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Our reference
Claes-Göran Gustavsson

Your date
Your reference number

Comments on IPSASB Work Program 2013-2014

The Swedish National Financial Management Authority (ESV) appreciates the opportunity to comment on the work program.

ESV is the government agency responsible for financial management and development of GAAP in the Swedish central government. Full accrual accounting was introduced in 1993 and we hope that our experience will be a contribution in your work with various accounting issues.

Comments on the work program are given by The Swedish National Audit Office (NAO). In our opinion NAO has discussed the most crucial issues. We support that discussion and refer to the NAO comments.

Claes-Göran Gustavsson has prepared this comment.

Yours sincerely,

Pia Heyman

Head of Department,
Department of Central Government Accounting and Finance

Pia Heyman
Head of Department
Direct: +46 8 690 45 02
Mobile: +46 708 90 45 02
E-mail: pia.heyman@esv.se
Fax: +46 8 690 43 50

Claes-Göran Gustavsson
Senior Advisor
Direct: +46 8 690 43 26
Mobile: +46 708 90 43 26
E-mail: claes-goran.gustavsson@esv.se
Fax: +46 8 690 43 50



**The Japanese Institute of
Certified Public Accountants**

4-4-1 Kudan-Minami, Chiyoda-ku, Tokyo 102-8264, Japan
Phone: 81-3-3515-1129 Fax: 81-3-5226-3356
Email: hieirikaikei@sec.jicpa.or.jp

October 30, 2012

Ms. Stephenie Fox

Technical Director

International Public Sector Accounting Standards Board

International Federation of Accountants

277 Wellington Street West

Toronto, Ontario, Canada M5V 3H2

***Comments on the Consultation Paper
“Consultation on IPSASB Work Program 2013-2014”***

Dear Ms. Fox,

The Japanese Institute of Certified Public Accountants (JICPA) is pleased to comment on the Consultation Paper (CP) “Consultation on IPSASB Work Program 2013-2014,” as follows.

Comments on Specific Matters for Comments

Question 1:

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

We suggest that IPSASB should add the following projects:

1. Infrastructure assets

In the public sector, the infrastructure assets account for a large part of the total assets. Also, impaired infrastructure assets are becoming a problem in developed countries. We believe that it is important to manage and renew those assets.

Although infrastructure assets are within the scope of IPSAS 17, paragraph 21 of IPSAS 17 only describes their characteristics, and it does not prescribe any specific treatments for the infrastructure assets. However, many countries adopt various accounting treatments for the infrastructure assets. For example, some countries depreciate these assets in the same manner as other fixed assets; others recognize expense when the cash expenditure occurs, instead of depreciation. Also, some jurisdictions require revaluation at the replacement cost; others do not require such revaluation (or allow entities to measure assets at historical cost basis). We suggest that IPSASB should investigate the current accounting treatments of the infrastructure assets in these countries, and the needs of financial information users, and consider whether different approach for these assets is needed or not.

2. Defense assets

There are mixed accounting practices for the defense assets in each country, whether they should be recognized as an expense or capitalized (as infrastructure assets). Since defense assets can be important for some countries, we suggest that IPSASB should present guidance for defense assets.

3. 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, as a part of the IFRSs convergence program.

In the public sector, there are important biological assets which are used in the supply of services, including plants and trees used for environmental protection purposes. However, such biological assets are not dealt in IPSAS 27. We hope that the IPSASB will develop standards for such biological assets in the near future (please also see our comments on the ED of IPSAS 36, dated June 30, 2009).

4. Cost accounting standards

We believe that external reporting and (internal) management accounting are more

closely connected in the public sector than in the private sector. We suggest that IPSASB should explore management accounting standards (mainly cost accounting), since it will help entities enhance their accountability.

We believe that cost is important because it consists of the components of “input” described in the IPSASB Consultation Paper, “Reporting on Service Performance Information.”

