questions 2 and 3, we would support, at some point in the future, setting-up a specific process that would provide workable solutions to practical day to day narrow issues that public sector stakeholders may face while implementing standards. Such a process would address narrow implementation issues quicker than the IPSASB would.</p> <p>On the whole, the CNoCP thinks that this would meet both the objective of developing outreach activities and increasing credibility through a formalised process to collect and respond to issues raised, as well as the objective of improving standards accordingly.</p> <p>It would also help assess how closely IPSASB's achievements meet users' needs and it would ensure closer engagement with users. This would work well towards strengthening the IPSASB's credibility and, as a consequence, towards widening IPSASs' adoption and/or endorsement processes across the world.</p>	<p>See 4.1 discussion – related issue ii</p>

R#	C #	RESPONDENT COMMENTS Question 4	STAFF COMMENTS
04		<p>How feedback is received from stakeholders may vary, depending on the theme and matter. Without any in-depth knowledge about Your current routines we would like to suggest a few examples for Your further consideration:</p> <ul style="list-style-type: none"> - Engaging on social media more extensively, such as Facebook, Twitter, LinkedIn etc. The pages/accounts should be held “live and vivid” if you want active respondents. It is an excellent (and cheap) way of starting discussions/debates and getting response quite quickly. Though the response will be based on personal views from the respondents. The social media is a good source of information related to trends and on-going debates but might not be fulfilling all the needs of in-depth information from relevant stakeholders. - Identify key-stakeholders and build more robust relationships with regular meetings and follow-up on development. Who those key-stakeholders is best identified by IPSASB but we could mention for example the public audit organization INTOSAI (International Organization of Supreme Audit Institutions) or specific regions EUROSAI, ASIOSAI but also universities and specific standard-setters etc. <p>The interest in IPSAS and the work of IPSASB will increase as more countries adopt the IPSAS. The development within EU and the EPSAS project has indicated that there are several standards that are not suitable for the public sector and IPSASB needs to step up and focus on those standards/areas, by doing so, the interest and feedback from stakeholders will increase.</p>	<p>See 4.1 discussion – related issue iv</p> <p>See 4.1 discussion – general</p> <p>Work program focused on public sector projects and many of the gaps identified already being addressed</p>
05	D	No Comments	No further action
06		As stated above in reply 1, DGFIP believes that greater transparency in the analysis and feedback on responses to public consultations ¹⁵ would contribute to the credibility and legitimacy of the IPSASB.	See 4.1 discussion – related issue i
07		<p>We recommend that the IPSASB consider establishing the following feedback mechanisms:</p> <p>(a) a Consultative Advisory Group to provide technical advice to the IPSASB on applicable topics; and</p> <p>(b) a forum for national standard setters and possibly regional groups to meet and share</p>	See 4.1 discussion -related issue i

¹⁵ CP and exposure draft.

R#	C #	RESPONDENT COMMENTS Question 4	STAFF COMMENTS
		<p>views, or encourage countries adopting IPSASs to establish such forums.</p> <p>Other feedback mechanisms the IPSASB may want to consider are:</p> <p>(a) Using cost effective technologies for outreach to constituents such as webinars, teleconference discussion forums, and feedback statements on discussion papers and exposure drafts; and</p> <p>(b) Assessing the effectiveness of IPSASs through post-implementation reviews as more jurisdictions adopt IPSASs.</p>	<p>See 4.1 discussion – related issue v</p> <p>See 4.1 discussion – related issue iv</p> <p>See 4.1 discussion – related issue iii</p>
08		<p>As we mentioned in Question 3, we do believe that there is a need to further engage the preparers and users at the level of national government in the process of developing the accounting standards which they must implement. We believe that this strategy consultation and ongoing review of IPSASB governance is part of this process. We hope that the outcome of the Strategy Consultation will help the IPSASB focus on those areas of critical concern for the public sector and the successful completion of the governance review will give additional credibility to the resultant standards.</p> <p>One feedback mechanism that could help in the standard setting development process is a commitment for a post implementation review of standards after a few years of practical experience in use. The IASB reviews new or substantially revised IFRSs after 2 years of implementation. We consider that these post implementation reviews are a powerful weapon in a standard setter's armoury when producing high quality and useable financial reporting standards, an approach which might be useful for IPSAS as well.</p> <p>FEE is cognisant of the fact that post implementation reviews will put further calls on the IPSASB's resources. However, we believe that there could be some merit in the concept of releasing standards quicker, and then revising them in light of practical experience, rather than having an extended development period with the objective of having a "perfect standard". By spending less time on the initial consultation and development it may then be possible to divert resources to post implementation reviews to consider both the practical issues that hinder their adoption and also reflect changes. However, this suggestion does not mean releasing standards without due process or consultations, which will need to be maintained, but fashioned appropriately to this end.</p>	<p>See 4.1 discussion – related issue iii</p>
09		<p>Standard setting at an international level necessitates feedback on all aspects of proposals from a wide range of stakeholders, and in particular from those respondents able to envisage the potential practical impact of application of the Board's proposals.</p>	

R#	C #	<p align="center">RESPONDENT COMMENTS</p> <p align="center">Question 4</p>	STAFF COMMENTS
		<p>The existing feedback mechanisms including the publication of consultation papers and exposure drafts for public comment should serve to illicit useful input to the standard setting process. However, we suspect that many public sector entities may be unable to devote the necessary resources to such tasks, whilst in other cases there may be a lack of awareness or acceptance of the need to contribute. These factors severely limit the IPSASB's formal feedback processes, and may lead to perceptions of biased input. One way to address this might be for the IPSASB to consider whether it could reach agreement with one or more organizations (e.g., International Consortium on Governmental Financial Management) to provide collective views of a broad range of constituents; constituents who are otherwise unable to voice their opinions individually.</p> <p>Currently IPSASB's outreach is largely comprised of the Chair, individual board members and IPSASB staff participating in various events organized by others and being invited to publish articles etc. Therefore the IPSASB – whilst promoting awareness of its existence and of its work – is generally not in a position to decide which particular issues are to be addressed, nor to determine the depth of discussion or coverage.</p> <p>We note that certain of the other standard setting boards operating under the auspices of IFAC have held a series of roundtable meetings at various locations throughout the world in relation to key issues. We suggest the IPSASB might consider whether it might be more proactive in this regard, certainly in relation to key or contentious issues. Roundtable discussions could be one way for the IPSASB to seek feedback from a broad range of interested parties.</p>	See 4.1 discussion – related issue iv
10		<p>Engaging with stakeholders both in the standard setting process and through ongoing outreach activities is important. Connecting with other national or supranational standard setters that have developed or are developing high-quality accounting frameworks brings useful insight as to the views of a large number of stakeholders who can inform the standard-setting process.</p> <p>In the long term, the IPSASB may wish to consider establishing post-implementation reviews to obtain feedback from adopters on the implementation process, challenges faced in applying the standards, inconsistencies identified with other standards, etc. Establishing an interpretation committee to provide complementary interpretive guidance to accompany the standards might be a longer-term initiative to be considered once the standards themselves are sufficiently developed and applied.</p>	<p>See 4.1 discussion – related issue v</p> <p>See 4.1 discussion – related issue iii</p> <p>See 4.1 discussion – related issue ii</p>
11		The SRS-CSPCP agrees with the proposed consultation procedure. This does not represent a change in respect of the present situation. The consultation procedure on the strategy of	

R#	C #	<p>RESPONDENT COMMENTS</p> <p>Question 4</p>	STAFF COMMENTS
		<p>the IPSAS Board should offer interested parties (stakeholders) the opportunity to communicate their comments formally, e.g. about any weaknesses in the Standards. A time period and frequency of four years for a consultation by the IPSAS Board on its strategy is adequate. For feedbacks given in the interim, for example about specific developments of the Standards in practice, a less formal procedure is sufficient.</p>	
12		<p>More open and automatic reporting of the outcome of consultations and how IPSASB has responded to the issues raised would be helpful to facilitate wider scrutiny and strengthen the accountability of IPSASB. We note that detailed analysis of consultation feedback is publicly available in Board minutes on the IFAC website along with staff conclusions. This could be more easily accessible on the website so that consultees can better identify how their points have been taken on board in the finalisation of a document and understand any reasons otherwise. We suggest that all updates, feedback analysis papers and conclusions are better signposted.</p> <p>We would welcome clearer communication of the outcome of consultations in the form of a published summary report. This could identify the main issues raised by consultees to each question, any general matters, the IPSASB response, an explanation of conclusions, next steps and cross-referenced to the detailed analysis for the Board to avoid duplication. This would be more specific to the consultation questions than the project updates currently on the website. Greater transparency would help to show how IPSASB have considered and dealt with issues raised and support greater accountability.</p>	See 4.1 discussion – related issue i
13		No Comments	No further action
14		<p>4.1 As demonstrated in the diagram on page 12 of the Consultation Paper, there is a considerable amount of effort focused on developing the requirements of the Standards and RPGs. We believe that receiving feedback after the development of the Standard, through interactions with jurisdictions or other entities that apply IPSASs, would be invaluable. This would provide the IPSASB with information about the adoption, application and implementation of the IPSASs, and enable it to assess (a) whether the principles in the Standards are appropriate, (b) where issues of divergence exist in accounting for similar transactions, and (c) whether amendments are necessary to the Standards as part of the improvements project or whether new projects to deal with issues should be initiated.</p> <p>4.2 The IPSASB could use a number of mechanisms to receive this feedback. It could be formally through a post-implementation review process, or it could be informally as part of its outreach activities. This process could also be formalised through an</p>	<p>See 4.1 discussion – related issue iii</p> <p>See 4.1 discussion – related issue ii</p>

R#	C #	RESPONDENT COMMENTS Question 4	STAFF COMMENTS
		<p>Interpretations Committee, although this would have significant resource implications.</p> <p>4.3 Other suggestions to improve the IPSASB's feedback mechanisms include the development of high level presentations and summaries of IPSASs and RPGs once they are issued, as well as train-the-trainer material.</p>	<p>See 4.1 discussion – related issue iv</p>
15		<p>The current feedback mechanism appears to work satisfactorily and therefore we recommend no changes.</p>	<p>No further action</p>
16		<p>The IPSASB Board is well aware of the need to engage preparers and users in government in a wide range of jurisdictions, and has made some efforts to liaise with governments and international pan-public sector organisations in order to encourage this. Nevertheless, the majority of responses to consultation and other communications with IPSASB are from a limited number of correspondents, and in many cases the organisation or key individuals within the organisation are members of IFAC's professional accounting community.</p> <p>We hope that the ongoing review of IPSASB governance will lend further credibility to the Board and its standards, which may make it easier to engage with wider categories of stakeholder, and get them to participate in the main consultation processes. We would also encourage the Board to maintain its current engagement with governments and international organisations such as the OECD and the World Bank which may serve to provide input on stakeholder needs in those jurisdictions which do not currently have the capacity to contribute to IPSASB discussions.</p> <p>While ultimately governments need to reach their own view of the benefits of IPSASs, we would also encourage the board to continue to work through IFAC member bodies, INTOSAI members and through donor organisations who may often be in a better position to understand local issues relevant to PFM improvement and to influence governments.</p> <p>Additionally, we note that IPSASB analyses of responses to consultations include a linguistic breakdown, and these indicate that responses from English speaking jurisdictions are frequently in the majority. While we recognise that the primary business of the Board is for practical reasons conducted in English, we suggest that it would be beneficial to increase the reach of the Board's consultation process so that it ranges more widely outside the Anglophone community.</p> <p>The process of translation into other languages is of course, potentially very expensive. However, the Board could demonstrate its awareness of the issues around language by asking questions in its consultation documents which ask respondents to consider whether</p>	<p>See 4.1 discussion – related issue i</p>

R#	C #	<p>RESPONDENT COMMENTS</p> <p>Question 4</p>	STAFF COMMENTS
		<p>the text of proposed pronouncements raises any issues from the perspective of non-English speakers. The IAASB includes a specific question on issues which might arise from translation of its standards: a similar question could be included in IPSASB exposure drafts and consultations. The Board might also consider another approach which might increase engagement, which is the translation of its short 'At A Glance' documents into a small number of languages such as French and Arabic which might directly help speakers of those languages, and act as a better bridging language than English in certain other jurisdictions.</p> <p>In addition to the pre-standard consultation process, IPSASB may wish to consider whether it would be beneficial to carry out post-implementation reviews, although this may be an approach which will work better after a larger number of jurisdictions have adopted IPSASs. An alternative approach, which while possibly less objective would probably consume less resources, would be to seek views on implementation from current known users, either through a survey process, or in a less structured manner.</p>	See 4.1 discussion –related issue iii
17		<p>We encourage the Board to make improvements to its current due process to reflect current best practices for an international public interest standard setter. Consequently, we encourage the Board (and any future oversight and/or monitoring body) to review the due process as a matter of priority to ensure that the standard-setting process and related oversight is sufficiently robust to support the development of high-quality IPSASs.</p> <p>In comments to the IPSASB Governance Review Group, we supported in particular establishing a Consultative Advisory Group (CAG) for the IPSASB, similar to the CAG of other IFAC standard-setting boards, to provide both advice on technical issues and on IPSASB's work program and project priorities, and more strategic matters. The initial membership of the CAG might include IPSASB's current Observers. In addition, we encourage greater involvement in IPSASB's standard-setting activities by those with experience of financial reporting in the public sector at the highest level, such as senior civil servants or CEOs/ CFOs of public sector agencies.</p> <p>We think that the Board's due process could be improved through the use of consultation or discussion papers as the initial due process step particularly in areas in which specific public sector solutions are sought and departures from IFRSs are contemplated. Such a step would enable stakeholders to provide input, insight and potential solutions at an early stage, which</p>	See 4.1 discussion – related issue i

R#	C #	<p>RESPONDENT COMMENTS</p> <p>Question 4</p>	STAFF COMMENTS
		<p>could make the development of a standard more efficient.</p> <p>Further, we think that the Board has an opportunity to increase the acceptance and adoption of IPSASs through the use of public roundtables and similar targeted outreach activities as part of its due process. Such meetings can identify issues and explore potential alternatives in a much more effective way than comment letters. They can also bring together different constituents so that each may understand the others' positions and concerns.</p> <p>Finally, we suggest that the Board explore establishing mechanisms for assessing whether an IPSAS has achieved what was intended when the Board issued the Standard. Such post-implementation reviews can identify matters that need amendment or further implementation guidance, or were not anticipated when the standard was issued. In addition, such reviews provide useful information on how the standard is operating in reality.</p>	<p>See 4.1 discussion – related issue v</p> <p>See 4.1 discussion – related issue iii</p>
18		<p>As regards feedback mechanisms we would like to encourage the Board to reconsider the idea of implementing a Consultative Advisory Group that would provide feedback on standard setting projects to the Board from a wide range of stakeholders. The feedback to IPSASB exposure drafts and consultation papers in particular from European preparers can currently be described as rather low in particular as compared to the feedback the Commission has received from its EPSAS consultation papers.</p>	<p>See 4.1 discussion – related issue i</p>
19		<p>The IPSASB's feedback processes could be enhanced by greater use of Information Technology, particularly social media. Virtual focus group meetings could be facilitated, for example, after comments are received on Exposure Drafts. This will allow stakeholders the opportunity to further aerate views and will allow for more effective exchange of ideas on critical and/or contentious areas.</p>	<p>See 4.1 discussion – related issue iv</p>
20		<p>We believe that no changes should be made in the overall process, however, more and better information of the analyzes performed should be delivered so that the different opinions are known by all stakeholders, in which it is clear in which part of the mechanism the decisions are to be found.</p>	<p>See 4.1 discussion – related issue i</p>
21		<p>Conduct surveys through national standard setters to collate feedback from the preparers and users of financial statement; this would enable the board to identify key issues in a more comprehensive manner and perhaps the way forward through publishing exposure drafts.</p>	<p>See 4.1 discussion – related issue v</p>
22		<p>In this regard, it is mentioned that apart from the feedback mechanism mentioned in the Exposure Drafts of the IPSAS Board, it may be mentioned that the various outreach activities as suggested above would also help them in getting the views of the stakeholders. [In respect of the output mentioned above at second bullet, it is mentioned that IASB organises a</p>	<p>See 4.1 discussion – related issue v</p>

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		<p>World Standards Setters meet every year wherein various technical issues are discussed and their experience is shared with the National Standard Setters (NSS).</p> <p>On the same lines, it is suggested that a meeting/conference of the National Standard Setters for Government/ Public sector may be organised wherein the NSS may share their experience in government accounting and discuss their issues.</p> <p>It may also be useful to include webinars/ webcasts in the outreach activities of the IPSAS Board.]</p>	See 4.1 discussion – related issue iv
23		We suggest that the IPSASB should develop a standard policy for outreach activities undertaken to engage with stakeholders, rather than having the IPSASB board members individually implement such activities through their own methods.	See 4.1 discussion – general
24		<p>The AASB considers a key component of a transparent due process is to have viable feedback mechanisms whereby constituents can provide input to the IPSASB before and after the issuance of pronouncements. An approach to deciding which feedback mechanisms to implement is to consider what an ideal model would be if resources were not limited and then devise a strategy to achieve that model.</p> <p>The AASB acknowledges the resource constraints of the IPSASB, but still considers there are many ways feedback could be provided to the IPSASB, and suggest that the IPSASB explore using web-based communication techniques as a way of receiving feedback from constituents. This may be via social media, chat rooms, and holding webinars.</p>	See 4.1 discussion – related issue iv
25		No Comments	No further action
26		As mentioned in the strategy consultation document, there has been increasing interest in IPSASs and a strong trend towards their adoption which is anticipated to continue. With the increasing number of jurisdictions implementing IPSAS, there would be more implementation issues arising from various jurisdictions. Therefore it may be time to consider establishing an interpretations committee to address application issues arising from existing IPSASs. This would be in line with what is envisaged in the European context in relation to <i>European Public Sector Accounting Standards</i> (EPSAS). An interpretations committee is also an additional channel available to preparers and other stakeholders to provide feedback on how operational the standards are and where there is guidance missing in the application of a standard.	See 4.1 discussion – related issue ii
27		Currently, the IPSASB receives feedback through its standards development processes and	See 4.1 discussion – related issue i

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		<p>outreach activities. We think these will continue to play an important role.</p> <p>We believe that there would be a number of benefits for the IPSASB if it were accountable to a governance body (or separate IPSASB monitoring and oversight bodies). One of those benefits would be enhanced feedback from a governance body with a broad membership.</p> <p>There will be occasions when issues arise in the application of IPSASs. An Interpretations Committee could play a number of useful roles in such situations, including that of feedback mechanism.</p>	<p>See 4.1 discussion – related issue ii</p>
28		<p>HoTARAC suggests the IPSASB consider establishing a body similar to the IASB Interpretations Committee to address urgent accounting issues and some process for reviewing the implementation of new standards. HoTARAC notes this is subject to available resourcing.</p> <p>HoTARAC welcomes the recent initiative taken by the IPSASB of publishing its work program on its website so information on upcoming issues is more accessible to users.</p>	<p>See 4.1 discussion – related issue ii</p> <p>See 4.1 discussion – related issue iv</p>
29		<p>I think that for the IPSASB the principal feedback has relation with the Internal Control and the Governance for application in the Public Sector, because the activities are very complex and the governance is very difficult considering the political decisions in the budget.</p> <p>However, I understand that the mechanisms have direct relation with transparency when I describe which the principles the public sector needs to apply. In this fact, transparency and mechanisms methods need to work together for reduce the complexity of laws of public sector around the world.</p> <p>I do not know if the IPSASB should make to ensure it fully informed about views of its stakeholders, but I understand that the IPSASB need to know what aspects of the implementation of IPSAS in each country that accept use them.</p> <p>Although, The IPSAS are the principal point for development in the public sector high quality of transparency and public interest, if the public sector does not implement with high quality, the IFAC/IPSASB could have problems for application of international standards for public sector around the world. Finally, I agree with this proposal, but, I suggest for the board, if agrees, that consult the key international regulators (OECD ¹⁶, CIPFA ¹⁷, IASB ¹⁸, IFAC ¹⁹,</p>	<p>See 4.1 discussion – related issue iii</p> <p>See 4.1 discussion – general</p>

¹⁶ <http://www.oecd.org/gov/regulatory-policy/ria.htm> and <http://www.oecd.org/gov/budgeting/ipsasb-governance-review.htm>

¹⁷ <http://www.ifac.org/publications-resources/international-framework-good-governance-public-sector>

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		G20 ²⁰ , IVSC ²¹ , FRC ²² , EUROSTAT/European Commission ²³ and ESMA ²⁴) in relation what are mechanisms for reduce the problems in the application of IPSAS around the world and the implementation of the governance for the public sector.	
30		In theory, there should not be any change of your feedback mechanisms. Our concerns are related to the IPSASB's structure and timely answers.	No further action
31		<p>Response:</p> <p><i>Views of new stakeholders and possible stakeholders</i></p> <p>It could be worthwhile to explore implementation projects, for instance partnering with stakeholders who can provide resources for transition to IPSASs projects, e.g. in certain developing countries. It may promote the global adoption of accrual-based IPSASs if these projects are tracked or some feedback is provided on implementation experiences. Such projects may be very similar to the IPSASB's "A Closer Look At:" series that examines the challenges and benefits of governments adopting IPSASs and accrual accounting.</p> <p>The resources could possibly be shared between the IPSASB and the affected stakeholders on such focused projects, or ring-fenced funding may possibly be provided by affected stakeholders for those country-specific projects. Medium to long-term successes can be shared with potential adopters of accrual-based IPSASs, and the perceived barriers of adoption can be addressed by case studies.</p> <p><i>Views of existing stakeholders</i></p>	See 4.1 discussion – related issue iii

¹⁸ <http://www.ifrs.org/Alerts/Governance/Documents/2014/IPSASB-Review-Response-April-2014.pdf>

¹⁹ <http://www.ifac.org/publications-resources/definition-public-interest>

²⁰ http://www.b20australia.info/Documents/20140123_B20_MediaRelease_Davos_B20%20supports%20G20%20agenda%20FINAL.pdf and <http://www.pm.gov.au/media/2014-06-22/g20-leaders-encouraged-drive-economic-growth>

²¹ <http://www.ivsc.org/content/ivsc-releases-valuation-proposals-investment-property>

²² <https://www.frc.org.uk/Our-Work/Publications/Professional-Oversight/Consultation-Documents/Regulation-of-Auditors-of-Lo.pdf>

²³ http://epp.eurostat.ec.europa.eu/portal/page/portal/government_finance_statistics/documents/1_EN_ACT_part1_v5.pdf

²⁴ <http://www.esma.europa.eu/content/Keynote-Speech-AFME-Post-Trade-Conference-reform-financial-markets-halfway-there-Steven-Maij>

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		<p>Given the limited resources of the IPSASB, we are of the view that the current feedback mechanisms are appropriate. As South Africa is represented, and because SAICA comments on exposure drafts, we believe that the current feedback mechanisms are also sufficient.</p> <p>Should the IPSASB be of the view that feedback mechanisms may be improved, we can suggest member countries share post-implementation review feedback with the IPSASB. Such projects can be managed in collaboration with member countries who wish to participate.</p>	
32		<ul style="list-style-type: none"> • Use questionnaires or survey with professional accountancy bodies (annually) • Use questionnaires or survey with Accountant –Generals (annually). Develop a data base of AGs. 	See 4.1 discussion – related issue v

Question 5:

5. Do you agree with the five key factors the IPSASB considers in deciding to initiate a project and assessing its priority? Are there other factors you think should be considered?

