

IPSASB Strategy Consultation

Background

On 31 March 2014 IPSASB published a strategy consultation paper requesting stakeholder input on both the overall goals of IPSASB and of its specific work plan over the next three years and beyond. The IPSASB has asked for stakeholder comments on this paper by 31 July 2014.

In order to facilitate the preparation of a FEE response, please find below the main points from the paper and the specific questions on which the IPSASB are requesting comment.

The full paper can be found at http://www.ifac.org/sites/default/files/publications/files/IPSASB-Strategy-Consultation-2015-2019_0.pdf

IPSASB's Strategic Objective

Strategic objective tentative view:

"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."*

Question 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?"

To meet its strategic objective the IPSASB has identified two outcomes that it seeks to achieve:

- 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.

Question 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?"

To achieve these outcomes the IPSASB will be focused on delivering the following outputs:

- (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.

Question 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?"

The IPSASB is interested not only in continuing its communications and other outreach activities but also in finding additional ways to actively engage with all stakeholders in order to establish credible feedback mechanisms. As adoption increases getting feedback from adopters of the IPSASs to address emerging issues is more and more important. The IPSASB gets feedback through its standards development processes and outreach activities. The IPSASB wants to consider whether feedback processes need to be enhanced.

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

IPSASB’s Consultation on Work Programme 2015-2019

I. Assessing Potential Projects

The key factors to be considered in deciding whether to initiate a project and assessing its relative priority are:

1. **Significance for the public sector** – generally this would be a public sector specific project that has high relevance to the public sector, likely for which there is no equivalent private sector issue;
2. **Urgency of the issue** –developments globally may result in changes in the environment and therefore an issue becoming more important. For example, as a result of the global financial crisis in 2008 the IPSASB accelerated work on IPSASs 28-30 as it deemed it important to have standards on financial instruments;
3. **Gaps in standards** – the project addresses an issue that has not previously been addressed in IPSASs or Recommended Practice Guidelines (RPGs);
4. **IFRS convergence** – the project meets the goal of convergence with the IFRSs where deemed appropriate. This would allow leveraging resources in terms of possibly collaborating with the IASB;
5. **Alignment with the Government Financial Statistics (GFS)** - the project helps to reduce divergence between the IPSASs and GFS.

Question 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?”

II. Existing Commitments

There are four current projects that will be completed by the end of 2014, at which point resources can be allocated to new projects. These are:

- Public sector conceptual framework
- Reporting service performance (ED 54 – no FEE comment letter sent)
- Review of IPSASs 6-8 (ED48 to 51 – FEE comment letters sent Feb 2014)
- First time adoption (ED53 – FEE comment letter sent Feb 2014)

Other projects committed to:

- Public sector combinations – completion 2015
- Government business enterprises – completion 2015
- Update of financial instruments (IPSASs 28-30) – completion to be determined based on IASB work
- Public sector financial instruments – completion 2016
- IPSASs and GFS – reducing differences – ongoing activities, timing to be determined
- Emissions trading schemes – completion 2017
- Social benefits – completion 2017

IPSASB also refers to the probable need, between 2015-19, to revisit existing IPSASs after completion of the IPSASB's Conceptual Framework project.

Cash Based IPSAS

The Cash Basis IPSAS is not widely adopted but the view of a task force set up to review the matter concluded that the Cash Basis IPSAS should be retained, subject to modifications and restructuring. The IPSASB has considered three viable options for proceeding. These are:

- 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;
- Retain the Cash Basis IPSAS unchanged; this would mean suspending the review project and doing no further work on the IPSAS; or
- Withdraw the Cash Basis IPSAS from the IPSASB Handbook; this could be immediate or at some future date.

Question 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?”

Question 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.”

III. Potential New Projects

Projects to address Public Sector Specific Issues	Projects to Maintain Existing IPSASs	Projects to converge with IFRS	Other Projects
Biological assets held for the provision or supply of services	Borrowing Costs IPSAS 5	Extractive Industries (IFRS 6 interim standard but no comparable IPSAS)	Differential Reporting
Heritage assets	Construction Contracts IPSAS 11	Insurance Contracts (IFRS 4 interim standard but no comparable IPSAS)	Integrated Reporting
Infrastructure assets	Disclosure of Financial Information about the General Government Sector IPSAS 22	Non-current Assets Held for Sale and Discontinued	Interim Financial Reporting
Intangible assets – public sector specific	Employee Benefits IPSAS 25	Operations (IFRS 5 but no comparable IPSAS)	
Measurement – public sector specific	Improvements to IPSAS 23 Non-Exchange Revenues	Rate Regulated Industries	
Military assets	Leases IPSAS 13		
Natural resources	Presentation of Financial Statements IPSAS 1		
Non-exchange expenses	Related Party Transactions IPSAS 20		
Role of government as owner rather than government	Revenue IPSAS 9		
Sovereign powers and their impact on financial reporting	Segment Reporting IPSAS 18		
Trust funds			

The Appendix to the Consultation paper addresses the potential projects above in more detail.

Question 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.