Question 2:

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

We believe that social benefits project should be the most important for IPSASB. Although social benefits are typical obligations in the public sector and of critical importance, IPSASB has not established any relevant standards. We hope that IPSASB immediately establish those standards.

We recognize that IPSASB tried, but could not reach conclusion on this challenging issue. However, we suggest that IPSASB should restart this project, as soon as the conceptual framework clarifies the definitions of the liability in the public sector.

Question 3:

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

1. Revision of IPSAS 23 Revenue from Non-exchange Transactions

The Work Program states that IPSASB will focus only on (a) the interaction between IPSAS 23 and other IPSASs, and (b) the conceptual framework project (a definition of revenues) in this potential project. However, we suggest that IPSASB should broaden the scope of the revision to IPSAS 23.

There are complaints that IPSAS 23 is complicated and difficult to understand. In our view, one of the reasons is that IPSAS 23 deals with tax revenue and transfer in one

standard. Because tax and transfer are different in nature, we suggest that IPSASB should reconsider its description on the basis of the difference in nature, or deal with these issues in a separate standard.

In addition, when the IASB finalizes its exposure draft, “Revenue from Contracts with Customers,” IPSASB has to revise the IPSAS 9 and 11, to converge with the new IFRS. We believe that IPSASB should revise both of the standards at the same time, in order to keep consistency of technical terms and concepts between “Revenue from Exchange Transactions” and “Revenue from Non-Exchange Transactions.”

Yours sincerely,

Naohide Endo
Executive Board Member
Public Sector Accounting and
Audit Practice
JICPA

Tadashi Sekikawa
Executive Board Member
Public Sector Accounting and
Audit Practice
JICPA



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RÉPUBLIQUE FRANÇAISE

Paris, le

30 OCT 2012

DIRECTION GÉNÉRALE DES FINANCES PUBLIQUES

Service comptable de l'État / Service des collectivités locales

Mission Doctrine comptable et contrôle interne comptable

120 Rue de Bercy - Télédoc 787

75572 PARIS cedex 12

Affaire suivie par Stéphanie LEDOUX et Florence GUY

stephanie.ledoux@dgfip.finances.gouv.fr

☎ 01 53 18 78 26 ☎ 01 53 18 62 36

florence.guy@dgfip.finances.gouv.fr

☎ 01 53 18 30 53 ☎ 01 53 18 62 36

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Ms Stephenie FOX

Technical director

International Public Sector Accounting Standards
Board

International Federation of Accountants

277 Wellington Street, 4th Floor

Toronto

Ontario M5V 3H2 CANADA

Object: Response to the Consultation on IPSASB Work Program 2013-2014.

I am writing on behalf of "Direction Générale des Finances Publiques" (DGFIP) to express our views on the mentioned above public consultation on IPSASB Work Program 2013-2014.

1. GENERAL COMMENTS

As a usual stakeholder of the consultation papers of the IPSAS Board, the “Direction générale des finances publiques” greatly welcomes the first publication of a consultation paper dedicated to the IPSAS Board work program.

This request for comments provides an opportunity to reaffirm the priority for the IPSAS Board to deal with specific public sector accounting issues with potential significant impact.

Though, it is important to recall that IPSAS Board’s must concentrate on accounting standards setting, that falls under its jurisdiction. This consultation paper underlines the huge scope of accounting subjects that need to be dealt with. That is why, it is inappropriate to request for comments subjects that are more related to financial analysis. Whereas these non-accounting issues still state in the former work program¹, the “Direction générale des finances publiques” notes that the 2013-2014 work program only deals with accounting issues.

As pointed out in our replies, the main priority issues are those related to the conceptual framework, Social benefits, sovereign powers and their impact on financial reporting, and heritage assets.

Given its serious implication on the definition of the consolidation boundary, the update of IPSAS 6 “Consolidated and separate financial statements” and its adaptation to public sector specificity appear to be one of the top priority topics.