Summary of responses to Question 5:

STAFF ASSESSMENT OF RESPONSES RECEIVED: These are staff views and do not necessarily reflect the views of IPSASB Members

CATEGORY (C #)	RESPONDENTS (R #)	TOTAL
A – AGREE	001,002,004,007,008,009,010,011,012,014,015,016,017,018,019,020,021,022, 023,024,026,027,028,029,031,032	26
B – PARTIALLY AGREE	003,005,006,025,030	5
C – DISAGREE		
SUB-TOTAL OF THOSE PROVIDING COMMENTS		
D – DID NOT COMMENT	013	1
TOTAL RESPONDENTS		32

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01	A	We generally agree with the IPSASB's strategy, its strategic objective and its work program for the period 2015 – 2019. We agree with the Questions for Respondents raised in the consultation paper except as set out below.	See 4.1 discussion
02	A	The five key factors are adequate and no other factors are suggested.	See 4.1 discussion
03	B	The CNoCP believes that identifying key factors to make an informed decision on the projects to be initiated by the IPSASB is a critical part of the due process. Those factors need to be carefully chosen to ensure that the projects are taken to the agenda with the view to primarily serve the public interest. In that sense, of the five factors proposed in the consultation document, the CNoCP notes that only 'significance for the public sector' and 'urgency of the issue' serve the public interest. However, when it comes to convergence with IFRSs and to alignment with GFS, the CNoCP is of the view	See 4.1 discussion

R#	C #	<p align="center">RESPONDENT COMMENTS</p> <p align="center">Question 5</p>	STAFF COMMENTS
		<p>that those factors should rather be described as constraints to be dealt with as part of the process of developing all standards. As those constraints should apply to the development or maintenance of all standards, they should not be used as differentiating factors to take a project on the Board's agenda. With respect to convergence with IFRSs and alignment with GFS, we would also like to reassert our view that the objectives of GFSs and of IFRSs are different from those of accounting standard-setting in the public sector.</p> <p>To the list of factors proposed in the consultation document, the CNoCP would propose the following amendments:</p> <ul style="list-style-type: none"> • Gaps in standards: the CNoCP would retain that factor, but we would add that the way an IPSAS is currently worded or structured might bring about deficiencies in the way particular types of transactions or activities are reported in financial reports. Should the significance and urgency criteria be also met, identification of deficiencies would indicate that the project should be addressed in priority; • Additionally, the CNoCP would add the need to assess if the issue submitted to the IPSASB is more prevalent in some jurisdictions than others. In some cases, the issue could relate to specific regulation in a limited number of jurisdictions, which could be an indication that it would be more efficient to tackle the issue at a more interpretative level. <p>Consistent with the CNoCP's view on the necessity to set-up an interpretation committee, the due process would have to mention in which cases issues should be addressed first by the interpretation committee prior to a proposed solution being exposed to the IPSASB for approval. Criteria could relate to the scope of the project: for instance, a narrow project that would need to be addressed urgently could fit the remit of the interpretation committee. It would not use Board's time, but would still provide a solution on a timely basis for those stakeholders impacted by the issue.</p>	<p>Staff believes encompassed in urgency of the issue</p>
04	A	<p>The listed five key factors to be considered in deciding whether to initiate a project are relevant. Though we would like to point out that there might be a need for stronger priorities in the near future and perhaps emphasizing just one or two of those key-factors.</p> <p>Our comments should be read in the perspective of the development in the EU (EPSAS project) but also the call from different stakeholders (market, citizens, international organizations such as IMF etc.) for a more robust and accurate financial reporting from the public sector. The quality of the financial statements will depend on the accounting standards and in some cases these standards are drawn by the government itself. It has been difficult to identify relevant existing accounting standards, and this has forced several to design their own or adopt IPSAS/IFRS but with extensive modifications. These circumstances enhances the risk for a reporting that is adjusted to what a government would like to report in the financial statements, especially in those cases where the country does not have a proper</p>	<p>See 4.1 discussion</p>

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		<p>accounting standard-setting organization.</p> <p>We believe that it would be in favor for the IPASB to focus on one or two of the factors and only chose projects that are closely related to those. The two factors would be nr 1 Significance to the public sector and nr 3 Gaps in standards. The reason for why those factors should be prioritized are motivated below.</p> <ul style="list-style-type: none"> - We believe that nr 1 Significance to the public sector is the most important factor as well as 2 Gaps in the standards. We believe that these two are closely related. If the standards are not relevant and applicable to the public sector, IPSASB will lose credibility and the outputs will not be fulfilled. The ongoing project with the development of EU accounting standards for the public sector (EPSAS) has shown that most of the EU countries consider that the IPSAS does not cover all important areas for the public sector environment. Countries that have implemented IPSAS has been forced to write complimentary standards on areas that are of the highest relevance for the public sector for example taxes and social benefits. <p>We suggest that within a transition period the IPSASB might consider to focus on areas where the IPSAS has been lacking and this could be the key factor that will set the agenda.</p> <p>We would like to point out that the key-factor nr 5 Alignment with the GFS could be considered as far more important than IFRS convergence, from a public sector perspective. The GFS reporting has for example been one of the reasons for starting up the EU project on developing EPSAS and the new EPSAS will as far as possible be aligned with GFS standards.</p> <p>The alignment with the GFS is a very difficult and complicated. It is a challenge to design and set up standards for financial reporting and at the same time adjusting those to the standards for statistics where a huge part of the balance sheet is classified differently. In our opinion the IPSASB is the only internationally recognized standard-setting body for accounting principles and therefore it is very important for the IPSASB to take a lead on these issues.</p>	
05	B	<p>According to the key factors to be considered in deciding whether to initiate a project and assessing its relative priority we think that "IFRS convergence" is not a necessary key factor. The IPSASB should concentrate on the IPSAS itself and their target group. The IAS/IFRS are very extensive and complex, there are hard to understand and contain to many discretionary decisions. For providing faithful, understandable and comparable information by adoption of the IPSAS it is not recommendable to converge with the IAS/IFRS.</p> <p>As an additional key factor to be considered we recommend the factor "cost effectiveness" what means that a project should only initiate when it is in proportion to the importance of the results and the benefits.</p>	<p>See 4.1 discussion</p> <p>Staff view is that this is part of the constraints on inputs/resources</p>

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06	B	<p>As stated in our response to the public consultation of October 2012²⁵, the attempt to alignment with Government Finance Statistics (GFS) is necessarily limited by the differences in objectives and scope that characterise these two frameworks. Consequently, the fifth key factor does not seem relevant in deciding to initiate a project.</p> <p>Moreover, the goal of convergence with IFRS (cf the fourth key factor) seems relevant only when public sector transactions have no specificities compared to those existing in companies (identical transactions).</p> <p>Thus, for DGFIP, only three key factors should be considered:</p> <ul style="list-style-type: none"> • firstly, significance for the public sector highlighting its specific projects, especially those where there is no equivalent in the private sector (cf the first key factor); • then, gaps in standards, to ensure that a complete set of standards for the public sector is ultimately developed (cf the third key factor); • lastly, urgency of the issue for the public sector (cf the second key factor). 	See 4.1 discussion
07	A	<p>We generally support the proposed factors and note the importance of IFRS convergence. In our view any unnecessary differences between IPSASs and IFRSs may undermine the credibility and quality of IPSASs, particularly if the IPSASs are perceived to significantly lag behind major developments in reporting in the for-profit sector that would also improve reporting in the public sector. In addition, for jurisdictions that apply IFRSs, unnecessary differences could create a barrier to adopting IPSASs if there are group reporting entities that comprise some entities that apply IFRSs and other entities that apply IPSASs, such as a group comprising a central government applying IPSASs and its GBEs applying IFRSs. Unnecessary differences in the accounting policies applied by entities in the group would compound consolidation issues and affect compliance costs for group reporting entities when preparing consolidated financial statements.</p> <p>We acknowledge the IPSASB's desire to align IPSASs, as far as possible, with the GFS statistical reporting framework. In our view, alignment with GFS should be accorded a lower weighting because the IPSASB's prime focus should be on generally accepted accounting practice, which is suited to a wider range of users than GFS.</p>	See 4.1 discussion
08	A	<p>FEE agrees with the five key factors (significance for the public sector; urgency of the issue; gaps in standards; IFRS convergence and alignment with government financial statistics) identified in the Consultation and has not identified any others that we believe that the IPSASB should consider.</p>	See 4.1 discussion

²⁵ IPSASs and Government Finance Statistics Reporting Guidelines, CP, October 2012.

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		<p>We realise that the numbering used in the Consultation may not be indicative of the relative importance assigned to these factors by the IPSASB but believe that certain of the factors do carry more weight than others. The “significance for the public sector” (factor 1) and “addressing gaps in the standards” (factor 3) are considered to be of particular importance.</p> <p>The perception of “urgency” (factor 2) depends on the interaction of the topic under consideration and the prevailing conditions in the wider economic and political environment at a particular point in time. Consequently, we do not consider it to be a primary concern in the normal development process for accounting standards. The experience of private sector standard setting seems to indicate that, if a comprehensive set of standards are available, urgent issues mainly result in clarifications of specific technical points within standards rather than requiring a completely new standard or substantial revisions to existing ones.</p> <p>FEE believes that “IFRS convergence” (factor 4) is an important consideration in setting IPSASs and that they should align where possible. FEE considers that such alignment is important because many services provided by the public sector have direct private sector competition. Alignment facilitates assessment of the performance of the public sector providers if their financial results are directly comparable to their private sector competitors. Private sector providers of finance would also take comfort in the public sector using accounting standards as close as possible to IFRS as they are familiar with these standards and used to interpreting financial information arising from their use.</p> <p>However, where there is a compelling public sector case for divergence, convergence with IFRSs should not take precedence over significance in developing standards. Differences exist between the public and private sector so IPSASs should primarily be based around the needs of public sector stakeholders even if this does mean unavoidable divergence from the equivalent IFRS. Nevertheless, the reasons for any divergence from IFRS need to be clearly explained and justified either in terms of public sector specific characteristics (such as “non-exchange transactions” or “service delivery” being included as recognition criteria) or to eliminate certain private sector specific concepts (such as share-based payments). The IPSASB has specifically addressed this issue in its publication “Process for Reviewing and Modifying IASB Documents” and FEE believes that it is important that the IPSASB continues to specifically state and explain the reasons behind any decision to diverge from IFRSs.</p> <p>IPSASB is undoubtedly aware of the current debate within the European Union regarding the harmonisation of accruals based accounting standards for the public sector. Certain issues have been raised by Member States regarding IPSASs that, in their view, does not make them suitable for adoption per se by the EU. However, we note the observation in the Eurostat Report of 6 March 2013 (page 8) that “the IPSAS standards represent an indisputable reference for potential EU harmonised public sector accounts.” It would, therefore, be useful for the IPSASB to continue its current active involvement in the EPSAS task force (such as its current work in assisting with an EPSAS conceptual framework) and</p>	

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		<p>thereby continue to be advised as to what national governments perceive to be required from public sector accounting standards and, particularly where the specific needs of the public sector require divergence from IFRSs.</p> <p>In Europe, alignment with the ESA 95 (soon to be the ESA 2010) is considered desirable where possible and where it does not contradict the specific accounting requirements of the public sector. However, it should be accepted that accounting requirements for statistical purposes do not always align with those for financial reporting purposes and that some degree of differentiation between the two is inevitable.</p> <p>Whilst we have not specifically been asked to comment on IPSASB's existing commitments, we believe that it would be useful for the Board to be informed as to those projects that FEE believes to be of the greatest importance for 2015 to 2017.</p> <p>In our opinion, the completion of the standard relating to social benefits and the projects relating to public sector financial instruments and the revisions to IPSASs 28-30 (covering the presentation, recognition and measurement and the disclosure of financial instruments) are of paramount importance. We suggest that early completion of these would be of benefit to stakeholders and could also increase the perceived usefulness of IPSASs as a whole.</p>	
09	A	<p>We agree with the five factors, in order of descending priority. For example, a single criterion such as "gaps in standards" alone should not be a decisive factor.</p> <p>As mentioned in our covering letter, it is now essential for the Board to address those remaining key public-sector specifics not yet dealt with in its suite of standards. Thus significance for the public sector should be the primary factor in determining projects for the IPSASB's work plan 2015-2019.</p>	See 4.1 discussion
10	A	<p>We recognise the importance of all of these factors in assessing projects for potential inclusion in the work programme. However, the first priority should be standards development and therefore the first three factors are especially important.</p> <p>Gaps in the standards must be filled as early as possible to complete the standards and ensure that the IPSAS suite addresses the major accounting and financial reporting principles and topics that are relevant for public sector entities, and is sufficiently tailored to address the specific characteristics of the public sector.</p> <p>Addressing issue significant for the public sector will help to further align the IPSASs with the sector-specific needs of its adopters. This could be achieved by issuing new standards for key topics where no other reference currently exists (i.e. under IFRS) or by providing implementation guidance and/or public sector-specific examples that can assist adopters to apply the existing standards (see also our response to question 8).</p>	See 4.1 discussion

R#	C #	<p align="center">RESPONDENT COMMENTS</p> <p align="center">Question 5</p>	STAFF COMMENTS
		<p>The urgency of an issue should reflect the particular facts and circumstances. At present, we believe that it is urgent to finalise a comprehensive set of standards that address the most significant accounting issues for public sector entities. Considering emerging issues as they arise will demonstrate the responsiveness of the IPSASB and ensure that its work remains relevant to the needs of adopters and other stakeholders.</p> <p>IFRS convergence is a necessary consideration within the standards development process. We support the existing process for IFRS convergence and the objective of maintaining convergence between IPSAS and IFRS for similar transactions in similar circumstances. The limited resources available for this work and the standard-setting priorities mentioned above suggest that no IFRS convergence work should be undertaken in areas where the IFRSs are expected to change because it would lead to a duplication of effort. Instead, IFRS convergence activities should focus on those IFRS standards which are stable and for which no further amendments are expected in the medium-term. The objective of IFRS convergence, where relevant, should not override the requirement that transactions or circumstances that are unique or specific to the public sector should be accounted for by taking into account the specific characteristics of those transactions and public sector entities.</p> <p>Aligning accounting standards with GFS is desirable to reduce unnecessary inconsistencies and avoid the burden of dual reporting by governments. It is particularly important in some jurisdictions, for example in Europe, given the use of GFS figures at the EU-level for fiscal surveillance and monitoring of the fiscal rules (i.e. Maastricht criteria on debt and deficits) included in the European Union's Stability and Growth Pact. Certain differences may remain, however, as the two sets of reporting frameworks serve distinct purposes, with accounting standards focused on capturing individual transactions and events and reporting on financial position and performance at the micro entity-level while GFS provide macro-level aggregate figures for the purposes of economic and fiscal monitoring. Finally, alignment does not necessarily mean that IPSAS should always align to GFS; issuing high quality accounting standards should remain the overarching objective and, where relevant, GFS must also come closer to IPSAS.</p>	
11	A	<p>The proposed five selection criteria for prioritising projects are helpful in selecting the topics to be dealt with. As the IPSAS Board has at its disposal restricted resources (financial and personnel), it is important that they are deployed as efficiently as possible.</p> <p>Point 4 should be changed as follows: <i>“IFRS – the project helps to reduce divergence between the IPSASs and the IFRSs”</i>) instead of <i>“the project meets the goal of convergence with the IFRSs”</i>). In Switzerland also similar selection criteria are used when there is a question of whether to draw up a new recommendation in the Harmonized Accounting Model (HAM2) or an interpretation.</p>	See 4.1 discussion

R#	C #	<p align="center">RESPONDENT COMMENTS</p> <p align="center">Question 5</p>	STAFF COMMENTS
12	A	<p>To increase focus, we would also add the principle of minimum deviation - consistency with private sector standards should only be broken where there is a clear, justifiable need of a uniquely public sector matter that is material, adversely impacts the true and fair view and is not covered by IFRS. A clearer articulation of the boundary as per paragraph 0 would help focus and reduce the risk of scope creep.</p> <p>We understand that the IPSASB vision is to provide a clear expectation to governments of what they should be reporting publicly and help raise global standards. However, compelling evidence needs to be presented to support any proposals that depart from generally accepted practice and that it will not unnecessarily increase or overlap with existing regulation which could reduce likely adoption.</p>	<p>See 4.1 discussion</p> <p>Staff disagrees with this as a factor in project selection.</p>
13	D	No Comments	
14	A	We agree with the five factors used by the IPSASB in assessing the need for, and priority of, projects.	See 4.1 discussion
15	A	The five factors for prioritising IPSASB's work appear sensible.	See 4.1 discussion
16	A	<p>CIPFA agrees generally with the five key factors identified.</p> <p>The drafting of the first factor 'significance for the public sector' could be clarified and improved to explain that this includes both public sector specific issues where it is more likely that there will be a 'gap' in standards, but also includes generic material which applies to large numbers of reporting entities in both the public and private sector. An example of this would be financial instruments, which in the United Kingdom and many other jurisdictions are highly relevant to government as a whole.</p> <p>We have not identified any other factors that the IPSASB should consider.</p>	See 4.1 discussion
17	A	<p>We agree that the following factors should be considered when deciding to initiate a standard-setting project and assessing its relative priority:</p> <ul style="list-style-type: none"> • Significance for the public sector • Urgency of the issue • Gaps in IPSASs or Recommended Practice Guidelines • Convergence with International Financial Reporting Standards, subject to public sector specificities • Alignment with economic and statistical reporting, such as IMF's <i>Government Finance Statistics Manual (GFSM)</i>. <p>We note that GFS and IPSASs have different objectives and that these differences 'result in some</p>	See 4.1 discussion

R#	C #	<p style="text-align: center;">RESPONDENT COMMENTS</p> <p style="text-align: center;">Question 5</p>	STAFF COMMENTS
		<p>fundamental differences on how and what is reported' (<i>Government Finance Statistics Manual 2014</i>, section A6.12). We think it would be useful for the Board to develop a document that explains the objective of transparent financial reporting and how and why that objective differs from a statistical accounting approach.</p> <p>With respect to convergence with IFRSs, we think that the differences between IPSAS and IFRS should be kept to a minimum by maintaining its current policy of only deviating from IFRS for public-sector specific reasons. These deviations should be transparent and discussed in the Basis for Conclusions. We think that the general presumption should be that if convergence between IPSASs and IFRSs means that alignment with GFS is not possible, convergence with IFRSs (subject to sector-specific considerations) should be the normative action. Transparency about differences between an IPSAS and GFS can be provided by identifying and explaining any such differences in the basis for conclusions, which would allow users to assess the effect of such differences.</p> <p>The relationship between financial information provided under IPSASs and GFS can be explained through a reconciliation or similar supplementary disclosure, which would assist users in understanding the relationship between the two sets of financial information.</p> <p>These suggestions are consistent with the Board's proposed strategic objective, which is focused on delivering 'credible and transparent financial reporting' in the public interest (Consultation, p. 10). IPSASs are oriented to evaluating financial performance and position, the stewardship and accountability of government and government entities, and reporting to public capital and debt markets. The interests of the users of financial information prepared in accordance with IPSASs should have priority over national and regional statistical information.</p> <p>We support the on-going effort of the IPSASB to ascertain the nature and extent of differences between IPSASs and the statistical bases. In particular, evidence arising from this analysis will inform any decisions about whether there is scope to reduce or harmonise differences identified between IPSASs and the statistical bases.</p>	
18	A	<p>The European Commission considers that the five key factors are appropriate and functional and welcomes in particular the focus on the significance for the public sector and the inclusion of alignment between IPSAS and GFS as an aspect to consider.</p>	See 4.1 discussion
19	A	<p>The five key factors identified are considered relevant and appropriate. However, it is recommended that an additional factor be included in relation to <i>"Achievement of a balance between resources required and the effect/impact of a project"</i>.</p>	<p>See 4.1 discussion</p> <p>Staff view is that this is part of the constraints on inputs/resources</p>

R#	C #	<p style="text-align: center;">RESPONDENT COMMENTS</p> <p style="text-align: center;">Question 5</p>	STAFF COMMENTS
20	A	<p>We strongly agree on the general explanation of the five factors. Also, we strongly agree with the priority identified by the same indicated number where it is necessary to start considering the explanation defined in point 1. We believe that this is the key part of the five factors explained. Also we believe that clarity to address this key factor can lead to the success of the project.</p> <p>Point number four is also essential. We believe that this harmonization study has to be extensively studied because we promote a separate path of the IFRS.</p>	See 4.1 discussion
21	A	We agree with the key factors the IPSASB considers in deciding to initiate a project and assessing its priority.	See 4.1 discussion
22	A	Yes, we are agree with the five key factors i.e. <i>significance for the public sector, urgency of the use, gaps in standards, IFRS convergence and alignment with GFS</i> , as identified by the IPSAS Board to be considered in deciding about initiating a project in assessing relative priority.	See 4.1 discussion
23	A	We agree with the five key factors.	See 4.1 discussion
24	A	The AASB agrees with the five key factors the IPSASB considers when deciding to initiate a project and assessing its priority. However, the AASB is unsure if these factors are ranked in order of priority (as set out in the Consultation Paper). The AASB does not consider that these factors should be ranked and a statement that clarifies that they are not ranked would be useful. Further, the AASB is unsure how the different factors are balanced – for example, there is the potential for conflict between the ‘IFRS convergence’ and ‘alignment with GFS’ factors and it would be useful to clarify the criteria used to make a decision when the factors conflict.	<p>See 4.1 discussion</p> <p>Staff recommends adding a statement to clarify that factors are not ranked</p>
25	B	The Cour des Comptes supports the orientation given to projects which take into account the distinctive features of the public sector and does not share, as mentioned above, the degree of strategic priority given to convergence with IFRSs. For that matter, the priority set elsewhere of maintaining and updating existing IPSASs would be unrealistic if convergence with IFRSs were to remain itself a priority, as the limited means and resources of the IPSAS Board would be automatically absorbed by these updates, due to the very frequent changes affecting IFRSs.	See 4.1 discussion
26	A	We agree.	See 4.1 discussion
27	A	Yes, we agree with the five key factors to be considered in deciding whether to initiate a project and assess its relative priority. We would like the description of the key factor “IFRS convergence” to make clear that the goal is ongoing convergence with IFRS rather than convergence with IFRS at a particular point in time. We agree with the proposal that the key factors include “Alignment with GFS”. We understand that reducing the divergence between IPSASs and GFS might be difficult in respect to	See 4.1 discussion

R#	C #	RESPONDENT COMMENTS Question 5	STAFF COMMENTS
		recognition and measurement. For this reason it might be useful if the description of "Alignment with GFS" included a reference to disclosures.	
28	A	<p>HoTARAC generally agrees.</p> <p>It is suggested that the Gaps in standards factor might be broadened to also include clarifications needed for standards and urgent issues as noted in the question above.</p> <p>HoTARAC notes that the IPSASB considers both IFRS convergence and alignment with GFS are key factors to be considered in assessing priorities of potential projects. However, given IFRS convergence and alignment with GFS may have different objectives, the IPSASB may need to explain its logic in balancing between the two key factors when setting IPSASB's future work program.</p> <p>Additionally, HoTARAC recommends the IPSASB:</p> <ul style="list-style-type: none"> • Avoid numbering the key factors unless they are listed in order of significance or priority; and • In key factor 1, consider whether the phrase "...likely for which there is no equivalent private sector issue" is necessary as we would expect IFRS to consider key accounting issues that affect the private sector. 	See 4.1 discussion
29	A	Yes, I agree with the five key factors the IPSASB considers in deciding to initiate a project and assessing its priority. No, I think that there are not other factors should be considered.	See 4.1 discussion
30	B	<p>According to the IPSASB Strategy Consultation document, there are five actors the IPSASB considers in deciding to initiate a project and assessing its priority:</p> <p>Significance for the public sector Urgency of the issue Gaps in standards IFRS convergence Alignment with GFS (Government Finance Statistics)</p> <p>We agree with these factors:</p> <p>Significance for the public sector Urgency of the issue Gaps in standards</p>	See 4.1 discussion

R#	C #	<p>RESPONDENT COMMENTS</p> <p>Question 5</p>	STAFF COMMENTS
		<p>We do not agree with these factors</p> <p>IFRS convergence Alignment with GFS (Government Finance Statistics)</p> <p>These are our reasons</p> <p>IFRS convergence</p> <p>It is too difficult to get an agreement on accounting standards. Also, IFRS are designed to profit oriented entities and IPSAS are for public sector entities. Besides, there are some IFRS standards which are currently under review.</p> <p>IPSASB's objective should be to state that IFRS are standards which should be look upon in case there is no specific IPSAS. But IPSAS should prevail in order to have a single set of global accounting standards for public entities.</p> <p>Even IASB is not longer trying to converge with FASB as Michel Prada, Chairman of the IFRS Foundation Trustees, said: “.. we have moved from a period of bilateral convergence with the FASB to a more inclusive, multilateral approach to standard-setting. This involves much tighter integration with a range of national and regional standard-setting bodies, including the FASB.”²⁶</p> <p>Alignment with GFS (Government Finance Statistics)</p> <p>This is a no win solution. Government Finance Statistics will depend on each jurisdiction and sometimes in “silo” management. Our experience in Costa Rica is that Governmental statistics differ in such a material way from IPSASS and public statistics cannot be comparable based on their different measurement, disclosures and region (some public Costa Rican entities use different regions for</p>	

²⁶ **The bumpy path towards global accounting standards.** Michel Prada, Chairman of the IFRS Foundation Trustees Frankfurt, 16 October 2013. Page 5. www.ifrs.org

R#	C #	<p align="center">RESPONDENT COMMENTS</p> <p align="center">Question 5</p>	STAFF COMMENTS
		information purposes).	
31	A	<p>We agree in principle, but suggest minor variations to consider.</p> <p><i>Key factor #1: Significance for the public sector</i></p> <p>An issue may be deemed significant due many reasons. A large number of enquiries on a particular issue do not necessarily mean that the issue has a significant impact on financial statements. We believe that the impact on financial reporting or on user decision-making in the public sector is more relevant. When accounting issues materially impact the decisions of users of financial reports, they consequently have an adverse effect on public finance management.</p> <p>The problem with this suggested amendment (impact on financial reporting instead of significance in the public sector) is that it is more difficult to assess the impact of an issue on user decision-making. It requires some more research, which means initiating the project and committing resources. In our response below to question 8, we have used a mix of the two ideas, but often found it difficult to provide a view on the impact of issues on financial reporting in the public sector.</p> <p>We suggest then that this key factor be kept as is, but when projects are initiated, the impact on financial reporting in the public sector should be kept in mind as a project develops in order to continuously assess its priority. This key factor (of significance) may thus be used to decide whether to initiate a project, but when deciding to re-prioritise or continue with a project, one may also consider the actual impact of the issue on public sector financial reporting.</p> <p>We also believe that the one aspect of this key factor as stated in the Strategy, “likely for which there is no equivalent private sector issue” actually plays a role in key factor #4, “IFRS convergence”. If there is no similar issue in the private sector, IFRS convergence is not likely. Whether there is a similar private sector issue or not, it should not make a difference to whether it is an issue in the public sector.</p> <p><i>Key factor #2: Urgency of the issue</i></p> <p>This key factor deals specifically with the timing. We support the notion that key factors #1 and #2 are separated. In our response to question 8, we realised that the link between the two key factors (#1 and #2) is that if an issue is not significant to us, then it is difficult to gauge its urgency. We propose no changes, but want to highlight that the two key factors should not be confused.</p> <p><i>Key factors #3-5: Gaps in standards, IFRS convergence and alignment with GFS</i></p> <p>We propose no changes, but we suggest that these key factors carry a secondary weighting to key factors</p>	See 4.1 discussion

R#	C #	<p align="center">RESPONDENT COMMENTS</p> <p align="center">Question 5</p>	STAFF COMMENTS
		<p>#1 and #2. The rationale behind this is that we believe when an issue:</p> <ul style="list-style-type: none"> • Has a high significance for the public sector (or material impact on public sector financial reporting), and • Is urgent, <p>And is consequently addressed, then such action generally supports the global adoption of accrual-based IPSASs.</p> <p>“Gaps in standards” are usually implied by the issue being significant in the public sector (key factor #1), and having an impact on financial reporting. If there is no gap in standards, then there is not supposed to be a significant standards issue.</p> <p>Similar to our problem with key factor #1, it could take up some resources to identify exactly what the gap and its magnitude is, and whether the issue is a standards issue or not. If a gap is already identified before initiating a project, it should serve as a bonus factor when assessing the need for a project.</p> <p>The other key factors:</p> <ul style="list-style-type: none"> • IFRS convergence, and • Alignment with GFS, <p>Does not necessarily enhance the global adoption of accrual-based IPSASs (unless if their absence were perhaps identified by the IPSASB as significant barriers of adoption). Therefore these two factors should also serve as bonus factors only.</p> <p><i>An additional key factor that may to be considered: Development</i></p> <p>Another key factor which may be considered is the potential development of an issue. This key factor may be seen as the “growth” of an issue. The sovereign debt crisis was not urgent very long before it had occurred and the significance was not prevalent globally until shortly before it hit. However, the signs may have been there long before. Had the development of the issue been considered, it could have accelerated work on IPSASs 28-30 even at an earlier stage.</p> <p>This additional key factor is to pre-empt future horizon changes in the priority of projects.</p>	<p>Staff considers that this could be encompassed in urgency of issue</p>
32	A	Agreed	See 4.1 discussion

Questions 6 & 7

6. Do you think the Cash Basis IPSAS is a valuable resource in strengthening public finance management and knowledge globally by increasing the adoption of accrual-based IPSASs?
7. Of the three options identified in relation to the Cash Basis IPSAS, which would you recommend the IPSASB select? Please provide the rationale for your recommendation.

Summary of responses to Questions 6 & 7:

STAFF ASSESSMENT OF RESPONSES RECEIVED: These are staff views and do not necessarily reflect the views of IPSASB Members

CATEGORY (C #)	RESPONDENTS (R #)	TOTAL
A – Retain Cash IPSAS & complete review project	002,015,019,020,021,025,029,031*,032	8.5*
B – Retain Cash IPSAS but do not complete review	001,006,007,008,010,011,014,016,017,022,024,026,031*	12.5*
C – Withdraw Cash IPSAS	004,005,009,012,013,023,027,028,030	9
SUB-TOTAL OF THOSE PROVIDING COMMENTS		30
D – DID NOT COMMENT	003,018	2
TOTAL RESPONDENTS		32

*Respondent did not express preference for A or B but expressed preference against c

R#	C#	RESPONDENT COMMENTS Questions 6 & 7	STAFF COMMENTS
01	B	<p>The financial statements of the Government of Malaysia for the year ended 31 December 2015 will be prepared using the Malaysian Public Sector Accounting Standards (“MPSASs”). MPSASs are drawn primarily from the accrual-based IPSASs. Malaysia is making the final preparations to move to accrual accounting in 2015. The transition to accrual accounting started in 2011. Six years earlier, the Government of Malaysia adopted the Cash Basis IPSAS to attain better financial management. Adopting cash basis IPSAS was beneficial for Malaysia as it enhanced discipline around our procedures and it was a positive transitional step.</p> <p>As such, we believe that the Cash Basis IPSAS is a valuable resource in strengthening public finance management and knowledge globally leading to the adoption of accrual-based IPSASs.</p>	See 4.1 discussion

R#	C#	<p align="center">RESPONDENT COMMENTS</p> <p align="center">Questions 6 & 7</p>	STAFF COMMENTS
		<p>Following our comments in question 6 above, we recommend option (b), as the Cash Basis IPSAS provides benefits for the transitioning entities. The outreach activities should include promotion of adoption and application of Cash Basis IPSAS.</p>	
02	A	<p>The Cash Basis IPSAS is an extremely valuable resource that provides guidance for developing countries and countries in transition. Once these countries have implemented the required Part 1 of the Cash Basis IPSAS, they are in a position to implement the optional Part 2. Implementation of standards addressed in the Cash Basis IPSAS provides the financial foundation so that the developing countries and countries in transition are in a position to transition to the accrual-based IPSASs whenever they have the capacity and software to accomplish the more complex accrual-based standards.</p> <p>We would recommend that the first option (issue an ED to revise the existing Cash Basis IPSAS) be selected. The recommendations of the Task Force in 2010 are still applicable today and should be considered for inclusion in the proposed revision along with any other pertinent issues (e.g. third-party payments and consolidated whole-of-government financial statements) that have surfaced.</p>	See 4.1 discussion
03	D	<p>Because accounting standards for the public sector in France are accrual-based, the CNoCP does not have strong views about the use of the Cash Basis IPSAS and its capacity to induce governments to adopt accrual-based IPSASs.</p>	No further action
04	C	<p>From our perspective it is obvious that the adoption of accrual based accounting standards would be enhanced if the cash based IPSAS did not exist. It's existence verifies the cash-based method as internationally acceptable and it is doubtful whether the cash-based standard increases the adoption of the accrual-based IPSAS.</p> <p>The adoption of an accounting method, no matter which, is an expensive investment. The two step model, to adapt cash based and then as step two adapt accrual based, does not seem to be rational and there is no much proof supporting this argument.</p> <p>To invest in IT systems, education and other support for a cash-based systems and to do it all over again in a couple of years could be an expensive strategy, instead of moving towards accrual based immediately. The pressure to adopt accrual based accounting standards is global and the PFM (Public Financial Management) reforms that are on-going in the developing countries, and other as well, is focusing on the adoption of the accrual based accounting, especially after the financial crisis.</p> <p>We would suggest a withdrawn of the standard in a five year perspective and without any further work done on the existing standard. The five year period will give the preparers of financial statements time to adopt the accrual based standards. By doing this there will be more resources available to the other</p>	See 4.1 discussion

R#	C#	<p align="center">RESPONDENT COMMENTS</p> <p align="center">Questions 6 & 7</p>	STAFF COMMENTS
		projects. The rationale for our suggestion – see answer to question nr 6.	
05	C	<p>Relating to the three options you identified in relation to the Cash Basis IPSAS we would recommend to withdraw the Cash Basis IPSAS from the IPSASB Handbook. The Cash Basis IPSAS are not adequate to achieve your outcome to improve the ability of public sector entities to reflect the full economic reality of their finances.</p> <p>In the course of the actual project of creating European Public Sector Accounting Standards (EPSAS) and implementing it in the EU Member States the European Commission concluded according to the suitability of the IPSAS for the EU member states that on the one hand “IPSAS cannot easily be implemented in EU Member States as it stands currently. On the other hand, the IPSAS standards represent an indisputable reference for potential EU harmonized public sector accounts.” The last public consultation paper dealt with future EPSAS governance principles and structures. We recommend to await the results of this consultation and the further development for prioritization the potential projects of the IPSASB.</p>	See 4.1 discussion
06	B	<p>As the strategic objective requires increasing adoption of accrual-based IPSAS, it seems unnecessary to develop the Cash Basis IPSAS.</p> <p>Nevertheless, DGFIP acknowledges a standard related to the transition between cash and accrual basis as useful ²⁷.</p> <p>DGFIP supports accrual-based accounting. In a budgetary constrained context, human and financial resources should be allocated to the main projects.</p>	See 4.1 discussion
07	B	<p>The 2010 Task Force review (the Review) noted that the Cash Basis IPSAS has not been widely adopted and has not led to increased adoption of accrual basis IPSASs. This finding indicates that, in its current form, the Cash Basis IPSAS is not a valuable resource in strengthening public finance management and knowledge globally by increasing the adoption of accrual-based IPSASs. We acknowledge that, at the time this Standard was developed, the IPSASB considered that it would assist public sector entities to make the transition to accrual basis IPSASs. However, for the reasons noted by the IPSASB, it has not been widely adopted and has not led to increased adoption of accrual basis IPSASs. In our view, the IPSASB should consider if there is a cost-effective way of overcoming the key obstacles identified in the Review that would enable the Standard to achieve its original objective. If not, we do not support any further development of the Cash Basis IPSAS. The IPSASB’s limited resources would be more effectively used in the development and improvements of accrual-based IPSASs.</p>	See 4.1 discussion

²⁷ Public consultation october 2013 ED 53 *First-Time Adoption of Accrual Basis International Public Sector Accounting Standards*.

R#	C#	<p align="center">RESPONDENT COMMENTS</p> <p align="center">Questions 6 & 7</p>	STAFF COMMENTS
		<p>Based on the 2010 Task Force Review, option (a) does not appear to be a good use of the IPSASB's resources. However, if the IPSASB is able to identify a cost-effective way of overcoming the key obstacles identified in the Review, option (a) could be considered.</p> <p>Nevertheless, given that one of the IPSASB's proposed outcomes is to improve the ability of public sector entities to reflect the full economic reality of an entity's finances, the role of the Cash Basis IPSAS (if retained) should be limited to providing a transitional step to adoption of accrual-based IPSASs, as the Cash Basis IPSAS is not consistent with this proposed outcome.</p> <p>Based on the information available at present, option (b) appears to be the best option because it does not require the IPSASB's limited resources to be used for something with limited, if any, benefits, and the Cash Basis IPSAS remains available for use. However, in our view, option (b) is not a long-term solution because retaining a Cash Basis IPSAS that is not maintained creates a potential reputational risk for the IPSASB. Therefore, if option (b) is selected, a decision about whether to review or remove the Cash Basis IPSAS will need to be made within five years.</p>	
08	B	<p>FEE has been a long term supporter of accruals accounting for public sector entities and believes that it facilitates better planning, management and decision making as well as providing a means with which to assess financial resilience. It can also assist better performance measurement and therefore performance management. We believe that it brings these benefits irrespective of the development level of the jurisdiction involved or the size of the public entity in question.</p> <p>However, we accept that the switch to accruals accounting requires a considerable outlay in time and resources, particularly with regard to implementing systems and training staff at all levels. We also accept that there is a political element to consider in introducing stakeholders to the concepts involved and in explaining the inevitable changes in financial performance and position that arise from the switch to accruals accounting. Consequently, the Cash Basis IPSAS may continue to be relevant for some time.</p> <p>Therefore, we do believe that the Cash Basis IPSAS can be a valuable source in strengthening public finance management and can help lay the foundations for a subsequent move towards full accruals accounting.</p> <p>If the IPSASB had unlimited resources we would support option (a), to retain the Cash Basis IPSAS and complete the review process, for the reasons stated above.</p> <p>However, we believe that it would be of longer lasting benefit to divert, first and foremost, all resources into completing the suite of accruals based standards. We believe that this would assist in their more widespread adoption across the world. The review process could then be resumed when resources became available.</p>	See 4.1 discussion

R#	C#	<p align="center">RESPONDENT COMMENTS</p> <p align="center">Questions 6 & 7</p>	STAFF COMMENTS
		<p>Consequently, FEE supports option (b) as we believe that there is no compelling reason why the Cash Basis IPSAS should be withdrawn and that IPSASB should not dilute its efforts in completing the accruals based standards.</p>	
09	C	<p>The IDW supports accrual-based accounting in the public sector, as the informational value is superior to that derived from cash accounting alone. We therefore believe the Board should direct its resources towards ensuring its set of accrual-based standards deals with those key public-sector specifics currently not covered by IPSASs as soon as possible.</p> <p>As reported in the Consultation there appears to be neither widespread support for, nor adoption of, the Cash Basis IPSAS. We therefore do not believe it is appropriate for the IPSASB to expend resources on maintaining the Cash Basis IPSAS going forward, and favor its withdrawal at a future date, as it becomes significantly outdated (option (b) and in the longer term (c)).</p> <p>This would involve due notice of such intent, so as to allow those jurisdictions that are using the Cash Basis IPSAS to make alternative arrangements, including moving to accrual-based IPSASs and taking advantage of the provisions of the standard on first time adoption, which is due to be finalized shortly.</p>	See 4.1 discussion
10	B	<p>Cash Basis IPSAS is a valuable resource in the IPSASB's effort to strengthen public financial management and knowledge as it provides a transitional framework to public sector entities in the early stages of their accounting modernisation programmes. We have observed a trend among governments, particularly in developing countries, to use Cash Basis IPSAS as the first step in a gradual transition to accrual accounting. Good cash management and reporting practices are a necessary starting point for accruals accounting and the Cash Basis IPSAS provides guidance to reporting entities to help them achieve this.</p> <p>We understand the value of the cash-basis standard for transitional purposes but stress that it should be seen as a stepping stone towards implementation of full accruals-based accounting practices.</p> <p>The priority activity of the IPSASB in the medium term should be on completing the suite of accrual-based standards, filling any gaps in the standards and ensuring their suitability for public sector reporting entities. We therefore believe that no further resources should be invested in the cash-based standard.</p> <p>We thus agree with the second option listed above (b), that the Cash Basis IPSAS should be retained unchanged and all current and future work related to the standard should be suspended at this time.</p>	See 4.1 discussion