2. RESPONSES TO THE QUESTIONS

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

¹ The exposure-draft submitted on 2011 and 2012 and related to « Reporting on long term sustainability of public finances » and « Financial statement discussion and analysis » were, as developed in our comments, outside IPSAS Board competence.

As a preliminary comment, we would like to underline that the consultation paper does not consult on the current work program. The “Direction générale des finances publiques” would like to point out the huge need to update IPSAS 6 “Consolidated and separate financial statements”, that is listed in the current work program. Indeed, the concept of control was redrawn in the new IFRS 10, that leads to a review of the IPSAS 6 and would be the opportunity to adapt its criteria of control to the characteristics of public sector. In this way, the “Direction générale des finances publiques” considers that the definition of the consolidation scope should be based on the criteria of control, but also supplemented by those of management or implementation of a public policy, on a non-market activity financed by public resources.

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

As explained in our general comments, the “Direction générale des finances publiques” considers issues related to public sector characteristics as a priority, mainly when they do not have any equivalent in the private sector. That is why the conceptual framework and the update of IPSAS 6 appear to be a priority due to their pivotal role in the setting of new standards.

On the 2013-2014 work program, we consider the following subject as priority, with no equivalent in private sector:

- Social Benefits,
- Sovereign powers and their impact on financial reporting, and
- Heritage assets.

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

Once again, as the consultation does not request on current work program, the "Direction générale des finances publiques" should like to focus attention on the need to publish a consolidated conceptual framework, which is a precondition to the setting of new standards, dedicated to public sector.

Le Directeur,
adjoint au directeur général
des finances publiques,
chargé de la gestion publique



Vincent MAZAURIC

FRENCH VERSION

En tant que partie prenante aux consultations de l'IPSAS Board, la Direction générale des finances publiques accueille très positivement la première publication d'un document de consultation relatif au programme de travail de l'IPSAS Board.

Compte tenu de la multitude des problématiques à traiter, cette consultation est l'occasion de rappeler la nécessité de se concentrer en priorité sur des sujets comptables spécifiques au secteur public, qui présentent des enjeux potentiellement importants.

Ainsi, il convient de rappeler que le champ de compétences de l'IPSAS Board doit relever strictement de la normalisation comptable. Compte tenu de l'étendue des travaux à mener, tels que recensés dans le présent programme de travail, il apparaît inopportun de soumettre à commentaires des sujets qui relèvent davantage de l'analyse financière et donc de la sphère extra-comptable², qui figurent toujours dans la liste des projets en cours. En revanche, nous avons bien noté que le programme de travail 2013-2014 ne traite que de sujets de normalisation comptable.

Comme développé dans les réponses, les sujets à traiter en priorité sont ceux relatifs au cadre conceptuel, aux prestations sociales, à la souveraineté de l'Etat et son impact sur les états financiers, et aux biens historiques et culturels.

Compte tenu de ses implications sur la définition du périmètre de consolidation, la mise à jour de la norme IPSAS 6 « Etats financiers consolidés et comptabilisation des entités contrôlées » et son adaptation aux spécificités du secteur public est également un sujet prioritaire.

² Comme ce fût le cas pour les exposés-sondages publiés en 2011 et 2012 relatifs au « reporting on long term sustainability of Public finances » ou au « Financial statement discussion and analysis ».

1 /

Le document de consultation ne nous interroge pas sur le programme de travail en cours. Nous considérons que la révision de la norme IPSAS 6 « Etats financiers consolidés et comptabilisation des entités contrôlées », recensée dans ce programme, est un sujet prioritaire. En effet, les modifications importantes de la nouvelle norme IFRS 10, notamment au regard des critères de contrôle, nécessitent une relecture de l'actuelle norme IPSAS 6, qui pourrait être l'occasion d'adapter les critères de contrôle aux spécificités du secteur public. En effet, la notion de contrôle devrait, à notre sens, être complétée par celles de pilotage et/ou d'exécution des politiques publiques, et de réalisation d'une activité non marchande principalement financée par des ressources publiques.