R#	C#	RESPONDENT COMMENTS Questions 6 & 7	STAFF COMMENTS
11	B	<p>The committee is of the opinion that the <i>Cash Basis IPSAS</i> makes no contribution towards strengthening the introduction of accrual-based accounting. The objective of the IPSASs is accrual-based accounting and therefore this Standard should receive no further support. The resort to cash-based accounting should be seen as a transitional solution towards the use of accrual-based accounting.</p> <p>The SRS-CSPCP is of the opinion that the Standard concerned should be left as it is. It therefore supports Alternative (b) (<i>“Retain the Cash Basis IPSAS unchanged; this would mean suspending the review project and doing no further work on the IPSAS”</i>).</p> <p>Alternative(c) (<i>“Withdraw the Cash Basis IPSAS from the IPSASB Handbook”</i>) is rejected, because otherwise the countries using this Standard suddenly stand there without a Standard.</p> <p>Alternative (a) (<i>Retain the Cash Basis IPSAS and complete the review project”</i>) is also rejected, because the IPSAS Board should deploy its limited resources for more important topics.</p>	See 4.1 discussion
12	C	<p>The public interest would be served by all governments producing accruals based accounts and using such information for budgetary and decision making purposes. We do however; recognise that this ideal scenario will take time, particularly in developing nations. We therefore propose that the cash based standard is retained at present but IPSASB should detail a clear timetable for the withdrawal of this standard over the medium term. Allocating further resource to this project is inconsistent with the priority for wider adoption of high quality accruals based accounting. It is also incompatible with IPSASB’s resource constraints.</p> <p>Option c – future withdrawal for the reasons given in paragraph 0 above.</p>	See 4.1 discussion
13	C	The cash basis IPSAS may be withdrawn from IPSAS handbook for a full blown accrual basis IPSAS within the period of 2015-2019. The accrual-based should be fully developed for understanding by the public sector entities in developing economics.	See 4.1 discussion
14	B	<p>While we ourselves do not have specific experience in applying the cash basis IPSAS, we can provide feedback on what we have heard through our discussions with other jurisdictions that apply the cash basis IPSAS, as well as how we have used the cash basis IPSAS to develop our modified cash framework.</p> <p>6.2 We have recently encountered a number of jurisdictions where the cash basis IPSAS is being adopted, mainly because particular organisations or funders critical to their development have requested that they adopt the cash basis IPSAS. It would therefore appear that there is a need to retain the cash basis IPSAS. We can however not provide specific information about what the</p>	See 4.1 discussion

R#	C#	<p align="center">RESPONDENT COMMENTS</p> <p align="center">Questions 6 & 7</p>	STAFF COMMENTS
		<p>potential issues are or have been in adopting the cash basis IPSAS in those jurisdictions.</p> <p>6.3 The National Treasury has used the requirements of the cash basis IPSAS, as well as the encouraged disclosures, as a basis for developing the modified cash reporting framework applied by our government entities pending migration to accrual accounting. From our experience, the cash basis IPSAS provides an important “stepping stone” to migrate to accrual accounting, and as such, believe it is a valuable resource.</p> <p>We would support retaining the cash basis IPSAS, but we can unfortunately not provide a clear view on whether the project to review the cash basis IPSAS should be continued or not. In principle we support completing the project as this is likely to resolve many of the issues currently experienced by users of the Standard, and may even increase the adoption rate of the IPSAS (and potentially accrual basis IPSASs in the future). We would however balance the need for continuing this project with the other priorities of the IPSASB.</p> <p>If the IPSASB were to continue work on the cash basis IPSAS and spend resources on updating and revising it, it may be appropriate to consider how this project contributes to the adoption of accrual basis IPSASs in the long term. If the IPSASB could articulate the importance of adopting the cash basis IPSAS as a stepping stone on the way to adoption of full accrual accounting, then this might be a more appropriate way to justify continuing with the project.</p> <p>The review of the cash basis IPSAS could also be supported by, for example, a clear roadmap of adoption from cash to accrual, and how entities could use the cash basis IPSAS in this context. For example, this roadmap could articulate the initial application of the cash basis IPSAS with the required disclosures as a first step, a second step would be to add the encouraged disclosures, and subsequent steps could include recognising items previously disclosed on the statement of financial position, and so on.</p>	
15	A	<p>We understand that producing cash accounts is a challenge for many countries around the world with more than a third of countries struggling to produce cash accounts based on the IPSAS cash standard. We recognise from our work with countries particularly in developing countries and emerging economies that there are no quick fixes and transition is often complex. Therefore, we agree that the cash basis IPSAS is an important accounting standard for countries to adopt as a first step on their journey to move towards accruals.</p> <p>We would recommend Option (A) as the most viable option for retaining the Cash Basis IPSAS and updating it accordingly. This provides the most practicable approach.</p>	See 4.1 discussion
16	B	CIPFA supported the development of the Cash Basis IPSAS by IPSASB both as an expedient approach	See 4.1 discussion

R#	C#	<p align="center">RESPONDENT COMMENTS</p> <p align="center">Questions 6 & 7</p>	STAFF COMMENTS
		<p>for jurisdictions lacking the capacity to develop and maintain the necessary reporting systems, and also as a stepping stone to full accrual accounting.</p> <p>The Cash Basis provides inherently less useful information than accrual accounting, and in practice we understand that governments almost always supplement this reporting with additional information which they find helpful. While well intentioned, this often means that the information is less useful than it would be if presented in a standardised manner developed through consultation.</p> <p>On balance, we are inclined to see the Cash Basis IPSAS as a useful resource and one which is in some cases followed by a transition to full accrual – this has been more evident recently.</p> <p>In some cases, the Cash Basis IPSAS may serve to reinforce reliance on cash. While this is obviously less desirable, there is some benefit from the adoption of this international standard than operating without standards, or using standards which are not subject to as rigorous a development process.</p> <p>The Cash Basis IPSAS fulfils a useful function although the current form of the standard is not necessarily the best one. In due course it might be useful to redevelop the standard to provide a staged transition to the accrual based IPSAS, having regard to the material which is already in Study 14 <i>Transition to the Accrual Basis of Accounting: Guidance for Public Sector Entities</i>, and linking this to material which the Board is developing on its proposed IPSAS on first time adoption; it is also possible that this might be best developed through RPGs or other non-mandatory guidance.</p> <p>Having regard to the position in Europe which is the constituency within which CIPFA has most direct intelligence, the greatest benefit for the period under consultation would be obtained if the Board focussed its efforts on accruals based standards, and so followed option (b). This would also be helpful to other jurisdictions which have implemented or are moving to the accrual IPSAS standards.</p> <p>Bearing in mind our wider experience in countries where reporting is less well developed and accountancy resources may be highly constrained, we can also see merit in pursuing option (a). However, given the constraints on resources, CIPFA suggests that it may be most practical in the short term to follow option (b), except that the Board might see whether it is feasible to collect or make more publicly available any guidance, implementation aids and other resources which have already been developed by preparers and their auditors. One such example might be disclosure checklists developed by SAIs such as the UK National Audit Office in their work on Cash Basis IPSAS accounts.</p>	
17	B	<p>Ideally, governments should report on an accruals basis, but we acknowledge that the Board's Cash Basis IPSAS is a helpful first step for governments seeking to adopt accrual-based IPSASs. On that basis, we support maintaining the Cash Basis IPSAS as a transitional measure. In our view, the Cash Basis IPSAS should include a clear statement (<i>'health warning'</i>) indicating that the IPSASB considers compliance with the Cash Basis IPSAS just an intermediate step towards the implementation of the</p>	See 4.1 discussion

R#	C#	<p align="center">RESPONDENT COMMENTS</p> <p align="center">Questions 6 & 7</p>	STAFF COMMENTS
		<p>accrual-based IPSASs.</p> <p>Consistently with our response to Question 6, the considerable number of governments currently implementing the Cash Basis IPSAS warrants retaining this standard as a transitional measure. However, we encourage the Board to consider whether a ‘sunset provision’ is required for this Standard. In addition, we encourage the Board to consider developing a programme to encourage governments to move from Cash Basis IPSASs to full accrual-based IPSAS.</p> <p>Given the active usage of the Cash Basis IPSAS, were the Board to withdraw the standard now, it might discourage governments from adopting accrual basis IPSASs. We note that the Cash Basis IPSAS contains valuable public sector-specific guidance on the reporting of cash flows which might ultimately be integrated into IPSAS 2 Cash flow statements making IPSAS 2 a more public sector-specific than at present.</p> <p>The multilateral and bilateral donor community might be approached to fund a review and possible amendment of the Cash Basis IPSAS. Using a Task Force, following directions from the Board, could reduce the time commitment of the Board.</p>	
18	D	We have no particular comments on the cash-based IPSAS.	No further action
19	A	<p>Yes. The Cash Basis IPSAS enhances the quality of financial reports prepared on this basis and facilitates exposure of the users to IPSAS in general. Accordingly, it is viewed as an important stepping stone that can help to prepare entities for the adoption of accrual based IPSASs.</p> <p>It is recommended that the IPSASB select Option a. We agree with the conclusion of the Task Force that the Cash Basis IPSAS should be retained, subject to modifications and restructuring. These modifications would aim to address the obstacles to adoption identified by the Task Force in its report.</p>	See 4.1 discussion
20	A	<p>We estimate that on a cash basis IPSAS is a valuable resource in this accounting basis for state enterprises. It is essential, though, to deliver and report on the progress of this analysis to all stakeholders</p> <p>We believe that the only viable option at this moment is option A.</p> <p>Our rational and professional analysis is based on the consideration of all the work performed. Obviously we believe that much work remains to be done, however, a lot of work has already been performed and hopefully the analyzes will continue moving forward while taking into account that the characteristics of private companies are different from companies in the public sector.</p>	See 4.1 discussion
21	A	Yes, the Cash basis IPSAS is a valuable resource in strengthening public finance management and	See 4.1 discussion

R#	C#	<p>RESPONDENT COMMENTS</p> <p>Questions 6 & 7</p>	STAFF COMMENTS
		<p>knowledge globally since the Cash basis IPSAS has been entry for first time users before they change to the accrual basis.</p> <p><i>Option A</i></p> <p><i>The cash basis IPSAS should be reviewed and a timeline given within which transition should occur ,For example after two years the reporting should have shifted from cash basis to accrual reporting.</i></p>	
22	B	<p>It may be mentioned that similar to other countries, India is also moving towards implementing accrual basis of accounting. Many Urban Local Bodies and various Government Departments have adopted accrual basis of accounting and some are in transitioning phase. However, many others such as rural local bodies are yet on cash basis of accounting. Similarly, many other developing countries could also be in transitioning phase.</p> <p>In view of this, it is felt that in the countries who are yet to adopt accrual basis of accounting or are in transitioning phase, the Cash Basis IPSAS may be used as an interim measure till the whole of the Government shift to accrual basis of accounting. Since the Standard prescribes various disclosures relating to assets and liabilities, it would facilitate transitioning to accrual basis of accounting and adopting accrual based IPSASs. The use of Cash Basis IPSAS would also enhance the transparency in the financial reporting under the existing cash basis of accounting.</p> <p>It is felt that revising the existing Cash Basis IPSAS may not be of very use. More focus required on accrual basis of IPSASs, existing commitments and other resource constraints such as manpower and funding etc, suggests that IPSAS Board may adopt the second option i.e.</p> <p><i>'Retain the Cash Basis IPSAS unchanged; this would mean suspending the review project and doing no further work on the IPSAS'</i></p>	See 4.1 discussion
23	C	<p>We do not think the Cash Basis IPSAS is a valuable resource because we feel that the very limited adoption of the Cash Basis IPSAS limits its contribution to improving public finance management.</p> <p>We would select Option (c). The IPSASB does not need to address the Cash Basis IPSAS by allocating limited time and human resources to it. If there is a need for the Cash Basis IPSAS, other international organizations should address it.</p>	See 4.1 discussion
24	B	<p>The AASB considers that, because the Cash Basis IPSAS is not being applied as intended, it is currently not a valuable resource in strengthening public finance management. However, the AASB considers that if entities using the Cash Basis IPSAS could have an 'IPSAS label' on their financial statements for a specified transitional period of time (e.g. three years) then it may help to encourage more entities to adopt</p>	See 4.1 discussion

R#	C#	<p align="center">RESPONDENT COMMENTS</p> <p align="center">Questions 6 & 7</p>	STAFF COMMENTS
		<p>full accrual IPSASs in future periods.</p> <p>As mentioned in the response to Question 6 above, the AASB considers that the Cash Basis IPSAS should be retained, but with a purpose. The AASB considers that the Cash Basis IPSAS does have value, as it allows public sector entities to gain some acceptance because they have adopted a standard from an independent body. However, the AASB does not recommend any further IPSASB resources be committed to amending the standard.</p>	
25	A	<p>Finally, the Cour des Comptes does not want the IPSAS Board to abandon the "Cash Basis" standard. Cash accounting is still widely used in the world, including in the European Union which is working to develop its own public accounting standard. Cash accounting is applied in highly solvent and developed economies as well as in many developing countries, where it is the least cost step prior to modernising what are often embryonic accounting systems. Therefore, these considerations should rather be an incentive to aim at improving and updating the "Cash Basis" standard in order to better address the expectations of public sector entities, given their great diversity.</p>	See 4.1 discussion
26	B	<p>Cash Basis IPSAS is a valuable resource for jurisdictions that are looking to strengthen their public finance management and accountability of public sector entities, but are not ready and lack the resources to implement accrual-based accounting. Therefore we believe that the IPSASB should retain the Cash Basis IPSAS.</p> <p>However, the Board should consider taking measures to clearly differentiate between the suite of accrual-based IPSASs and Cash Basis IPSAS. It may not always be clear when entities or jurisdictions claim to be applying IPSAS, whether they are referring to accrual IPSAS or Cash Basis IPSAS. Therefore we think a greater differentiation would ensure greater clarity for constituents regarding which set of standards is being applied.</p> <p>As mentioned previously, we support retaining the Cash Basis IPSAS, and retaining it unchanged. Taking into account the resource constraints at the IPSASB and that we have not observed any significant defect in the Cash Basis standard, we suggest suspending the review project and that the IPSASB should only restart the project if specific funding or resources are available from other organizations to progress this project for the benefit of jurisdictions that are or will be using Cash Basis IPSAS.</p>	See 4.1 discussion
27	C	No, we do not think the Cash Basis IPSAS is a valuable resource in strengthening public finance	See 4.1 discussion

R#	C#	<p align="center">RESPONDENT COMMENTS</p> <p align="center">Questions 6 & 7</p>	STAFF COMMENTS
		<p>management and knowledge globally.</p> <p>We recommend the IPSASB withdraw the Cash Basis IPSAS from the IPSASB Handbook as we do not think it makes a useful contribution to the improvement of public sector financial management. Subject to budget considerations, we believe a publication on accrual accounting in the public sector would be a valuable resource.</p>	
28	C	<p>HoTARAC does not think that the Cash Basis IPSAS is a valuable resource in strengthening public finance management and knowledge globally. In fact, it may detract from the IPSASB achieving the strategic objective as proposed in the paper.</p> <p>HoTARAC would recommend IPSASB select option c - <i>Withdraw the Cash Basis IPSAS from the IPSASB Handbook</i>.</p> <p>Given the current constraints on inputs identified in the Consultation paper, HoTARAC is of the view that IPSASB's resources would be better used in progressing Accrual-Based IPSAS projects rather than on Cash-Basis IPSAS. This is because adoption of Cash-Basis IPSAS has been lower than anticipated and still requires rework. Additionally, as the IPSASB has an accrual-based focus, HoTARAC suggests that IPSASB direct their efforts on encouraging entities to transition from a cash basis to an accrual basis, rather than to follow/adopt an (intermediary) Cash-Basis IPSAS.</p> <p>As an alternative, and if not administratively onerous, HoTARAC suggests that IPSASB produce a guidance document for jurisdictions which have not yet implemented accrual accounting and would like to utilise the principles in their reporting.</p>	See 4.1 discussion
29	A	<p>Yes, I think that the Cash Basis IPSAS is a valuable resource in strengthening public finance management and knowledge globally by increasing the adoption of accrual-based IPSASs.</p> <p>I think that the option "a" identified in relation Cash Basis IPSAS, "(a) Retain the Cash Basis IPSAS and complete the review project using existing IPSASB resources; this would mean issuing an ED that addresses the Task Force's recommendations, analyzing responses and finalizing a revised Cash Basis IPSAS."</p>	See 4.1 discussion
30	C	<p>Currently there is a problem with IFRS and IFRS for Small and Medium-sized Entities (IFRS for SMEs) for accountants. It sounded great to have two different sets of standards, but it means accountants need to know both. So an economic transaction could be recorded differently if you use the IFRS or IFRS for SMEs. It has brought more confusion to the accountants and most crucial, to the decision makers.</p>	See 4.1 discussion

R#	C#	<p align="center">RESPONDENT COMMENTS</p> <p align="center">Questions 6 & 7</p>	STAFF COMMENTS
		<p>The world's economies are moving to an accrual accounting. The G20 leaders want a single set of global accounting standards and they have requested that to IASB. IPSASB should not act differently.²⁸</p> <p>According to the IPSASB Strategy Consultation document, high-quality, robust and effective accrual-based financial reporting systems, such as those based on International Public Sector Accounting Standards (IPSASs), are integral to enhancing accountability and transparency in government financial reporting.</p> <p>There is a contradiction with IPSASB's objective (accrual-based financial reporting systems) and Cash Basis IPSAS</p> <p>We chose option number c, Withdraw the Cash Basis IPSAS from the IPSASB Handbook; this could be immediate or at some future date.</p> <p>First, Cash Basis IPSAS is not based on accrual-based IPSASs.</p> <p>Second, it not a part of the strategic objective of IPSASB.</p> <p>Third, it does not belong to G20's mission to have a mission of a single set of global accounting standards.²⁹</p>	
31	A/B	<p><i>Not (c)</i></p> <p>We do not have enough information to provide a definite view, but we are weary to withdraw the Cash Basis IPSAS from the IPSASB Handbook (option (c)). This is because certain spheres of government in South Africa apply a modified cash basis, and the Cash Basis IPSAS is certainly a helpful benchmark to have at hand.</p> <p>As mentioned above, should there be jurisdictions that apply the Cash Basis IPSAS either because:</p> <ul style="list-style-type: none"> • It is helpful as suitable criteria for assurance purposes, or 	

²⁸ **The bumpy path towards global accounting standards.** Michel Prada, Chairman of the IFRS Foundation Trustees Frankfurt, 16 October 2013. Page 5. www.ifrs.org

²⁹ **Strengthening institutional relationships.** Hans Hooverst. IFRS Foundation World Standard-Setters Conference. September 23, 2013, London. Page 1. www.ifrs.org

R#	C#	<p style="text-align: center;">RESPONDENT COMMENTS</p> <p style="text-align: center;">Questions 6 & 7</p>	STAFF COMMENTS
		<ul style="list-style-type: none"> • It is a step towards accrual based standards, <p>Then the Cash Basis IPSAS does support the strengthening of public finance management in general. If the Cash Basis IPSAS is not used or considered by anyone, then there is no harm in keeping it either. If there are jurisdictions that apply the Cash Basis IPSAS, but do not consider the adoption of accrual-based IPSASs or any equivalent, then withdrawing the Cash Basis IPSAS is not necessarily going to encourage the adoption of accrual-based IPSASs or any equivalent.</p> <p>Contrary to simply withdrawing the Cash Basis IPSAS, additional guidance or publications may solve the problem by bridging the accrual basis adoption gap. The barriers of adoption may otherwise be beyond the IPSASB's control, in which case the Cash Basis IPSAS meanwhile supports the strengthening of public finance management in general by providing suitable criteria.</p> <p><i>Either (a) or (b)</i></p> <p>The decision whether to complete the review project depends on available and required resources. Required resources may depend on how relevant the research material still is. It appears that the research was concluded in 2010, which is four years ago already. However, the results of Task Force report may still be relevant as the facts and circumstances pertaining to the report may have remained materially unchanged, and therefore it may not take up considerable resources to complete the project.</p> <p>We suggest that this project be evaluated against the five key factors as discussed in question 5 above. Another way of reasoning in making this decision may be illustrated as follows:</p>	

R#	C#	<p>RESPONDENT COMMENTS</p> <p>Questions 6 & 7</p>	STAFF COMMENTS
		<pre> graph TD Q6{Does the CB IPSAS prevent the adoption of} -- YES --> A6["(c) Withdraw the Cash Basis IPSAS from the IPSASB Handbook. <i>This is because the strategic objective is</i>"] Q6 -- NO --> Q7{Is the CB IPSAS still useful for strengthening} Q7 -- NO --> A7["Consider either to: (c) Withdraw the Cash Basis IPSAS from the IPSASB Handbook; OR (a) Retain the Cash Basis IPSAS and complete the review project using existing IPSASB resources <u>to supplement or improve guidance to achieve the strategic</u>"] Q7 -- YES --> Q8{Is some of the CB IPSAS's content currently} Q8 -- YES --> A8["(a) Retain the Cash Basis IPSAS and complete the review project using existing IPSASB resources"] Q8 -- NO --> A9["Consider either to: (a) Retain the Cash Basis IPSAS and complete the review project using existing IPSASB resources; OR (b) Retain the Cash Basis IPSAS"] </pre>	

R#	C#	RESPONDENT COMMENTS Questions 6 & 7	STAFF COMMENTS
32	A	<p>Retain the Cash Basis IPSAS and complete the review project using existing IPSASB resources with proviso that the Board develops a framework that can be used by countries that are transitions to accrual based standards over a number of years (as mentioned in 1 above).</p> <p>The Cash Basis standards would be relevant and of benefit to the countries that are in the initial stages of developing their financial reporting regimes in the public sector. It is important to have a standard that they can refer to.</p>	See 4.1 discussion

Question 8

8. Considering the various factors and constraints, which projects should the IPSASB prioritize and why? Where possible please explain your views on the description and scope of the project.

R#	RESPONDENT COMMENTS Question 8	STAFF COMMENTS
01	<p>We believe the IPSASB should prioritise those projects to address public sector specific issues and those to maintain existing IPSASs. These projects should then be assessed in details using the five key factors identified on page 15 of the consultation paper as well as considering the time and resources required to undertake the projects.</p> <p>In relation to those projects to address public sector specific issues, we propose the following projects to be undertaken as they are more critical than others:</p> <ul style="list-style-type: none"> a) Non-exchange expenses – this has been highlighted in the consultation paper, <i>The Future Governance of the IPSASB</i> issued by the IPSASB Governance Review Group as one of the public sector issue that should be addressed by the IPSASB; and b) Trust funds – when Malaysia moves to accrual accounting, we determine the accounting treatment for trust funds as there is no guidance available. Guidance on the appropriate accounting treatment is warranted to provide guidance (as international best practice) as well as to ensure consistent treatment among jurisdictions. <p>As for those projects to maintain existing IPSASs, we propose those projects to be undertaken between 2015 and 2019 as these projects would only involve some amendments to the current IPSASs. However, certain projects such as construction contracts, leases and revenue would require more time due to major revision of the equivalent IFRS.</p>	
02	<p>Many countries around the world continue to have difficulties complying with the Cash Basis IPSAS let alone be concerned with implementing the accrual-based IPSASs. Our highest priority would be to revise the cash reporting standard to make it more meaningful and cost beneficial in the decision making process for the adoptees. As far as the accrual-based IPSASs are concerned, our highest priority would be a review of IPSAS 22 to assure that the accounting by governments are as closely aligned with the Government Financial Systems Manual (GFSM) as possible. Most governments with which we work are more concerned about compliance with the GFSM than they are in complying with the IPSAS. Thus, all other accrual-based IPSASs are beneficial but not of the highest concern to many countries.</p>	
03	<p>Overall, the projects the CNoCP would prioritise are those that specifically deal with public sector specific issues.</p> <p>Of the potential new projects listed in the consultation document, the CNoCP would recommend that the following</p>	

R#	<p style="text-align: center;">RESPONDENT COMMENTS</p> <p style="text-align: center;">Question 8</p>	STAFF COMMENTS
	<p>projects should be prioritised for the reasons explained below:</p> <ul style="list-style-type: none"> • Sovereign powers and their impact on financial reporting: the CNoCP believes that this topic is overarching and is a critical factor for differentiating private from public sector accounting. In addition, it touches on the issue of the definition of the reporting entity; in that sense, it should be a topic for the Conceptual Framework project to deal with. Indeed, when setting the boundaries of the reporting entity, even more so of the ultimate consolidating entity, it is critical to identify those assets and liabilities that relate to the reporting entity, so as to analyse whether they meet the recognition criteria at the reporting entity level. This is all the more relevant if a body (eg sovereign powers) acts beyond the management of public finances because it sets the public policies. In setting public policies such a body may create rights and obligations for which it is accountable, but that do not meet the definitions of assets and liabilities of the reporting entity that operates the sovereign powers. In other words, this comes down to attributing to the reporting entity only those assets and liabilities that meet the definitions of assets and liabilities for that reporting entity. Therefore, the CNoCP strongly believes that the issue should be addressed before the project on the Conceptual Framework is finalised. • Intangible assets: this project would be undertaken as a consequence of the previous topic. In addition to addressing costs related to research and development, the project would deal with those intangible assets that result from sovereign power (eg the power to raise taxes), but that are not intangible assets of the public entity that operates the sovereign power; • Non-exchange expenses: those expenses represent a large and significant portion of the financial statements with specific features derived from public sector specificities. 	
04	<p>The listed potential projects are all relevant and important. Though we would like to suggest a more strict focus and prioritization on a few projects with the aim to finalize them in a shorter period. Below we have indicated which projects we believe should be of highest priority. The rationale for our choice is that these projects concern significant areas often mentioned as weak and poorly addressed in the IPSAS, in relation to the public sector specific environment, and they relate to large amounts.</p> <p>Studies in EU has shown that countries which already had implemented IPSAS, in several cases has been forced to develop own standards for addressing certain areas, because the IPSAS has been defined as not applicable. We believe that the credibility of the ISPAS will raise and there will be fewer arguments for not adopting the IPSAS because important areas are not properly addressed.</p> <ul style="list-style-type: none"> - Projects to address public sector specific issues: <ul style="list-style-type: none"> ✓ Measurement – public sector specific. The completion of this project will affect the other suggested projects on heritage assets, infrastructure assets etc and there should it be 	

R#	<p align="center">RESPONDENT COMMENTS</p> <p align="center">Question 8</p>	STAFF COMMENTS
	<p>highlighted and of highest priority.</p> <ul style="list-style-type: none"> ✓ Non-exchange expenses ✓ Infrastructure assets, heritage assets and other asset related projects. <p>- Projects to maintain existing IPSAS:</p> <ul style="list-style-type: none"> ✓ Improvements to ISPAS 23 Non-exchange revenues ✓ Employee benefits ISPAS 25 	
05	<p><i>IPSASB's 2015–2019 work program</i></p> <p>With regard to the work program in general further adjustments to extant IPSASs or the development of new standards should be limited to a minimum level. This would provide users a stable platform for adoption and implementation of standards.</p>	
06	<p>Consistent with the previous replies and more particularly with the answer to question 5, columns 3 and 4 of the table entitled “Potential Projects” should not be considered³⁰.</p> <p>In addition, DGFIP notes that the program proposed by the IPSASB seems very ambitious considering the human and financial resource constraints. Thus, as stated in the CP³¹, the standard setting process takes from 18 to 48 months depending on the type of project. However, this consultation sets out to determine the new projects for the period 2015-2019, i.e.60 months.</p> <p>In view of the projects currently being examined by the IPSASB, the identification of 21 new topics corresponding to the draft proposals supported by DGFIP (cf. (a) Projects to adress public sector specific issues and (b) Projects to maintain existing IPSASs), also appears very ambitious.</p> <p>In light of the above three key factors mentioned in answer 5, in order to respond to the public sector issues and, considering resource constraints, two major public sector topics have been identified as priorities:</p> <ul style="list-style-type: none"> • non exchange expenses; • sovereign powers and their impact on financial reporting. 	

³⁰ Projects to converge with IFRS and other projects.

³¹ CP Paper p 8« *The current structures and processes mean that a standardsetting project takes a minimum of 18 months, with the average project taking 24 to 30 months. More challenging projects take 36 to 48 months to completion* ».

R#	<p align="center">RESPONDENT COMMENTS</p> <p align="center">Question 8</p>	STAFF COMMENTS
	<p>Finally, the concept of expense raises issues in connection with the relationship of expense-provisions- off balance sheet commitments which may well affect other standards in parallel. In addition, studying the exercise of sovereignty implies:</p> <ul style="list-style-type: none"> • an in-depth approach in relation to the conceptual framework; • an analysis of the interaction between the exercise of sovereign power and other issues such as the right to use public property or the right to use the frequency spectrum; • the very definition of the triggering event requires considerable thought in this particular context. 	
07	<p>We note that the IPSASB already has a number of important projects underway or committed and we consider that these projects should continue to be a high priority. These projects include the conceptual framework, public sector combinations, social benefits, and updating IPSASs 6 to 8 and IPSASs 28 to 30 (which will include reflecting the final version of IFRS 9 <i>Financial Instruments</i>).</p> <p>The majority of IPSASs are based on IFRSs. In turn IFRSs, were developed having regard to the IASB's Conceptual Framework. We are pleased that once the IPSASB's Conceptual Framework is finalised, the IPSASB will embark upon a process to identify any inconsistencies between existing IPSASs and the Conceptual Framework and to prioritise projects where inconsistencies are identified. The IPSASB should continue to bear this in mind when prioritising future projects.</p> <p>Having noted the above, there are a number of projects that we think the IPSASB should prioritise now including the following:</p> <p><u>Revenue and non-exchange revenue</u></p> <p>We are particularly interested in a project to consider revenue. In our view, such a project should encompass both exchange and non-exchange revenue, considering the implications of IFRS 15 <i>Revenue from Contracts with Customers</i> and re-considering IPSAS 23 <i>Revenue from Non-Exchange Transactions (Taxes and Transfers)</i>.</p> <p>We consider that a convergence project to consider the implications of IFRS 15 should have a high priority now that the IASB has issued the final standard.</p> <p>In considering IPSAS 23, a number of issues have been raised by our constituents, these include improving the distinction between exchange and non-exchange revenue, recognition of revenue depending on the conditions attached, and eliminating inconsistencies within the Standard. We note the revision of these standards will be influenced by the final Conceptual Framework.</p> <p>In our view, there are synergies between the two standards which lends itself to being considered as one project.</p>	

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	<p>In keeping with our ongoing commitment to support the work of the IPSASB, we would be pleased to assist the IPSASB with this project.</p> <p><u>Disclosure overload</u></p> <p>We encourage the IPSASB to initiate a project similar to the IASB's <i>Disclosure Initiative</i>. We have concerns that important information is getting lost amongst less relevant disclosures in financial statements, and users are unable to see the "wood for the trees". Such a project could clarify the current presentation and disclosure requirements, and explain the role of judgement by preparers in improving the usefulness and understandability of financial statements.</p> <p><u>Projects to Maintain Existing IPSASs</u></p> <p>Since the completion of the IPSASB's convergence project in late 2009, the IPSASB's focus has been on public sector specific projects. We agree that this focus was appropriate at that time, particularly given the importance of developing a conceptual framework. Now that the Conceptual Framework project is nearly complete and a number of public sector specific projects are progressing, we suggest that the IPSASB should reconsider the balance between public sector specific projects and convergence projects. In determining this balance, the following factors should be considered:</p> <ul style="list-style-type: none"> • One of the IPSASB's objectives is to increase the adoption of accrual-based IPSASs. As more jurisdictions adopt accrual-based IPSASs, there are likely to be more instances of public sector entities being required to prepare consolidated financial statements that include for-profit entities that apply IFRSs. In our view any unnecessary differences between IPSASs and IFRSs may undermine the credibility and quality of IPSASs, particularly if the IPSASs are perceived to significantly lag behind major developments in reporting in the for-profit sector that would also improve reporting in the public sector. In addition, for jurisdictions that apply IFRSs, unnecessary differences could create a barrier to adopting IPSASs if there are group reporting entities that comprise some entities that apply IFRSs and other entities that apply IPSASs, such as a group comprising a central government applying IPSASs and its GBEs applying IFRSs. Unnecessary differences in the accounting policies applied by entities in the group would compound consolidation issues and affect compliance costs for group reporting entities when preparing consolidated financial statements. We consider such issues should make convergence projects more of a priority. • The IPSASB should consider various options for maintaining its suite of standards within its existing resource constraints. Possibilities could include partnering with national standard setters to assist with convergence projects, developing a more streamlined process for convergence projects so that they do not require as much board time as public sector specific projects, and encouraging other bodies to assist with the research 	

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	phase of projects. Such strategies would allow IPSASB staff to focus more on public sector specific projects.	
08	<p>FEE believes that all the projects listed have merit as future projects for IPSASB.</p> <p>Regarding “Public Sector Specific Issues”, we believe that “non-exchange expenses” is the most urgent subject for the IPSASB to deal with, primarily because guidance on this matter cannot be derived from existing public or private sector standards. Additionally, we have identified “measurement – public sector specific”, “role of government as owner rather than government” and “sovereign powers and their impact on financial reporting” as important projects for IPSASB due to the current lack of internationally accepted accounting standards dealing with these topics.</p> <p>FEE also believes that “infrastructure assets” and “military assets” are useful projects because, although other IPSASs and IFRSs can be adapted to deal with these issues, there is currently considerable divergence between jurisdictions as to how these are accounted for.</p> <p>To re-iterate that point that we made above under Question 5, in Europe the completion by the IPSASB of the standard on “social benefits” and the projects relating to public sector financial instruments and the revisions to IPSASs 28-30 are seen as highly important as it would address the largest perceived gaps in the existing suite of standards. We would encourage IPSASB to complete work on these standards as a matter of priority.</p> <p>Regarding “Projects to Maintain Existing IPSASs”, FEE considers that “IPSAS 25 Employee Benefits” and “improvements to IPSAS 23 Non-exchange Revenues” are of particular importance. Additionally, “IPSAS 22 Disclosure of Financial Information about the Central Government Sector” is considered to be an issue to which priority should be given by the IPSASB.</p> <p>An additional topic that the IPSASB should consider in the future was identified. A standard relating to insurance, particularly dealing with the distinction between self- and externally-sourced insurance, is considered to be a project of considerable utility.</p>	
09	<p>As stated in our covering letter, in our view, key public-sector specifics need to be addressed as a matter of priority at present. Arguably the public sector specific projects of most major significance are already included within the current work program, e.g., social policy obligations and financial instruments. However, we believe the most urgent projects on the four lists of potential projects in the Consultation are “Non-exchange expenses” which are key issues in most countries, and issues logically following on from the Conceptual Framework: “Measurement – public sector specific” and “Sovereign powers and their impact on financial reporting”, in conjunction with “Intangible assets – public sector specific”.</p> <p>In our view, there is likely to be an expectation that following completion of the Conceptual Framework existing standards will be reviewed to ascertain whether revisions are needed. Whilst the Consultation refers to this as</p>	

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	<p>being part of its program for 2015-2019, it is not featured specifically under potential projects. We believe this should be viewed as a maintenance project. Certain of the individual IPSASs listed as projects to maintain existing IPSASs could be undertaken in conjunction with this assessment. In our opinion, IPSAS 25 “Employee Benefits” and IPSAS 23 “Non-exchange Revenues” ought to be addressed as a matter of priority.</p> <p>The projects listed as other projects are not immediate key public-sector specifics, but may need to be addressed in the medium to longer term.</p>	
11	<p>The SRS-CSPCP has taken notice with satisfaction that the IPSAS Board has taken into consideration its submissions on the <i>Work Program 2013-2014</i>. In December 2012 the SRS-CSPCP expressed the wish that <i>Non-exchange Expenses</i> (in conjunction with IPSAS 23), <i>Employee Benefits</i> (IPSAS 25) and <i>Presentation of Financial Statements</i> (IPSAS 1) be taken up in the work program. The Committee supports in each of the four categories mentioned the following projects:</p> <ol style="list-style-type: none"> 1. <i>Projects to Address Public Sector Specific Issues</i> <ul style="list-style-type: none"> • <i>Non-exchange Expenses</i>: This wish was expressed already in the consultation to <i>Work Program 2013-2014</i>. Already at the time it was considered important that there is a counterpart to IPSAS 23 <i>Non-exchange Revenues</i>. Furthermore in Switzerland transfer payments, in particular in the form of investment contributions, are of great importance. • <i>Heritage Assets</i>: for the public sector it is difficult to estimate the value of its cultural assets and recognize them in the balance sheet. • <i>Infrastructure Assets</i>: these assets are typical for public entities; they represent more or less what is called ‘administrative assets’ (or productive investment) in the Swiss entities; compared to ‘non-administrative assets’ (that include financial investments). • <i>Natural resources and trust funds</i> are interesting and worldwide important topics, which can also be relevant for Switzerland. This applies in particular for trust funds, which are of great importance in Swiss practice. 2. <i>Projects to Maintain Existing IPSASs</i> <ul style="list-style-type: none"> • The projects <i>Segment Reporting (IPSAS 18)</i> and <i>Disclosure of Financial Information about the General Government Sector (IPSAS 22)</i> enjoy high priority and should be addressed together. In particular IPSAS 22 is to be cancelled and IPSAS 18 adapted in such a way that the information necessary for a statement on the General Government Sector can be taken from a revised IPSAS 18. • <i>Employee Benefits (IPSAS 25)</i> was put by the SRS-CSPCP on its wish list for the Work Program 	

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	<p>2013-2014 and is still a priority, because there is a small variation between the calculation of the liabilities under Swiss law and IPSAS 25.</p> <ul style="list-style-type: none"> • <i>Presentation of Financial Statements (IPSAS 1)</i> was also on the wish list for the Work Program 2013-2014 and in the view of the SRS-CSPCP still retains its importance, in particular in its interaction with Government Finance Statistics (GFS). <p>3. <i>Projects to converge with IFRS</i></p> <p>This heading should be changed as follows: <i>Projects to reduce divergence from IFRS and GFS</i> (see response to Question 5)</p> <ul style="list-style-type: none"> • <i>Non-current Assets Held for Sale and Discontinued Operations (following IFRS 5)</i>: this project should be cancelled, because it is not particularly relevant for the public sector. • An additional project is proposed: <i>Monitoring and addressing the extent of differences between IPSAS and GFS reporting guidelines on an on-going basis and development of solutions to manage the differences</i>. One can also entitle this more briefly <i>GFS Alignment Project</i>. <p>4. <i>Other Projects</i></p> <ul style="list-style-type: none"> • <i>Differential Reporting</i> is supported by the SRS-CSPCP and should be further pursued by the IPSAS Board. Standards for small and medium-sized public sector entities should be developed (in the style of the <i>IFRS for SMEs</i>). It is important that small entities (like municipalities) and their needs are also borne in mind. • <i>Integrated Reporting</i> should be cancelled, because the legitimacy of the IPSAS Board on these topics is at risk to be controversial. • <i>Interim Financial Reporting</i> should also be set back. This topic is of secondary importance. For a true and fair view of the financial position it is sufficient to draw up public sector accounts once a year. 	
12	<p>The breadth of projects listed against a backdrop of financial constraints poses questions on the feasibility of delivering the work programme and IPSASBs prioritisation. We are not convinced that all the topics listed merit a project and refer back to our principle in paragraph 0 and our view that more proportionate approaches to addressing specific public sector issues are needed. In terms of existing commitments, of all the projects listed, we suggest that progressing social benefits is a greater priority to help governments consistently quantify their social benefits programme, given its level of materiality.</p> <p>A recurring theme which appears to underlie prioritisation and focus of work is the polarity of views received from</p>	

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	<p>stakeholders on what needs tailored for the public sector. It is not evident how representative these views are, whether independence or conflicts of interest have been considered and how this is managed by IPSASB in its formulation of priorities. More accessible feedback reports on the evidence basis for additional tailoring, judgements, representations and consultations could help the process of scrutiny and accountability. We also suggest that a more focused strategy based on what IPSASB can reasonably be expected to deliver within its constraints and the principle we set in paragraph 0 is used to aid decision making. Broadening outreach and stakeholder engagement activities is also relevant (paragraph 0).</p> <p><i>Other projects</i></p> <p>We are not convinced of the need for IPSASB to undertake a separate project on interim financial reporting or to allocate resource to develop a separate standard on differential reporting. With regards to the latter, we note the concerns relating to the definition of public accountability cited in the consultation paper. In the UK, when the ASB were drafting FRS 102, which is based on the IASB's SME standard, they decided to amend the IFRS for SMEs by eliminating public accountability as a differentiator so that this standard is relevant to a broader group of preparers and users across both the private sector and public benefit entities³². We suggest that instead of looking to develop a public sector equivalent standard, IPSASB could liaise with the IASB to discuss making appropriate revisions to IFRS for SMEs to broaden its scope and use FRS 102 as a model to support this review.</p> <p>We support modifying the existing approach to leverage the work undertaken by other organisations more greatly to reduce duplication of effort and question the priority of a project on Integrated Reporting whilst the IIRC are progressing this.</p> <p><i>Convergence projects</i></p> <p>We are not convinced IPSASB needs to revisit work by the IASB and rewrite a separate IPSAS. It would be more efficient to draft a concise interpretation of IFRS for the public sector.</p> <p>We also note that the convergence projects include IFRS 6. IPSASB should stay loyal to the principle of IFRS convergence by deferring work until the IASB have completed their work. This approach should be applied consistently. Moreover, this topic is likely to be resource intensive yet IPSASB is resource constrained so this must also be factored into prioritisation.</p> <p><i>Projects to address public sector specific issues</i></p> <p>For heritage assets we would point to the pragmatic approach taken by the FRC in FRS 30.</p>	

³² See pages 4, 231 and 234 of FRS 102.