2 /

La Direction générale des finances publiques considère que les sujets à traiter en priorité sont ceux spécifiques au secteur public, pour lesquels il n'existe pas d'équivalent dans le secteur privé. Le cadre conceptuel ainsi que la mise à jour de la norme IPSAS 6, qui sont cités dans les sujets en cours de traitement, sont des sujets prioritaires, compte tenu de leur rôle structurant pour la rédaction de toute autre norme.

Ainsi, les autres sujets prioritaires sont :

- 1) les prestations sociales,
- 2) la souveraineté de l'Etat et son impact sur les états financiers, et
- 3) les biens historiques et culturels.

3 /

Bien que la consultation ne porte pas sur les travaux en cours, la Direction générale des finances publiques appelle une nouvelle fois votre attention sur la nécessité de publier un cadre conceptuel stabilisé, condition indispensable à la rédaction de normes adaptées aux spécificités du secteur public.

31 October 2012

Our ref: ICAEW Rep 163/12

Stephenie Fox,
International Public Sector Accounting Standards Board
International Federation of Accountants
277 Wellington Street West, 6th Floor
Toronto, Ontario M5V 3H2
CANADA

By email: stepheniefox@ifac.org

Dear Stephenie

Consultation on IPSASB work programme 2013 - 2014

ICAEW welcomes the opportunity to comment on the *Consultation on IPSASB work programme 2013 - 2014* published by the International Public Sector Accounting Standards Board (IPSASB) in July 2012, a copy of which is available from this [link](#).

ICAEW is a world-leading professional accountancy body. We operate under a Royal Charter, working in the public interest. ICAEW's regulation of its members, in particular its responsibilities in respect of auditors, is overseen by the UK Financial Reporting Council. We provide leadership and practical support to over 138,000 member chartered accountants in more than 160 countries, working with governments, regulators and industry in order to ensure that the highest standards are maintained.

ICAEW members operate across a wide range of areas in business, practice and the public sector. They provide financial expertise and guidance based on the highest professional, technical and ethical standards. They are trained to provide clarity and apply rigour, and so help create long-term sustainable economic value.

ICAEW is recognised internationally as a leading authority on financial reporting. It is responsible for formulating ICAEW policy on financial reporting issues, and makes submissions to standard setters and other external bodies. It provides an extensive range of services to its members, providing practical assistance in dealing with common financial reporting problems.

ICAEW makes the following high-level comments:

- 1) Currently, the consultation is aimed predominantly at accountancy bodies. However, these are not the organisations that need to implement IPSASs. There is a need to consult more widely with the stakeholders that the IPSASs are aimed at.
- 2) IPSASB needs to ensure that there is as much convergence as possible with IFRS (rather than divergence), with tweaking for public sector perspectives.
- 3) In the medium to long-term, IPSASB needs to consider how it is going to provide support to organisations that may wish to implement IPSAS. Moving from cash to accruals accounting is a

daunting task for many government departments. If the implementation of IPSASs globally is to succeed, then IPSASB needs to consider the help and support that it can provide to governments (in the same way that the International Accounting Standards Board provides help and support to its stakeholders).

- 4) Of the options that have been put forward, a large number of them appear to be dependent upon the finalisation of the conceptual framework, so unless IPSASB has firmed up agreement on some of the ideas (definitions of assets and liabilities, revenue, etc.) any work on standards ahead of that time risks being nugatory. One option might be to start some preparatory work/data gathering so that the next stage is speeded up.
- 5) The next logical step would be to work on the Presentation of Financial Statements, because if the objective is to be more transparent and provide comparable and comprehensive information, then our view is that this would be through the Statements. After this, the next obvious stage would be Segmental Reporting.

Please contact me should you wish to discuss any of the points raised above.

Yours sincerely

Sumita Shah

Sumita Shah
Technical Manager, Public Sector

T +44 (0)207 920 8516

E sumita.shah@icaew.com



29 October 2012

Stephanie Fox,
IPSASB Technical Director,
International Public Sector Accounting Standards Board,
International Federation of Accountants,
277 Wellington Street West,
Toronto, Ontario M5V 3H2,
Canada.