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13	<p>The project that the IPSAP should prioritize for the work plan 2015-2019 should be how to ensure that the IPSAS accrual basis is properly entrenched in the operational framework of accounting for financial transactions by governments across the developing countries. This is to ensure that there is transparency and accountability and total capturing of financial transactions by all government establishments.</p>	
14	<p>The priority projects identified through our consultations are outlined in paragraph 8.2. Many of these priorities reflect the needs of our constituents for guidance in certain areas. We may have issued guidance on, or already dealt with, some of the topics listed in the Consultation Paper. This means that our constituents may not have identified them as priority projects. This does however not mean that the IPSASB should not consider these as they will add to accounting in the public interest. These issues have been discussed separately.</p> <p>The issues identified by our constituents as priority projects are as follows:</p> <p><i>Public sector specific projects</i></p> <ul style="list-style-type: none"> • Infrastructure assets. • Non-exchange expenses. • Measurement of assets. • Intangible assets and military assets. • Trust accounts. • Role of government as owner. <p><i>Projects to maintain existing IPSASs</i></p> <ul style="list-style-type: none"> • Revisions to IPSAS 23 <i>Non-exchange Revenue (Taxes and Transfers)</i>. • Revisions to revenue related standards. <p>The rationale for supporting these projects is outlined in paragraphs 8.3 to 8.17 below.</p> <p>With the exception of IFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i> (which is discussed separately below), our constituents did not support any of the projects to converge with IFRS. Most felt that the IFRSs could either be used, or sufficiently modified, to suit their needs where these transactions existed. There was also no strong support expressed for the Other Projects listed. Our Board has already dealt with differential reporting (and concluded that differential reporting is not appropriate for the public sector), and constituents were of the view that the other projects were “nice to haves” rather than critical. These projects also implied a level of</p>	

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	<p>maturity in reporting which many jurisdictions do not have at present.</p> <p><u>Infrastructure assets</u></p> <p>8.4 During discussions with our constituents on the application of our Standards (which are based on IPSASs), accounting for infrastructure assets is consistently raised as an issue. Issues are raised regarding the level of componentisation required, that the annual assessment of residual values and useful lives is onerous, that it is difficult to make clear decisions about whether subsequent expenditure on an asset is repairs and maintenance or of a capital nature, and a number of issues have been raised on the impairment of these assets.</p> <p>8.5 We recently completed a post-implementation review of our equivalent Standards on <i>Property, Plant and Equipment</i> and <i>Investment Property</i>. The results of this review may be useful in identifying key issues to include in this project. These results can be accessed on our website.</p> <p>8.6 Given that a number of issues exist in this area for which clear guidance is needed, we believe this is a high priority project.</p> <p><u>Non-exchange expenses</u></p> <p>8.7 We are often asked how to account for these expenses, and given that there is currently no guidance on these transactions, we believe that this should be a high priority project for the IPSASB.</p> <p><u>Revisions to IPSAS 23 on Non-exchange Revenue (Taxes and Transfers)</u></p> <p>8.8 While the consultation document did not outline the specific examples or issues that require amendment to IPSAS 23, we believe that amendments are needed in certain areas based on our experience in applying an equivalent IPSAS 23.</p> <p>8.9 Our constituents have applied the equivalent of IPSAS 23 for some time. One of the key issues we have identified during the application of that Standard is the treatment of services in kind. Some of our entities receive significant services in kind, e.g. secondment of staff from other entities or are provided free office accommodation. Where the receipt of these services is significant to an organisation, merely encouraging disclosure of these services is insufficient. In these instances, we believe recognition should be mandatory.</p> <p>8.10 We have also identified a few minor changes which could be effected to IPSAS 23.</p> <p>8.11 In principle, we support initiating this project, and believe it would be useful to request jurisdictions which have applied IPSAS 23 to provide information to the IPSASB about application issues they have experienced.</p> <p><u>Revisions and possible alignment of revenue from exchange and non-exchange transactions (including revenue</u></p>	

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	<p><u>from construction contracts)</u></p> <p>8.12 Given the recent approval of IFRS 15 <i>Revenue from Contracts with Customers</i>, and the withdrawal of IAS 18 <i>Revenue</i> and 11 <i>Construction Contracts</i> by the IASB, we support a revision of the equivalent IPSASs. We would however urge the IPSASB to consider whether using one approach to the recognition of all types of revenue (exchange and non-exchange) is feasible. As such we support a broader revision of the package of revenue standards.</p> <p><u>Measurement of assets</u></p> <p>8.13 Given the unique nature of assets in the public sector, and that they are held to generate service potential rather than to realise cash, we support a project on the measurement of assets. We believe that this project should focus on applying the principles in the conceptual framework, as well as consider the need to issue an equivalent of IFRS 13 <i>Fair Value Measurement</i> which could deal with when fair value is appropriate in the public sector, and how fair value should be determined given the types of assets held.</p> <p><u>Military assets and intangible assets</u></p> <p>8.14 While we do not have an immediate need for guidance on accounting for military assets generally, we would be interested in the linkages between military assets and the intangible assets project in relation to research and development costs. A significant amount of resources are expended every year on research into military assets and military applications, and thus a change in the treatment of research costs incurred in the public sector context may be useful to explore.</p> <p><u>Trust accounts</u></p> <p>8.15 We have a number of “trust” accounts, which often relate to the collection and holding of funds for specific individuals or communities. The “trust” accounts may be governed by a specific trust deed, although often they are not; while some are established in terms of specific legislation.</p> <p>8.16 These “trust” accounts create a number of issues for entities in terms of: (a) whether they control the “trust”, (b) what reporting framework should be applied for the “trust”, (c) whether the entity acts as a principal or an agent in relation to the “trust”, and (d) what should be recorded in the public sector entity’s financial statements in relation to the trust. If the project addresses these accounting issues, we believe it would be valuable to initiate a project of this nature as no clear guidance exists.</p> <p><u>Role of government as owner</u></p> <p>8.17 We believe that this is an important issue to resolve, but any project of this nature should be undertaken in conjunction with the IASB. The main issue relates to the treatment of amounts received by entities which are controlled by government but apply IFRSs, and whether these should be treated as transactions with owners</p>	

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	<p>or as revenue. While this is an important issue, it is less important relative to other projects outlined above.</p> <p><u>Other projects</u></p> <p>8.18 As noted above, the identification of our key projects is based on constituents' experiences and needs. That being said, we believe that a number of the other projects listed would be useful to pursue. In these instances, we have issued our own local Standard, or have adopted an IFRS equivalent when the IPSASB is yet to do so.</p> <ul style="list-style-type: none"> • Heritage assets. Given their significance to the public sector, urgent guidance is needed. We have developed a Standard on how to account for these assets (GRAP 103 <i>Heritage Assets</i>). • Biological assets held for the provision or supply of services. This is a significant issue in terms of accounting for animals held in zoos; service animals such as those used in policing, customs, border control or in the military; animals used in agricultural research, etc. We have recently initiated a research project on this issue and will publish a Discussion Paper <i>Living and Non-living Resources</i> in due course. • Natural resources. African countries hold a variety of natural resources, which range from conservation areas to mineral resources such as gold, platinum, copper, diamonds, natural gas, and oil. Given that these are often significant sources of revenue for these governments, it is critical that clear accounting guidance is provided for these resources. It may also be an opportunity to develop reporting outside the financial statements as many of these resources are held in a custodial capacity by the government. The Discussion Paper mentioned in the previous bullet also deals with these issues. • Related party transactions. We believe that the IPSASB should initiate a project to align IPSAS 20 <i>Related Party Disclosures</i> with IAS 24 <i>Related Party Disclosures</i> as a matter of urgency. In particular, relationships relating to control are dealt with differently in IPSAS 20 and IAS 24, and we believe that these need to be addressed. The need to undertake this project is also highlighted by the IPSASB's revisions to IPSAS 6 <i>Consolidated and Separate Financial Statements</i>, IPSAS 7 <i>Investments in Associates</i>, and IPSAS 8 <i>Interests in Joint Ventures</i> which modify the concept of control. • Segment Reporting. We have adopted IFRS 8 <i>Operating Segments</i> as application of it results in the most amount of flexibility for entities to report segment information. This facilitates better linkages between the financial statements and performance information. We urge the IPSASB to consider aligning IPSAS 18 <i>Segment Reporting</i> with IFRS 8 as a matter of urgency. • Non-current assets held for sale and discontinued operations. While we do not support the measurement, presentation and disclosure of non-current assets held for sale in the public sector, we do support the discontinued operations presentation and disclosure in IFRS 5 and believe that this is a key gap in the current suite of IPSASs. 	

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15	<p>We believe that the main priority for IPSASB is to concentrate on developing accounting standards i.e. filling the gaps in key areas such as heritage assets, military assets and social benefits accounting rather than pursuing new areas. The lack of a complete set of accounting standards and the failure to address key accounting issues was highlighted by the European Commission as a key reason for not wanting to adopt IPSAS and set about developing EPSAS standards instead.</p> <p>Rather than seeking to develop new areas such as integrated reporting, we suggest that the IPSASB keeps a watching brief on new reporting developments and their impact in other sectors. IPSASB's resources would be better focused on promoting, for example, its recent exposure draft on service performance reporting.</p>	
16	<p>All the projects listed have merit as future projects for IPSASB, but on balance we suggest that priority should be given to the following projects.</p> <p><u>Public Sector Specific Issues</u></p> <p>Non-exchange expenses</p> <p>Measurement – public sector specific</p> <p>Infrastructure assets</p> <p><u>Projects to Maintain Existing IPSASs</u></p> <p>IPSAS 25 Employee Benefits</p> <p>Improvements to IPSAS 23 Non-exchange Revenues</p>	
17	<p>In our view, the IPSASB should prioritise the following accounting issues relating to aligning IPSASs with the relevant IFRSs:</p> <ul style="list-style-type: none"> • <i>Social benefits.</i> Although public sector expenditure on social benefits is often significant, the IPSASB has not been able to issue guidance on how to account for them and what disclosure to include in IPSAS-compliant financial statements. • The significance of social benefits to many governments and related agencies suggests strongly that accounting guidance is necessary. The impending completion of the IPSAS Conceptual Framework should provide a suitable trigger for adding this topic to the Board's technical agenda with suitable priority. • Any IPSAS on social benefits should explicitly include national social security pension schemes. Such a standard is necessary and consistent with the Board's proposed strategic objective. A majority of citizens contribute to these schemes, and it is incumbent on governments to demonstrate accountability for the 	

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	<p>contributions they have received from their citizens and the pension promises they have made to them.</p> <ul style="list-style-type: none"> • <i>Completion of the revision to IPSASs 6-8.</i> We encourage the Board to complete the revision of IPSASs 6-8 and their efforts to align these standards as far as possible with the equivalent IFRSs 10-12. Departures from the principles in the IFRSs should be public sector-specific, transparent and discussed thoroughly in the Basis for Conclusions. In our view, without robust consolidation standards in place, it is not possible to achieve a fair presentation of public sector finances. • <i>Public sector combinations.</i> We encourage the Board to continue the project to develop standards on accounting and reporting public sector combinations, and to build upon the experience of jurisdictions that have IFRS-based public sector reporting standards that address such combinations in place. • <i>Emission Trading Schemes.</i> We encourage the IPSASB to consider cooperating with the IASB on this topic, so that a standard (or standards) can be issued for both private and public sectors. Many of the issues facing the two Boards (particularly with respect to preparer/ participants) will be the same and the Boards would benefit from shared insights and perspectives. <p>In addition, the IPSASB should prioritise the following accounting issues relating to ‘non-exchange transactions.’ Non-exchange transactions are important for public sector entities, both in number and in amounts.</p> <ul style="list-style-type: none"> • <i>Expenses from grants.</i> Public sector entities transfer large amounts of money and other assets to other parties (including lower levels of government) and report these transfers in different ways because of a lack of guidance from IPSASB. The nature and extent of these transfers and the accountability of both grantors and recipients would be enhanced were the IPSASB to develop guidance. This would not only improve transparency and comparability, it would also respond to the suggestions from significant constituents of IPSASB to address the issue. • <i>Revenue from non-exchange transactions (IPSAS 23).</i> The recently issued IFRS 15 on revenue provides a suitable trigger for the IPSASB to consider revisiting this controversial standard. The Board should, in particular, consider whether there is any justification for differences between IFRS 15 and IPSASs in this area. <p>Finally, we support a project on <i>Sovereign powers and their impact on financial reporting</i>. The Consultation notes that governments have a number of sovereign powers (including the power to raise taxes and issue permits, concessions and licences). We encourage the Board to consider developing guidance on how these powers impact financial reporting and how these might be disclosed in government financial statements. At this time, we see a disclosure standard as the optimal way to improve financial information and believe this approach to be more feasible at present than attempting to measure the effects of such powers on the financial statements.</p> <p>Other matters: XBRL</p>	

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	<p>We encourage the Board to develop an explicit approach to XBRL, such that ultimately there is a framework for the consistent adoption and implementation of IPSASs with a high-quality IPSASB XBRL Taxonomy, preferably developed by the IPSASB (or another credible body). Capital market participants are increasingly expected to submit their market filings in XBRL, and it is likely that public-sector issuers will be in this situation soon. An explicit and disciplined approach would enable the IPSASB to demonstrate how IPSAS-compliant information may be disclosed electronically and assist governments to meet digital reporting requirements that are already in place (e.g., in the United States) or that are likely to be put in place. It would also be consistent with the structured approach to integrating XBRL into standard-setting that has already been adopted by the US FASB, the IASB and the GRI, among others.</p>	
18	<p>From our reply to the previous consultation on IPSASB work program 2013-2014, we welcome that the discussion of Government Business Enterprises and Emission Trading Schemes were put on the agenda and that IPSASB has recognised the importance of the project on social benefits and re-initiated work on that issue. We highlight again the importance we give to completing the projects on those issues.</p> <p>One of the main objectives of the EU as supranational organisation is the implementation of the EU budget following the policy objectives set by the European Parliament and the Council. In order to implement those objectives the Commission incurs mainly non-exchange expenses resulting from pre-financing and other advance payments provided to Member States and other beneficiaries. As no IPSAS on non-exchange expenses exists, the Commission has many years ago developed its own accounting rule on non-exchange expenses. After about ten years of experience in the application of this accounting rule the Commission would need to look again at this topic and possibly improve the rule. Since this topic is not only of major importance to the Commission but also to many Member States we would encourage the Board to take this project on its agenda. In this context the IPSAS on non-exchange revenue could be improved as well as indicated in your paper since it is one of the IPSASs with main relevance in our day to day work.</p> <p>Another important mechanism for the implementation of the budget is the increasing use of trust funds. The EU provides funding to a number of trust funds of the UN and the World Bank and intends to set-up new EU trust funds in the area of humanitarian aid and development. The accounting guidance on trust funds appears to us rather limited and a comparison conducted by Commission staff has shown that trust funds are quite differently accounted for in international organisations and countries. Since trust funds will become an important element of implementing the EU budget we would like to encourage the Board to take this project on its agenda.</p> <p>As previously stated in the Commission's contributions concerning your consultation on the work program for 2013-2014, we consider as of significant interest the project on sovereign powers and their impact on financial reporting. We also support the development of the project on differential reporting and the discussion of the issues related to the burden and challenges for smaller entities. In addition, from the list presented of potential projects, we encourage the IPSASB to give priority to the work on leases, not only because of its relevance to public sector</p>	

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	<p>entities but also taking into account the alignment with the potentially major changes on the approach to lease accounting by the IASB. Another potentially interesting project would be to review the relevance and content of the standard on segment reporting (IPSAS 18) given experience of its application in some jurisdictions.</p>		
19	<p>PROJECT</p>	<p>COMMENTS</p>	
	<p>Heritage Assets</p>	<p>This is an area peculiar to the public sector, for which no real guidance exists. Heritage assets are quite valuable and are of great interest from the perspective of the public. The scope of the project is considered adequate. It is also agreed that the project should be deferred until completion of the Conceptual Framework, and it is further proposed that this be undertaken in the latter part of the five year horizon, given the resource requirements.</p>	
	<p>Measurement – public sector specific</p>	<p>Issues with valuation are a major challenge in the process of adopting IPSAS. It is also necessary to ensure that measurement techniques are most suitable in the context of the operations of public sector entities, and will result in the economic reality of their performance being fairly presented in financial reports. The scope of the project is considered adequate.</p>	
	<p>Natural Resources</p>	<p>Natural resources can be a major asset for governments and may give rise to economic benefits. These resources should, therefore, be considered in public sector financial reports. The scope of the project is considered adequate.</p>	
	<p>Borrowing Costs</p>	<p>This is considered to be a project of the highest priority as borrowing is a key element of the financing of many public sector operations. It is also an area closely monitored by international lending organisations. However, for the reasons outlined, it is agreed that this should be deferred until completion of the Conceptual Framework. The scope of the project is considered adequate.</p>	
	<p>Construction Contracts</p>	<p>This is considered to be a project of the highest priority, given</p>	

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		the key role of governments to provide infrastructure that will promote development, and impact the quality of life of its citizens. The peculiarities experienced in relation to public-private sector partnerships, which are becoming increasingly commonplace, present challenges for financial reporting and accountability. It is envisaged that this would be addressed in a standard covering this area.	
	Disclosure of Financial Information About the General Government Sector	The main purpose of financial statements prepared in accordance with statistical bases of financial reporting is to provide information suitable for analyzing and evaluating fiscal policy. Given the increased emphasis on this area, the General Government Sector financial information disclosure project is considered useful. The scope of the project is considered to be adequate.	
	Employee Benefits	Employee benefits tend to represent a major portion of the expenses of public sector entities. It is extremely important to have pension fund liabilities accurately calculated and reflected in public sector financial reports. This will facilitate informed decision making by the appropriate authorities and will also allow beneficiaries/stakeholders to consider and assess issues relating to funding etc.	
	Presentation of Financial Statements	This is considered to be of high priority as the organisation and presentation of information in financial reports affect the interpretation of the reports. In addition, it is considered desirable to achieve congruence with this standard's IFRS counterpart, except where departures are necessary to address certain unique nuances of public entities. The scope of the project is considered to be adequate.	
	Revenue IPSAS	This is considered to be of high priority. Alignment with IFRS is desirable, wherever possible, and this project will address that issue. The scope of work should, however, also include identification and consideration of areas that may not be adequately addressed due to peculiarities of the operations of	

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		public sector entities.	
	Segment Reporting	This is considered to be of medium priority. Segment information is useful in undertaking in-depth analyses of public sector financial reports and helps to present a clearer picture of financial performance. The scope of the project is considered to be adequate.	
	Differential Reporting	This is considered to be of high priority. Based on the issues outlined in the strategy paper, development of such a standard would promote a greater level of adoption of IPSAS by addressing some of the obstacles to implementation.	
	It is also agreed that the finalisation of the Conceptual Framework is of the highest priority as it impacts greatly on other standards.		
	GENERAL COMMENTS		
	Resource Constraints		
	The ICAJ has taken note of the IPSASB's resource constraints outlined in the strategy consultation paper. As highlighted in the document, the current context in which the IPSASB operates is shaped by a number of factors, including the following:		
	<ul style="list-style-type: none">• The fact that high quality accrual based financial reporting is considered critical for accountability and transparency in government financial reporting;• The increasing demand for development and implementation of robust financial reporting standards for the public sector, in the context of sovereign debt crises;• The enhanced focus on public sector management.		
	Against this background, it can be foreseen that additional demands will be made of the IPSASB going forward, in order to meet the needs of its stakeholders. The current structures and processes for staffing and funding of the operations of the IPSASB may, therefore, be inadequate to support this anticipated increase in demands made of the Board. It is, therefore, recommended that a review be conducted on possible options to address this concern and that this be incorporated into the discussions on strategy.		
	Facilitating the Implementation Process		
	An increase in the number of public sector entities adopting IPSAS is one measure of the success in achieving the		

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	<p>strategic objective of the IPSASB. Such an increase would also lend further credibility to and promote greater acceptance of the standards. Given that difficulties in (first-time) implementation of the standards are a deterrent to adoption of IPSAS, it is felt that IPSASB must consider the extent to which it should play a role in facilitating the implementation process.</p> <p>In our view, there is a role for the IPSASB in:</p> <ul style="list-style-type: none"> • Linking stakeholders; • Facilitating the process of sharing information on experiences, pitfalls and best practices for conversion; • Developing or encouraging development and sharing of tools to facilitate transition; • Highlighting common transition issues and sharing information on solutions to these problems. 	
20	<p>After much consultation to our professionals we have been unable to agree to a prioritization of individual projects, but we definitely absolutely agree on prioritizing all projects related to the first column "Projects to address specific Issues of the Public Sector".</p>	
21	<p>i. <u>Public sector conceptual framework project-Accrual Basis</u></p> <p>This project is applicable to the preparation and presentation of general purpose financial reports for all public sector entities. It is important because it will include modifications to address public sector circumstances as well as developing requirements and guidance on public sector specific issues.</p> <p>ii. <u>First-time Adoption of IPSAS</u></p> <p>This project is aimed at developing an IPSAS that will provide guidance for entities adopting IPSASs for financial reporting for the first time. This will give guidance to first time adopters of IPSASs.</p>	
22	<p>Following potential Projects as identified by the IPSAS Board can be undertaken in the order as given in the Exposure Draft:</p> <ul style="list-style-type: none"> • <i>Projects to address public sector issues</i> • <i>Projects to maintain existing IPSAS</i> • <i>Projects to converge with IFRS</i> • <i>Other projects</i> <p>The suggestions in respect of the projects given under all above four heads are given below:</p> <p>All projects mentioned under the '<i>Projects to address public sector specific issues</i>' are important. In this regard, it</p>	

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	<p>may be suggested that given below projects can be taken up on priority considering their importance and need for public sector in the following order:</p> <p>Infrastructure Assets</p> <p>Role of Government as owner rather than Government</p> <p>Heritage Assets</p> <p>Military Assets</p> <p>Non-Exchange Expenses</p> <p>Natural Resources</p> <p>It may also be mentioned that various projects under this head such as Infrastructure Assets, Intangible Assets-Public Sector Specific which are addressed in the relevant existing IPSAS. As per the Exposure Draft some research is required in regard to such subjects as to whether these can be handled through revision in the respective existing IPSAS. Such research may also be undertaken on priority basis so as to make the position clear. Subsequently, on the basis of the research findings the projects may be taken up for formulation of new IPSASs or revision of existing IPSAS as the case may be.</p> <p>Secondly, under the head '<i>Projects to maintain existing IPSASs</i>' there are various IPSASs such as IPSAS 1, IPSAS 23, and IPSAS 5 etc, whose revision was deferred until the completion of the IPSAS Conceptual Framework. Since the completion of the Conceptual Framework is expected to be completed by the end of the year 2014 as per the IPSAS Board, therefore, we are of view that the projects which were deferred earlier until the completion of the aforesaid framework, may be taken up on priority on completion of the conceptual framework.</p> <p>It may also be suggested that formulation of the IPSASs which are less resource intensive may be taken up along with the above/other priority projects as completion of these may take less time and manpower.</p>	
23	<p>We recommend that the following projects should be given priority.</p> <p>1. Projects to Address Public Sector Specific Issues</p> <p>(1) Heritage assets</p> <p>The Japanese central government and many local governments own heritage assets, including museums and historically valuable structures. This is also the case for not-for-profit entities such as public interest corporations. There are no authoritative rules in private sector accounting standards for these heritage assets. We therefore believe that the development of recognition and measurement standards for heritage assets should be given priority. If recognition and measurement requirements for heritage assets are discussed in detail, awareness of the</p>	