Dear Madam:

RE: CONSULTATION PAPER - CONSULTATION ON IPSASB WORK PROGRAM 2013-2014

The Institute of Certified Public Accountants of Kenya (ICPAK) welcomes the opportunity to comment on the Consultation Paper Consultation on IPSASB Work Program 2013 – 2014 issued by the International Public Sector Standards Board (IPSASB) of the International Federation of Accountants.

We are pleased to have participated earlier in the IPSASB strategy consultation process and welcome this Consultation Paper which we feel represents a balanced response to a wide range of inputs.

The Institute is generally in agreement with the proposed projects for the period 2013 – 2014. We however make some suggestions, that we hope will further assist the IPSASB prioritise the projects identified.

The Institute wish to respond to the questions raised in this consultation paper as follows:

Question 1:

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

We propose an inclusion of Interim Financial Reporting guideline to the list of potential projects, although it should not be prioritized. We believe that entities in our jurisdiction which have already adopted the Accrual basis of accounting in accordance with IPSAS, will soon wish or may be required to publish interim reports as the case may be occasioned by changes in the legislation in the Country.

We believe most of the critical items have been captured under the potential projects and also in the Appendix C essential overview of every potential project identified has been provided. We however wish that First time adoption of accrual IPSASs and public sector combination which are listed as current projects; be prioritized and probably have the final standards issued earlier than their indicated period; by December 2013 and March 2014 respectively.

Question 2:

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

The order of priority suggested should be hinged on urgency to address existing and emerging financial reporting issues. We propose that the following projects should be prioritized in the order indicated:

1. Public Sector Conceptual Framework.
2. First time Adoption of Accrual IPSASs.
3. Public Sector Combinations.
4. IPSASs Government Finance Statistics Reporting Guidelines.

We are in agreement with priority that the Board has given this project. The conceptual Framework will explore possible course of action and thereby lay basis upon which other standards and guidelines will be issued.

First time Adoption of Accrual IPSASs will usher in the entities adopting IPSAS for the first time; it will guide on transition process by prescribing the treatment of opening balances and comparative information.

Governments have numerous entities which operate independently: ministries, parastatals and other institutions. Due to the nature of complexities involved would be in preparing consolidated financial statement, there is an urgent need to address the area.

IPSASs Government Finance Statistics Reporting Guidelines cuts across the general preparation and presentation of financial statement as opposed to treatment of a specific item in the financial reporting, as such should be prioritised as they provide the basis of reporting in Public sector in broader perspective. It will also enhance understandability and comparability of public sector financial statements, and improvements incorporated in annual improvement projects.

We suppose that GBE standard will be out by September 2014 as indicated in the program, in this case, the next guideline that govern the operations of the public sector in our jurisdiction; will be how to account for their revenue, regardless of their objectives. In this case consequently; it will be paramount to have the Revenue recognition standard in the pipeline to provide the guide in good time.

Question 3:

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

We believe that the program is detailed enough and properly structured; we however wish to suggest the following:

1. The program should be bridged in such a way that it should indicate major projects that have been completed as per the previous Work Program priorities. In this case; projects already done with should be listed and the time frame they took indicated.
2. We propose that the sections indicating the potential projects should further provide details on why they were proposed as such and the time frame expected to be completed as done for current projects in Appendix B in the document.

In conclusion, we welcome the idea of all jurisdictions to prioritize their key projects. We deem that this is the way it should be done in arriving at a consensus; since this reliably touch on overall National governance issues in all the public sector entities.

We finally believe that the document highlight the foremost items that are essential to our jurisdiction.

We thank you for the chance to comment on the document.