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	<p>IPSASs as benchmark standards is certain to be enhanced.</p> <p>(2) Infrastructure assets</p> <p>Public sector entities hold many infrastructure assets, and compared to other assets they hold, many of these assets have more qualitative and quantitative materiality. Measuring the service potential of numerous infrastructure assets that do not directly generate revenue (e.g.: roads, river and sea banks, harbor facilities, bridges, and tunnels) is a critical challenge.</p> <p>Going forward, many issues related to aging and obsolete infrastructure built up during earlier decades of development are certain to emerge as conspicuous problems in many jurisdictions around the world. To address these problems, estimates for the renewal and reconstruction of this infrastructure will be essential. The recognition, measurement, and depreciation of these infrastructure assets may have significant effects on the accuracy of government estimates for renewal and reconstruction.</p> <p>We believe that there are a lot of other issues to be addressed, including the evaluation of gratis transfer and the adoption of the replacement approach for network assets such as railroads.</p> <p>As we stated in our comments on “Consultation on IPSASB Work Program 2013-2014,” the current status of accounting for infrastructure assets should be investigated and the needs of the users of financial information should be analyzed in order to assess whether an accounting treatment different from that for ordinary fixed assets will be required.</p> <p>(3) Measurement – public sector specific</p> <p>Several relatively detailed measurement approaches have now been developed and defined in the measurement section of the Conceptual Framework, and a measurement approach to be applied to the IPSASs is expected to finally be developed. If the details of the measurement approach are defined separately in the respective standards (or are left undefined), practical application of the measurement approaches may vary on a standard basis, even though the name of the approach is the same (e.g.: fair value). We think disclosures of the measurement approach should be described in a comprehensive standard rather than being described and defined separately in different standards. One description in a comprehensive standard would be certain to improve consistency and contribute to the enhanced understanding of users. We believe that a measurement project specific to the public sector should be prioritized.</p> <p>Since the fair value measurement is a representative measurement approach for the International Financial Reporting Standards (IFRSs), the respective standards apply the fair value measurement approach. However, measurement approaches specific to financial instruments, such as the amortized cost method, are only within the scope of International Accounting Standard (IAS) 39, <i>Financial Instruments: Recognition and Measurement</i>. For measurement approaches specific to the public sector, approaches applied by several standards should be</p>	

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	<p>adopted.</p> <p>(4) Natural resources</p> <p>Natural resources are issues specific to the public sector. The development of an aligned standard for assessing the value of natural resources whose assessments differ across jurisdictions would be useful, as it would enhance the comparison among jurisdictions.</p> <p>(5) Non-exchange expenses</p> <p>The financial results of public sector entities may differ depending on whether they defer the recognition of non-exchange transaction expenses under government grants as their effect arises. Since each public sector entity is expected to carry out non-exchange transactions, the effect of accounting for non-exchange transaction expenses would be significant.</p> <p>As the Conceptual Framework allows the recognition of some debit-side items such as those similar to deferred assets, discussions of government grant disbursement, etc. (e.g.: investments, deferred assets, and expenses) should be prioritized and finalized.</p> <p>2. Projects to Maintain Existing IPSASs</p> <p>(1) Construction Contracts (IPSAS 11) and Revenue (IPSAS 9)</p> <p>In May 2014, the International Accounting Standards Board (IASB) issued IFRS 15, <i>Revenue from Contracts with Customers</i>. The interpretation of construction contracts is therefore expected to change significantly. The IPSASB should undertake the deliberations and discussions necessary to ensure consistency with the IFRS.</p> <p>In our view, these two projects can be considered “Projects to converge with IFRS” rather than “Projects to Maintain Existing IPSASs.”</p> <p>If they are treated as “Projects to converge with IFRS,” they should ideally be projects to develop standards containing IPSASs 9 and 11.</p> <p>IPSAS 23, <i>Revenue from Non-Exchange Transactions (Taxes and Transfers)</i>, which is a standard for revenue recognition by public sector entities, should be developed independently for the following reasons</p> <ol style="list-style-type: none"> 1) The revenue recognition flow significantly differs from that under IPSASs 9 and 11. 2) We think it is appropriate that IPSAS 23 provides an accounting treatment for deferred items now under consideration in the context of “Elements and Recognition in Financial Statements” as Phase 2 of the Conceptual Framework. 	
24	Consistent with the AASB’s comment letter to the IPSASB’s CP <i>Consultation on IPSASB Work Program 2013-2014</i>	

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	<p>in November 2012, the AASB considers that updating IPSAS 23 <i>Revenue from Non-Exchange Transactions (Taxes and Transfers)</i> should be a priority for the IPSASB.</p> <p>Regarding other potential projects, the AASB has no particular preference. However, the AASB notes that the IPSASB may need to expend considerable resources to converge with the IASB's major projects on leases, revenue, insurance and financial instruments, due to the significance and extent of the scope of these topics.</p>	
25	<p>The Cour des Comptes considers that the IPSAS Board's first priority should be to propose an international public sector accounting standard allowing good appropriation by public sector entities and enabling its wider diffusion. In this regard, it does not share the stated priority of focusing on the improvement of "Public Finance Management", which, for that matter, is an abstract concept with a larger scope than the field of competence of the IPSAS Board.</p>	
26	<p>As noted previously, we believe that the IPSASB should focus on addressing public sector- specific financial reporting gaps where there is a lack of guidance in current IPSAS literature. In terms of priority, we believe non-exchange expenses and revenue recognition – including improvements to IPSAS 23 <i>Revenue from Non-exchange Transactions</i> - should be of top priority.</p> <p>The next group of topics that are of importance would be standards addressing the recognition and measurement of assets specific to public sector entities such as infrastructure and military assets and other intangible assets of public sector entities. In our view the project on intangible assets (public sector specific) is closely linked to the projects on sovereign powers and their impact on financial reporting. Therefore we recommend that the Board consider taking these projects on board collectively.</p> <p>We would also place high importance on maintaining ongoing alignment of IPSAS with IFRS as there should not be divergence between the two suites of standards except for public sector- specific issues.</p>	
27	<p>We would like the IPSASB to give priority to public sector-specific measurement. Measurement of heritage, infrastructure and military assets would appear to warrant particular attention. We encourage the publication of a standard with an objective the same as that of IFRS 13 <i>Fair Value Measurement</i> in the for-profit sector. We would also like the IPSASB to address non-exchange expenses and revenue, the role of government as owner, employee benefits (IPSAS 25) and leases (IPSAS 13).</p>	
28	<ul style="list-style-type: none"> • Measurement – public sector specific: HoTARAC recommends that this project addresses measurement across different standards and that consideration be given to this being a convergence project with IFRS 13 <i>Fair Value Measurement</i>. It would be of benefit if specific public sector issues are addressed and clarifications on the application of fair value are made. HoTARAC does not believe that the focus of the project should include addressing “<i>whether references to ‘fair value’ in existing IPSASs should be retained if it is defined as exit value as in IFRS 13, Fair Value Measurement</i>”, but rather should consider the application of fair value to 	

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	<p>public sector assets which often lack active markets. HoTARAC jurisdictions currently apply the exit value principle under the Australian equivalent of IFRS 13. Our experience suggests that the use of exit values is not a significant issue. Progress on the measurement issue and the application of fair value would also be relevant to other projects listed in the consultation document such as infrastructure assets, heritage assets and military assets and the IPSASB may consider the extent to which these projects can be merged.</p> <ul style="list-style-type: none">• Military assets: The valuation of military assets will be an important issue as adoption of accrual based IPSAS increases, particularly as GFS now requires these assets to be held at fair value. This issue should be addressed either as part of the measurement project, as suggested above, or as a standalone project.• Leases IPSAS 13: Leasing activity commonly occurs amongst public sector entities and can represent a large component of their financial operations. A new approach to accounting for leasing is proposed for IFRS and the IPSAS should be updated accordingly.• Improvements to IPSAS 23 Non-Exchange Revenues and Non-Exchange Expenses: Revenues and expenses resulting from non-exchange transactions may represent a large proportion of the financial transactions in the public sector. The recently issued IFRS standard on <i>Revenue from Contracts with Customers</i> and the upcoming <i>Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities</i> represent a good opportunity for the IPSASB to review the appropriateness of the existing revenue recognition principles in IPSAS 23 for non-exchange transactions and IPSAS 32 for service concession arrangements. To ensure common principles are applied to both the revenue and expenditure sides, HoTARAC suggests that the non-exchange expenses project be merged with the non-exchange revenue project.• Employee Benefits IPSAS 25: HoTARAC recommends this standard be revisited following the most recent changes to IAS 19 in relation to defined benefit plans, which have had a significant impact on the Australian public sector.• Role of the Government as owner rather than Government: transfers of assets and liabilities from the Government, to the Government and between entities controlled by the same Government are common. To ensure such transfers are accounted for consistently, additional guidance should be included in IPSAS 23 on how to determine whether the substance of a transfer is a contribution by or distribution to owners would be useful.						
29	<table><tr><th>Projects to Address Public Sector Specific Issues</th><th>Observations</th></tr><tr><td>Biological assets held for the provision or supply of services</td><td>I think that this project could be in future. I agree with proposal of IFAC/IPSASB in this discussion.</td></tr></table>	Projects to Address Public Sector Specific Issues	Observations	Biological assets held for the provision or supply of services	I think that this project could be in future. I agree with proposal of IFAC/IPSASB in this discussion.		
Projects to Address Public Sector Specific Issues	Observations						
Biological assets held for the provision or supply of services	I think that this project could be in future. I agree with proposal of IFAC/IPSASB in this discussion.						

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	Heritage assets	I think that this project could be in future. I agree with proposal of IFAC/IPSASB in this discussion.	
	Infrastructure assets	I think that this project could be in future. I agree with proposal of IFAC/IPSASB in this discussion.	
	Intangible assets – public sector specific	I think that this is important considering the new focus in measurement. I understand that intangible assets is very complex for public sector, however I consider the importance of this project. I suggest for the board, if agrees, The European Commission legislation and in practice relating to: EuSEFs and the EaSI ³³ for this proposal, I do not know if have direct impact, so, I think that can improve this discussion.	
	Measurement – public sector specific	I think that this is important considering the new focus in measurement. I understand that measurement is very complex for public sector, however I consider the importance of this project. I suggest for the board, if agrees, The European Commission elaborated the Quality of Service Measurement ³⁴ and The Fair Value Option ³⁵ .	
	Military assets	I think that this project could be in future. I agree with proposal of IFAC/IPSASB in this discussion.	
	Natural resources	I think that this project could be in future. I agree with proposal of IFAC/IPSASB in this discussion.	
	Non-exchange expenses	I think that this project could be in future. I agree with proposal of IFAC/IPSASB in this discussion.	

³³ http://ec.europa.eu/internal_market/social_business/docs/expert-group/social_impact/140605-sub-group-report_en.pdf

³⁴ http://ec.europa.eu/internal_market/post/activities/qualitymeasurement_en.htm

³⁵ http://ec.europa.eu/internal_market/accounting/docs/arc/2005-07-08-ias39-fair-value-option_en.pdf

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	Role of government as owner rather than government	I think that this project could be in future. I agree with proposal of IFAC/IPSASB in this discussion.	
	Sovereign powers and their impact on financial reporting	I think that this project could be in future. I agree with proposal of IFAC/IPSASB in this discussion.	
	Trust funds	I think that this project could be in future. I agree with proposal of IFAC/IPSASB in this discussion.	
	Projects to Maintain Existing IPSASs	Observations	
	Borrowing Costs IPSAS	I think that this is important considering the Borrowing Costs IPSAS ³⁶ . In this moment this project has great points in the IASB ³⁷ and in the European Commission ³⁸ prepared Economic Review of the Financial Regulation Agenda, these observations can improve this discussion.	
	Construction Contracts IPSAS 11	I think that this project could be in future. I agree with proposal of IFAC/IPSASB in this discussion.	

³⁶ <http://www.ifac.org/news-events/2008-09/ifacs-ipsasb-proposes-modifications-borrowing-cost-accounting>

³⁷ <http://www.ifrs.org/Current-Projects/IASB-Projects/IFRS-1-Borrowing-costs>

³⁸ http://ec.europa.eu/internal_market/finances/docs/general/20140515-erfra-working-document_en.pdf

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	Disclosure of Financial Information about the General Government Sector IPSAS 22	I think that this project could be in future. I agree with proposal of IFAC/IPSASB in this discussion.	
	Employee Benefits IPSAS 25	I think that this is important considering the Employee Benefits IPSAS 25. The GASB elaborated discussion about this subject ³⁹ and Pensions Plans ⁴⁰ .	
	Improvements to IPSAS 23 Non-Exchange Revenues	I think that this project could be in future. I agree with proposal of IFAC/IPSASB in this discussion.	
	Leases IPSAS 13	I think that this is important considering the Leases IPSAS 13. The IASB includes new information for Leases ⁴¹ , I do not know if have some impact for this project.	
	Presentation of Financial Statements IPSAS 1	I think that this project could be in future. I agree with proposal of IFAC/IPSASB in this discussion.	
	Related Party Transactions IPSAS 20	I think that this project could be in future. I agree with proposal of IFAC/IPSASB in this discussion.	
	Revenue IPSAS 9	I think that this project could be in future. I agree with proposal of IFAC/IPSASB in this discussion.	
	Segment Reporting IPSAS 18	I think that this project could be in future. I agree with	

³⁹http://www.gasb.org/cs/BlobServer?blobkey=id&blobnocache=true&blobwhere=1175828897160&blobheader=application%2Fpdf&blobheadertype=Content-Length&blobheadertype1=Content-Disposition&blobheadertype2=1433297&blobheadertype1=filename%3DED_-_Accounting_%2526_Financial_Rptg_for_Postemployment_Benefits_Other_Than_Pension_%2528Employer_ED%2529.pdf&blobcol=urldata&blobtable=MungoBlobs

⁴⁰http://www.gasb.org/cs/BlobServer?blobkey=id&blobnocache=true&blobwhere=1175828897172&blobheader=application%2Fpdf&blobheadertype=Content-Length&blobheadertype1=Content-Disposition&blobheadertype2=819833&blobheadertype1=filename%3DED_-_Financial_Rptg_for_Postemployment_Benefit_Plans_Other_Than_Pensions.pdf&blobcol=urldata&blobtable=MungoBlobs

⁴¹<http://www.ifrs.org/Current-Projects/IASB-Projects/Leases/Pages/Leases.aspx>

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		proposal of IFAC/IPSASB in this discussion.	
	<p align="center">Projects to converge with IFRS</p>	<p align="center">Observations</p>	
	<p>Extractive Industries (IFRS 6 interim standard but no comparable IPSAS)</p>	I think that this project could be in future. I agree with proposal of IFAC/IPSASB in this discussion.	
	<p>Insurance Contracts (IFRS 4 interim standard but no comparable IPSAS)</p>	I think that this project could be in future. I agree with proposal of IFAC/IPSASB in this discussion.	
	<p>Non-current Assets Held for Sale and Discontinued Operations (IFRS 5 but no comparable IPSAS)</p>	I think that this project could be in future. I agree with proposal of IFAC/IPSASB in this discussion.	
	<p>Rate Regulated Industries</p>	I think that this project could be in future. I agree with proposal of IFAC/IPSASB in this discussion.	
	<p align="center">Other Projects</p>	<p align="center">Observations</p>	
	<p>Differential Reporting</p>	I think that this project could be in future. I agree with proposal of IFAC/IPSASB in this discussion.	
	<p>Integrated Reporting</p>	I think that Integrated Reporting is very important. I know that the IFAC elaborated work with CIPFA for public sector. I understand that this point needs to observe the internal control for public sector.	
	<p>Interim Financial Reporting</p>	I think that this project could be in future. I agree with proposal of IFAC/IPSASB in this discussion.	
30	<p>First of all, we think that IPSAS are based on principles, not specific rules. Having said that, we think that some issues should be solved by guides prepared by IPSASB's staff. We think to issue a standard takes too long to be effective.</p> <p>Also, we would rather have a partial, but quick solution to an issue than wait for a full standard to fulfill our needs.</p>		

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	<p>Second, we do need a stability period. Even if the standards are not perfect and we think they will never be. IASB have developed new standards, but they are XXX</p> <p>We think IPSASB should emphasize the IFRS as a supporting framework when there is not IPSAS related.</p> <p>Third, IPSASB should forget the IFRS convergence project, because it is an unattainable goal. We think IPSASB should state that IFRS are suppletory to IPSAS</p> <p>Fourth, we consider that most of IPSAS implementations issues are related to lack of guides. It would be important for the IPSASB to develop guides and examples of IPSAS implementation. IPSASB should consider the IFRS implementation guides provided without a charge by some big auditing firms.</p> <p>Our major points of concern are the following.</p> <p>1. First time adoption</p> <p>At least in Costa Rica, we need a detailed guide with examples and details. The Study 14 Transition to the Accrual Basis of Accounting: Guidance for Public Sector Entities is a great help. However, we need more guidance and specific examples</p> <p>2. Consolidation</p> <p>We consider a specific guide for public entities about the consolidation process.</p> <p>3. Non exchange revenues</p> <p>There is not detailed action in the standard related to Central Government transfers to public entities. We think this issue should be addressed by the IPSASB:</p> <p>4. Pensions</p> <p>Public pensions are a relevant issue in most economies. There should be stronger efforts to develop a more detailed standard related to this urgent matter.</p> <p>Hans Hoogervost, president of IASB said:</p>	

R#	<p align="center">RESPONDENT COMMENTS</p> <p align="center">Question 8</p>	STAFF COMMENTS									
	<p>“In most jurisdictions, the public accounting standards are set by public authorities. Whether these standards always lead to a complete picture of a country’s financial position is in doubt. The most obvious shortcoming in public sector accounting is the treatment of pension liabilities. There are only a few countries—such as Australia and New Zealand—that fully consolidate public sector pension obligations in the public accounts. Tellingly, these countries have made great progress in making their pension systems realistic and sustainable.</p> <p>Most countries around the world, however, keep their pension liabilities off balance sheet. Several studies have found these liabilities in many countries to be more than twice as big as the official public debt. Full consolidation of these enormous amounts would make it immediately clear that these pension obligations cannot possibly be met without deep reform. As a former minister of finance I can assure you that the political incentives for keeping an inconvenient truth off the books are very strong indeed!</p> <p>So, standard-setting in a politicised environment is very likely to lead to suboptimal results. The IPSASB Governance review group, chaired by the IMF and the OECD, recently noted ‘that national standard-setters for the public sector are often inherently conflicted by the fact that they are working under the auspices of ministries of finance that are subject to these standards’.”⁴²</p> <p>Our opinion regarding the potential project is summarized in the next tables: Table 1 Potential projects</p> <table border="1" data-bbox="386 938 1656 1305"> <thead> <tr> <th data-bbox="386 938 680 1032">Projects to Address Public Sector Specific Issues</th><th data-bbox="680 938 1299 1032">Summary</th><th data-bbox="1299 938 1656 1032">Comments</th></tr> </thead> <tbody> <tr> <td data-bbox="386 1032 680 1187">Biological assets held for the provision or supply of services</td><td data-bbox="680 1032 1299 1187">IPSAS 27 deals with biological assets and agricultural produce for sale, including exchange and non-exchange transactions.</td><td data-bbox="1299 1032 1656 1187">We think there is no need for new Standard. We need IPSAS guide about this subject, specially about biological assets held by universities</td></tr> <tr> <td data-bbox="386 1187 680 1305">Heritage assets</td><td data-bbox="680 1187 1299 1305">IPSAS 17, Property, Plant and Equipment, nor IPSAS 31, Intangible Assets, define heritage assets or require recognition of heritage assets. If heritage assets are recognized by a</td><td data-bbox="1299 1187 1656 1305">We think there is not a need to measure heritage assets.</td></tr> </tbody> </table>	Projects to Address Public Sector Specific Issues	Summary	Comments	Biological assets held for the provision or supply of services	IPSAS 27 deals with biological assets and agricultural produce for sale, including exchange and non-exchange transactions.	We think there is no need for new Standard. We need IPSAS guide about this subject, specially about biological assets held by universities	Heritage assets	IPSAS 17, Property, Plant and Equipment, nor IPSAS 31, Intangible Assets, define heritage assets or require recognition of heritage assets. If heritage assets are recognized by a	We think there is not a need to measure heritage assets.	
Projects to Address Public Sector Specific Issues	Summary	Comments									
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⁴² **BUILDING TRUST IN FINANCIAL MARKETS.** Hans Hooverovost. Ken Spencer Memorial Lecture, Sydney, 10 April 2014. Page 6. www.ifrs.org