Yours sincerely,



Nixon Oindi
For: ICPAK-Professional Standards Committee

1 November 2012

Ms Stephenie Fox
Technical Director
International Public Sector Accounting Standards Board
International Federation of Accountants
277 Wellington Street West
TORONTO ONTARIO CANADA M5V 3H2

Email: stepheniefox@ipsasb.org

Dear Stephenie

Consultation Paper IPSASB Work Program

Thank you for the opportunity to comment on the International Public Sector Accounting Standards Board (IPSASB) Consultation Paper IPSASB Work Program. CPA Australia and the Institute of Chartered Accountants in Australia (the Institute) have considered the Consultation Paper and our comments follow.

CPA Australia and the Institute represent over 210,000 professional accountants in Australia. Our members work in diverse roles across public practice, commerce, industry, government and academia throughout Australia and internationally.

We welcome the IPSASB's request to help shape its work program for 2013-2014. We make our general comments below with more specific detailed comments addressing the questions posed in Consultation Paper being set out in the Appendix.

We note the Consultation Paper does not address the strategic direction of the IPSASB and that the work program should be developed in conjunction with and to support the strategic direction. In addition:

- we would encourage the IPSASB to consider the implications of the memorandum of understanding with the International Accounting Standards Board (IASB) and how that relationship might be demonstrated in the future work program;
- we concur that the IPSASB policy position should only depart from the equivalent International Financial Reporting Standard (IFRS) when there is a specific public sector specific reason for doing so;
- we suggest the IPSASB adopt a policy of ongoing convergence with IFRS, in place of the current approach of convergence with IFRS at a particular point in time;
- we regard the completion of the conceptual framework as crucial to the future agenda of the IPSASB and we would like to see that work completed in conjunction with the IASB.

Representatives of the Australian Accounting Profession



cpaaustralia.com.au



Institute of
Chartered Accountants
Australia

charteredaccountants.com.au

If you have any questions regarding this submission, please do not hesitate to contact either Mark Shying (CPA Australia) at mark.shying@cpaaustralia.com.au or Kerry Hicks (the Institute) at kerry.hicks@charteredaccountants.com.au

Yours sincerely



Alex Malley
Chief Executive Officer
CPA Australia Ltd



Lee White
Chief Executive Officer
Institute of Chartered Accountants
Australia

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

We would recommend the IPSASB work at ongoing convergence with IFRS as opposed to the current approach of convergence with IFRS at a particular point in time. Therefore, we encourage the IPSASB to examine the concepts of control and fair value measurement as articulated in IFRSs 10, 11, 12 and 13 in order to determine their suitability to the IPSAS.

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

We regard the completion of the conceptual framework as crucial to the future agenda of the IPSASB and we would like to see that work completed in conjunction with the IASB. Once complete, the IPSASB will be better placed to evaluate the need to progress stand-alone projects. Nevertheless, we would like for the IPSASB to work on the alignment of IPSAS with IFRS and Government Finance Statistics (GFS). We consider the requirement for some public sector entities to prepare multiple reports under two different frameworks - the GFS framework and an accrual based financial statement reporting framework not consistent with enhancing the transparency and accountability of those entities. Alignment with the GFS for the purpose of disclosure would be a valuable first step to addressing this problem.

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

We have no other comments.

Hi Stephenie

Thanks for the opportunity to review and comment on the "*consultation on the IPSASB work program 2013 - 2014*". I consider the program reasonable and I have no comments.

Additional comment

However, I request the Board to consider how to assist many countries who are attempting to implement IPSAS standards; especially to respond to the question - *if we are preparing financial statements using modified accrual basis, which standards/framework should we state that we have complied with (in the financial statements)? Would the standard/framework be acceptable to the Auditor General?*

I think there is an opportunity to further **revise study 14** to provide guidance on this question to these countries.

Scenario- that I face in a number of African countries

1. Patrick, we prepare our financial statements on modified accrual basis - cash information with recognition of some accrual based information. After every two or three years, we include more accrual information.
2. We would like to adopt IPSAS standards. Do we first go back to cash based standards - and state compliance with cash based standards in our AFS? or Should we start transitioning to accrual based IPSAS which will take us a long period of time? If to transition, what will we state in our financial statements as the standards/framework that we have complied with - considering that we shall not be fully compliant with accrual based IPSAS for a number of years? Is there a standard for modified accrual - that we can use during the transition period and hence refer to it in the AFS?