R#	<p align="center">RESPONDENT COMMENTS</p> <p align="center">Question 8</p>				<p align="center">STAFF COMMENTS</p>	
			public sector entity, the IPSASs require until completion of the Public Sector Conceptual Framework Project because of the potential implications the development of a definition of an asset may have on heritage assets. Applying disclosure requirements and allow but do not require applying the measurement requirements. The IPSASB decided to defer this project			
	Infrastructure assets		In the public sector, the infrastructure assets account for a large part of the total assets. Infrastructure assets are included in the scope of IPSAS 17, Property, Plant and Equipment.	We think a guide would be a great help. However, we do not think a new standard would be needed.		Medium
	Intangible assets – public sector specific		Responses to the Consultation Paper, IPSASs and Government Finance Statistics (GFS) Reporting Guidelines, highlighted the view that differences remain between IPSASs and GFS with respect to the treatment of costs related to research and development (R&D). IPSAS 31, Intangible Assets, is based on IAS 38, Intangible Assets.	This is a thorny issue even for IASB. We think we should not address this issue due to its controversial status.		Low
	Military assets		IPSAS 17, Property, Plant and Equipment, applies to specialist military equipment. Similar to infrastructure assets, these items or transactions usually involve large amounts for governments. The IPSASs and Government Finance Statistics (GFS) project identified that guidance for defense weapons on requirements with respect to capitalization, classification and measurement (for example, expense versus capitalize) would be helpful.	The military expense is the greatest expense in the world (even than drugs) and we think there should be some IPSAS guide about this issue.		High
	Natural resources		In the public sector the point of recognition of natural resources differs between jurisdictions. There is often little idea of their value, despite their prominence. They are frequently granted for use by third parties (gold and copper mines, sand extraction, oil exploitation, use of rivers and energy resource, use of waters).	There is not IFRS related standard and this issue is controversial.		Low

R#	<p style="text-align: center;">RESPONDENT COMMENTS</p> <p style="text-align: center;">Question 8</p>					STAFF COMMENTS	
			A project on natural resources would consider whether these are assets of governments and if so how they should be measured.				
		Non-exchange expenses	This project would develop guidance and requirements for expenses incurred in non-exchange transactions. It would have a broader scope than the recently reactivated project on social benefits and respond to the characteristic that many public sector entities have a high volume of financially significant non exchange transactions.	We think a guide would be a great help. However, we do not think a new standard would be needed.		Medium	
		Role of government as owner rather than government	GBEs are currently required to apply IFRSs not IPSASs. IFRSs include IAS 20, Accounting for Government Grants and Disclosure of Government Assistance.	We think a guide would be a great help. However, we do not think a new standard would be needed.		Low	
		Sovereign powers and their impact on financial reporting	This potential project has been identified as a result of the Public Sector Conceptual Framework project. Governments are unique in that they have a number of sovereign powers, for example, the power to issue permits, concessions and licenses or to impose taxation.	This is a thorny issue even for IASB. We think we should not address this issue due to its controversial status.		Low	
		Trust funds	Trust funds are frequently used in the public sector to draw funds from the financial administration and manage them more independently, or at least with greater flexibility from the budgetary aspects	This issue should be addressed by IPSAS consolidation standard.		Low	
	Table 2 Projects to Maintain Existing IPSASs						

R#	RESPONDENT COMMENTS			STAFF COMMENTS	
	Question 8				
	Projects to Maintain Existing IPSASs	Summary	Comments		Priority
	Borrowing Costs IPSAS 5	IPSAS 5 is based on the December 2003 version of IAS 23. The IASB issued a revised version of IAS 23 in March 2007 which is now different from IPSAS 5. The main difference is that IAS 23 does not allow an option to immediately expense borrowing costs directly attributable to the acquisition, construction and production of a qualifying asset.	We think we should adopt the amended IFRS		Medium
	Construction Contracts IPSAS 11	Some stakeholders have proposed that this standard be adapted to provide guidance that is more public sector specific.	This current standard is clear. It is based on IFRS and this IFRS standard has not changed in a long time.		Low
	Disclosure of Financial Information about the General Government Sector IPSAS 22	IPSAS 22 was issued in December 2006. Since then there have been significant developments, including revisions to the GFS related pronouncements referred to in IPSAS 22.	We think the accounting information should be the same and related Government information issues should not be addressed.		
	Employee Benefits IPSAS 25	Pension fund liabilities are prominent in the public sector. IAS 19, Employee Benefits, has been revised, and some stakeholders have proposed that a revision of IPSAS 25 is therefore needed. Any differences between IAS 19 and IPSAS 25 should be a result of public sector specific reasons.	We should IPSASB should address the problem with public pensions		High
	Improvements to IPSAS 23 Non-Exchange Revenues	The IPSASB considered this project in March 2011 and decided to defer this project until completion of the Public Sector Conceptual Framework project because of the potential implications the development of a definition of revenues may have.	We should IPSASB should give more detail about Central Government transfers		High
	Leases IPSAS 13	The objective of the project would be to develop revised requirements for lease accounting covering both lessees and lessors in order to maintain alignment with the underlying IFRS. The	We should wait until the new IFRS is approved.		Low

R#	<p>RESPONDENT COMMENTS</p> <p>Question 8</p>				<p>STAFF COMMENTS</p>	
			project would result in a new IPSAS that would replace IPSAS 13.			
		Presentation of Financial Statements IPSAS 1	IPSAS 1 is based on the December 2003 version of IAS 1. The IASB issued a revised version of IAS 1 in September 2007 which includes the notion of comprehensive income. The IPSASB has not considered this notion.	IASB does not have clear other comprehensive income. We think IPSASB should expect IASB new standard. Hans Hoogervorst, president of IASB said: "The distinction between net income and OCI, however, lacks a well-defined foundation. While the P&L is the traditional performance indicator on which many remuneration and dividend schemes are based, the meaning of OCI is unclear. It started as a vehicle to keep certain effects of foreign currency translation outside net income and gradually developed into a parking space for 'unwanted' fluctuations in the balance sheet. There is a vague notion that OCI serves for recording unrealised gains or losses, but a clear definition of its purpose and meaning is lacking" ⁴³		Low
		Related Party Transactions IPSAS 20	In 2009 the IASB issued a revised IAS 24 to simplify the definition of "related party" and to provide a partial exemption from the disclosure requirements for some government related entities. The structure and substance of IPSAS 20 differs significantly from IAS 24.	We think there should be an amendment according to the ISA 550 Related parties. The ISA 550 definitions, paragraph 10, states that "However, entities that are under common		Medium

⁴³ **The imprecise world of accounting.** Hans Hoogervorst, International Association for Accounting Education & Research (IAAER) conference, June 20, 2012. Page 2. www.ifrs.org

R#	RESPONDENT COMMENTS Question 8			STAFF COMMENTS	
				control by a state (that is, a national, regional or local government) are not considered related unless they engage in significant transactions or share resources to a significant extent with one another." This is the major IPSAS amendment that we suggest.	
	Revenue IPSAS 9		The objective of the project would be to develop revised requirements for revenue from exchange transactions in order to maintain alignment with the underlying IFRS. The project would result in a new IPSAS that would replace IPSAS 9 and IPSAS 11.	This current standard is clear. It is based on IFRS and this IFRS standard has not changed in a long time.	Low
	Segment Reporting IPSAS 18		Concerns have been raised about the usefulness of the reporting requirements in IPSAS 18 and whether these should be amended.	This current standard is clear. It is based on IFRS and this IFRS standard has not changed in a long time.	Low
	Table 3 Projects to converge				
	Projects to converge		Summary	Comments	
	Extractive Industries (IFRS 6 interim standard but no comparable IPSAS)	The IASB developed IFRS 6 as an interim standard until it develops a comprehensive standard for exploration for and evaluation of mineral resources. Extractive industries are the exploration for and discovery of minerals, oil and natural gas deposits, developing those deposits and extracting the minerals, oil and natural gas		Due to IPSASB limited resources according to the document, these projects should be postponed.	
	Insurance Contracts (IFRS 4 interim standard but no comparable IPSAS)	The IASB developed IFRS 4 as an interim standard that allows insurers to continue using various existing accounting practices that have developed in a piecemeal fashion over many years.		Due to IPSASB limited resources according to the document, these projects should be postponed.	
	Non-current Assets Held for Sale and	IFRS 5 was issued in 2004 to replace IAS 35, Discontinuing Operations. IFRS 5 sets out		Due to IPSASB limited resources according to the	

R#	RESPONDENT COMMENTS Question 8				STAFF COMMENTS	
	Discontinued Operations (IFRS 5 but no comparable IPSAS)	requirements for measurement and presentation on non-current assets held for sale.	document, these projects should be postponed.			
	Rate Regulated Industries	Rate regulation is the setting of prices that can be charged to customers for services or products through regulations. Generally, it is imposed by regulatory bodies or governments when an entity has a monopoly or dominant market position that gives it significant market power.	Due to IPSASB limited resources according to the document, these projects should be postponed.		Low	
	Table 4 Other Projects					
	Other Projects	Summary	Comments			
	Differential Reporting	The IASB issued a standard on small and medium enterprises in 2009 with the objective of developing an IFRS to meet the financial reporting needs of entities that (a) do not have public accountability and (b) publish general purpose financial statements for external users.	There are no financial resources to manage this project. We think we should emphasize the most important issues.			
	Integrated Reporting	<IR> is a process founded on integrated thinking that results in a periodic integrated report by an organization about value creation over time and related communications regarding aspects of value creation.	There are no financial resources to manage this project. We think we should emphasize the most important issues.			
	Interim Financial Reporting	A project on interim financial reporting would provide guidance on what should be included in interim reports.	There are no financial resources to manage this project. We think we should emphasize the most important issues.			
31	We believe the potential projects should be prioritised in the following order:					
	<div>COMBINED SCORES</div>					

R#	<p align="center">RESPONDENT COMMENTS</p> <p align="center">Question 8</p>		STAFF COMMENTS
	<p>PROJECT</p>	<p>PRIORITY SCORE</p>	
	Infrastructure Assets	+10	
	Natural Resources	+9	
	Biological Assets Held for the Provision or Supply of Services	+8	
	Measurement – Public Sector Specific	+8	
	Related Party Transactions IPSAS 20	+7	
	Non-exchange Expenses	+6	
	Improvements to IPSAS 23 Non-exchange Revenues	+6	
	Revenue IPSAS 9	+6	
	Segment Reporting IPSAS 18	+6	
	Presentation of Financial Statements IPSAS 1	+5	
	Heritage Assets	+4	
	Construction Contracts IPSAS 11	+4	
	Role of Government as Owner rather than Government	+3	
	Trust Funds	+3	
	Extractive Industries	+3	
	Leases IPSAS 13	+2	
	Non-current Assets Held for Sale and Discontinued Operations (IFRS 5 but no	+2	

R#	RESPONDENT COMMENTS Question 8		STAFF COMMENTS
	comparable IPSAS)		
	Borrowing Costs IPSAS 5	+1	
	Integrated Reporting <IR>	+1	
	Intangible Assets – Public Sector Specific	0	
	Military Assets	0	
	Sovereign Powers and their Impact on Financial Reporting	0	
	Differential Reporting	0	
	Rate Regulated	-1	
	Interim Financial Reporting	-1	
	Insurance Contracts (IFRS 4 Interim Standard But No Comparable IPSAS)	-2	
	Disclosure of Financial Information about the General Government Sector IPSAS 22	-3	
	PROJECTS TO ADDRESS PUBLIC SECTOR SPECIFIC ISSUES		
	PROJECT	PRIORITY SCORE	
	Infrastructure Assets	+10	
	Natural Resources	+9	
	Biological Assets Held for the Provision or Supply of Services	+8	
	Measurement – Public Sector Specific	+8	
	Non-exchange Expenses	+6	

R#	RESPONDENT COMMENTS Question 8		STAFF COMMENTS
	Heritage Assets	+4	
	Role of Government as Owner rather than Government	+3	
	Trust Funds	+3	
	Intangible Assets – Public Sector Specific	0	
	Military Assets	0	
	Sovereign Powers and their Impact on Financial Reporting	0	
	PROJECTS TO MAINTAIN EXISTING IPSASs		
	PROJECT	PRIORITY SCORE	
	Related Party Transactions IPSAS 20	+7	
	Improvements to IPSAS 23 Non-exchange Revenues	+6	
	Revenue IPSAS 9	+6	
	Segment Reporting IPSAS 18	+6	
	Presentation of Financial Statements IPSAS 1	+5	
	Construction Contracts IPSAS 11	+4	
	Leases IPSAS 13	+2	
	Borrowing Costs IPSAS 5	+1	
	Disclosure of Financial Information about the General Government Sector IPSAS 22	-3	
	PROJECTS TO CONVERGE WITH IFRSs		

R#	RESPONDENT COMMENTS Question 8		STAFF COMMENTS										
	<table><thead><tr><th>PROJECT</th><th>PRIORITY SCORE</th></tr></thead><tbody><tr><td>Extractive Industries</td><td>+3</td></tr><tr><td>Non-current Assets Held for Sale and Discontinued Operations (IFRS 5 but no comparable IPSAS)</td><td>+2</td></tr><tr><td>Rate Regulated</td><td>-1</td></tr><tr><td>Insurance Contracts (IFRS 4 Interim Standard But No Comparable IPSAS)</td><td>-2</td></tr></tbody></table>	PROJECT	PRIORITY SCORE	Extractive Industries	+3	Non-current Assets Held for Sale and Discontinued Operations (IFRS 5 but no comparable IPSAS)	+2	Rate Regulated	-1	Insurance Contracts (IFRS 4 Interim Standard But No Comparable IPSAS)	-2		
PROJECT	PRIORITY SCORE												
Extractive Industries	+3												
Non-current Assets Held for Sale and Discontinued Operations (IFRS 5 but no comparable IPSAS)	+2												
Rate Regulated	-1												
Insurance Contracts (IFRS 4 Interim Standard But No Comparable IPSAS)	-2												
	<table><thead><tr><th colspan="2">OTHER PROJECTS</th></tr><tr><th>PROJECT</th><th>PRIORITY SCORE</th></tr></thead><tbody><tr><td>Integrated Reporting <IR></td><td>+1</td></tr><tr><td>Differential Reporting</td><td>0</td></tr><tr><td>Interim Financial Reporting</td><td>-1</td></tr></tbody></table> <p><i>Our methodology</i></p> <p>In our response above to question 5, we agree (with minor amendments) with the five key factors the IPSASB considers in deciding to initiate a project and assessing its priority. So we followed the methodology we support. We considered the five key factors, as amended in our response to question 5 above, and also added the factor of “Development”, which considers the possible growth of an issue’s significance or impact. Furthermore, we have added double weighting to the key factors “Significance in the public sector / impact on financial reporting”, and “Urgency”.</p> <p>We treated “Gaps in standards”, “IFRS convergence”, and “Alignment with GFS” as “bonus” factors, and have also considered two additional factors, “Development” and “Constraints” (as required in this question) both carrying a lower weighting as well.</p> <p>The method of scoring was therefore as follows:</p>	OTHER PROJECTS		PROJECT	PRIORITY SCORE	Integrated Reporting <IR>	+1	Differential Reporting	0	Interim Financial Reporting	-1		
OTHER PROJECTS													
PROJECT	PRIORITY SCORE												
Integrated Reporting <IR>	+1												
Differential Reporting	0												
Interim Financial Reporting	-1												

R#	RESPONDENT COMMENTS Question 8			STAFF COMMENTS	
	Key Factors and Constraints	Positive	No influence		Negative
	<i>Primary key factors</i>				
	Significance in the public sector / impact on financial reporting	+2 points	0 points		-2 points
	Urgency	+2 points	0 points		-2 points
	<i>Secondary key factors</i>				
	Gaps in standards	+1 bonus	-		-
	IFRS convergence	+1 bonus	-		-
	Alignment with GFS	+1 bonus	-		-
	<i>Development and constraints</i>				
	Development	+1 point	0 points		-1 point
	Constraints	+1 point	0 points		-1 point
32	Yes, prioritize ensuring that IPSAS standards that are based on IFRS are updated regularly to ensure they are in line with the latest respective IFRS. This will address existing perception that there are major differences between IPSAS and IFRS and also enhance quality.				

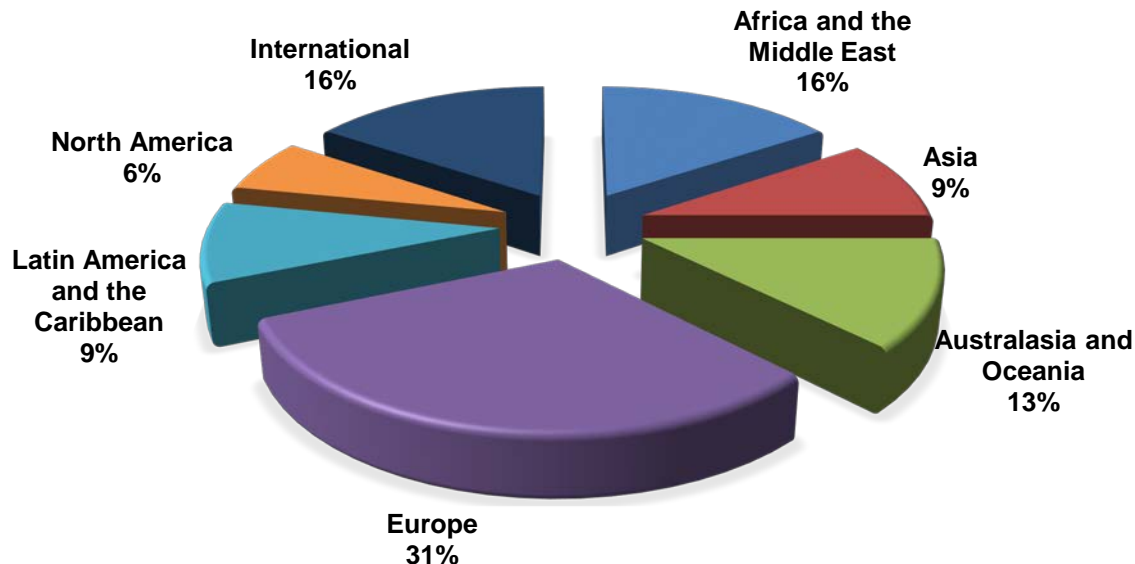
STRATEGY CONSULTATION

Analysis of Respondents by Region, Function, and Language

Geographic Breakdown

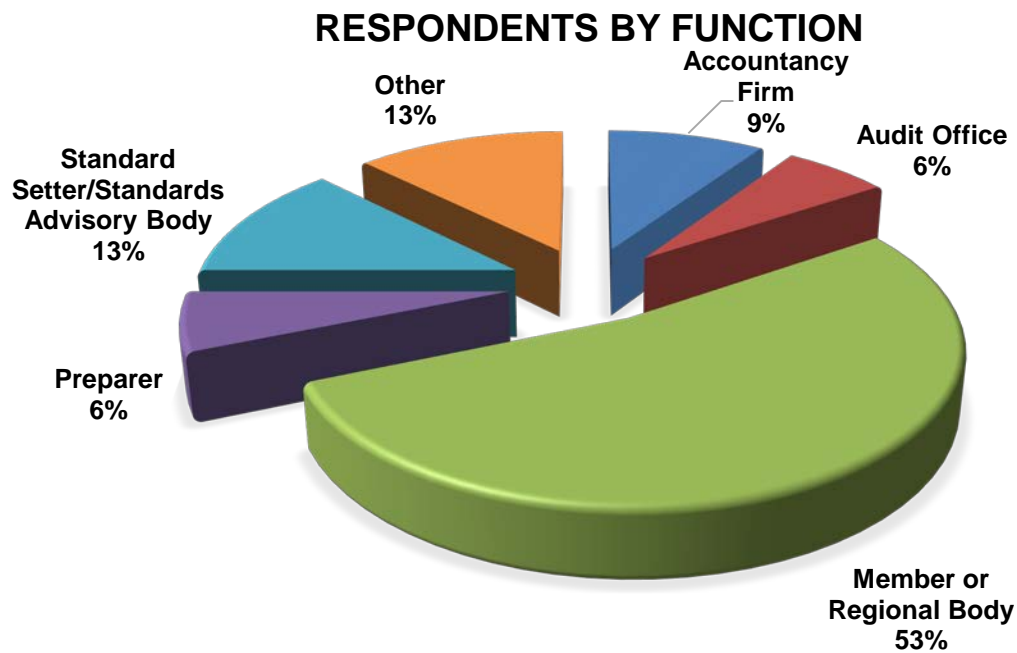
Region	Respondents	Total
Africa and the Middle East	13, 14, 21, 31, 32	5
Asia	01, 22, 23	3
Australasia and Oceania	07, 24, 27, 28	4
Europe	03, 04, 05, 06, 09, 11, 12, 16, 18, 25	10
Latin America and the Caribbean	19, 29, 30	3
North America	02, 20	2
International	08, 10, 15, 17, 26	5
Total		32

RESPONDENTS BY REGION



Functional Breakdown

Function	Respondents	Total
Accountancy Firm	10, 17, 26	3
Audit Office	04, 25	2
Member or Regional Body	01, 05, 08, 09, 12, 13, 14, 15, 16, 19, 20, 21, 22, 23, 27, 30, 31	17
Preparer	06, 28	2
Standard Setter/Standards Advisory Body	03, 07, 11, 24	4
Other	02, 18, 29, 32	4
Total		32



Linguistic Breakdown:

Language	Respondents	Total
English-Speaking	02, 07, 10, 12, 13, 14, 15, 16, 17, 19, 20, 24, 26, 27, 28, 31, 32	17
Non-English Speaking	01, 03, 04, 05, 06, 09, 23, 25, 29, 30	10
Combination of English and Other	08, 11, 18, 21, 22	5
Total		32