Our response.....

1. You (the government) should continue to make progress in incorporation accrual information in AFS - by making reference to accrual based IPSAS on transactions that you are recognising - in order to improve on the comprehensiveness and completeness of financial information. Therefore, there is no need to first go back and apply cash based IPSAS standard.
2. The incorporation of accrual information should be based on a **comprehensive road map** that the country should develop to guide adoption of accrual based standards. To develop the road map, reference should be made to the guidance in study 14, other country experiences and country specific circumstances.
3. In addition, in designing the road map, the country should consider developing a "**reporting framework (in the form of a template)**" which should be revised/updated on say 2/3/4 years intervals to incorporate more accrual based information - dependent on the steps in the road map. The reporting framework should be agreed upon by the Auditor General. The financial statement should state that the AFS have been prepared using the framework - as it is inappropriate to refer to the IPSAS accrual based standards. The road map should also specify the reforms that the country should undertake during the implementation period to generate necessary accrual information say on assets, liabilities.
4. Once the road map is fully implemented, the country should fully apply the standards (and refer to them in the AFS).

So, how should IPSASB assist countries facing this scenario: I think the Study 14 should be further revised to provide more guidance on how to develop the reporting framework: revise it on regular intervals...and who to involve in preparing the

framework. Guide the countries on what they should state as the reporting framework during the transition period.

I think it is wrong to request countries who are preparing financial statements on modified basis of accounting to first revert to cash based IPSAS Standards: it is like requesting them to move a step backward. Unfortunately, this is the advise that a number of consultants are offering to countries in Africa - I think it is wrong and costly to countries who have limited resources in the first place..... any wording/direction from the Board on this matter would go a long way.

Please note the above are personal views and not those of the Bank.

Best

Patrick



**Accountants Park
Plot 2374, Thabo Mbeki Road
P.O. Box 32005
Lusaka
ZAMBIA**

**Telephone: + 260 21 1 255345/255371/255361, Fax + 260 21 1 255355
E-mail: technical@zica.co.zm**

29th October 2012

**The Technical Director
International Public Sector Accounting Standards Board
International Federation of Accountants
277 Wellington Street West, 6th Floor
Toronto, Ontario M5V 3H2
CANADA**

Dear Stephenie,

Comments on Consultation Paper on IPSASB Work Program 2013-2014

The Zambia Institute of Chartered Accountants welcomes the opportunity to comment on the Consultation Paper issued by the International Public Sector Accounting Standards Board (IPSASB), in July 2012.

We strongly recommend IPSASB for taking the first step towards public consultation on its work program. The approach taken would meet the stakeholders' needs and participation by various stakeholders would be enhanced as the work program would be stakeholder's driven.

Our comments on the Consultation Paper on IPSASB Work Program 2013-2014, are as follows:

Question 1

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

Comment

We feel the already identified potential projects are adequate for now. We do recommend that for the next five years, IPSASB should only be conducting annual improvements to existing IPSASs where necessary.

Question 2

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

Comment

We recommend that the IPSASB should prioritize the following three (3) projects for 2013-2014;

1) The completion of Public Sector Conceptual Framework Project.

We strongly recommend that completion of the development of the public sector conceptual framework should be the first priority and more resource should be devoted to it. Coming up with the conceptual framework will help the IPSASB in revising and developing IPSASs that are principle-based, internally consistent and internationally accepted. Piecemeal development of the Conceptual Framework would likely to lead to internal inconsistency.

Therefore we propose that Conceptual Framework is completed first, because it will have an influence on all other projects.

2) Revision of Current IPSASs

After completion the project on Public Sector Conceptual Framework, we suggest that the IPSASB should revise all existing IPSASs to ensure that they will be in line with the conceptual framework. Revising IPSASs and coming up with high quality standards, would enhance financial reporting in the public sector.

3) First Time Adoption of Accrual IPSASs

We propose that after revising the current IPSASs, the next step should be to develop a standard which would provide guidance for the first-time adoption of accrual IPSASs.

Question 3

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

Comment

The IPSASB should aim at completing the Conceptual Framework project. The completion of this project, will promote the principle based approach in developing and revising IPSASs.

Having a lot of projects would simply divide the attention of the Board and at the end fail to come up with high quality IPSASs which would stand the test of time.

The Institute will be ready to respond to any matters arising from the above comments.

Yours faithfully

Musonda Boniface

Technical Officer



WPC

Australian Government

**Australian Accounting
Standards Board**

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Level 7, 600 Bourke Street
MELBOURNE VIC 3000
Postal Address
PO Box 204
Collins Street West VIC 8007
Telephone: (03) 9617 7600
Facsimile: (03) 9617 7608

7 November 2012

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

Dear Stephenie,

IPSASB Consultation Paper
Consultation on IPSASB Work Program 2013-2014

The Australian Accounting Standards Board is pleased to submit its comments on the Consultation Paper to the International Public Sector Accounting Standards Board. The AASB supports the IPSASB consulting on its work program at this time and in the future when oversight and related governance changes have been put in place.

In addition to progressing the projects currently on the IPSASB's work program, especially the Conceptual Framework, the AASB considers that the IPSASB should add the following two new projects to its work program for 2013-2014: Improvements to IPSAS 23 re non-exchange revenues, and Emissions Trading Schemes. These two projects are in urgent need of attention and significant progress could be made in the two-year period.

The second project in particular would allow the IPSASB to work with the IASB as contemplated in the 2011 Memorandum of Understanding between the International Federation of Accountants (IFAC) and the IASB. It is timely for the IPSASB and the IASB to go beyond liaison and to better integrate their efforts, to avoid building convergence problems that will become increasingly difficult to resolve.

The AASB encourages the IPSASB to develop strategies to keep up with IFRS developments. For example, the IPSASB could consider simplifying its processes for convergence projects by reviewing IFRS developments at a higher level and exposing proposed guidance rather than complete draft revised Standards.

These comments are amplified in the AASB's comments on the Specific Matters for Comment raised in the Consultation Paper, which are set out in the attachment to this letter. If you have queries regarding any matters in this submission, please contact me or Clark Anstis (canstis@asb.gov.au).

Yours sincerely,

Kevin M. Stevenson
Chairman and CEO

Specific AASB Comments on IPSASB Consultation Paper *Consultation on IPSASB Work Program 2013-2014*

Specific Matters for Comment

The AASB provides the following comments on the IPSASB's Specific Matters for Comment set out in the Consultation Paper (CP).

Specific Matter for Comment 1

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

The AASB notes that Appendix C of the CP includes Fair Value Measurement in the list of additional potential projects, but that it is excluded from the list of additional potential projects in section 4 of the CP. An IFRS convergence project in respect of IFRS 13 *Fair Value Measurement* is a potential project of relevance to the public sector and thus should be included in the list of potential projects for consideration by the IPSASB.

Specific Matter for Comment 2

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

The AASB considers that the IPSASB should add the following two new projects to its work program for 2013-2014: Improvements to IPSAS 23 re non-exchange revenues, and Emissions Trading Schemes. These two projects are in urgent need of attention and significant progress could be made in the two-year period. The AASB has not sought to prioritise all of the potential projects, and assumes that all of the projects on the current work program of the IPSASB will be progressed according to the agenda schedule in Appendix B to the CP.

The AASB has carried out considerable work this year on developing guidance for not-for-profit entities in relation to the proposals of the International Accounting Standards Board (IASB) concerning revenue recognition generally. That work may assist the IPSASB in developing proposals to update the requirements in IPSAS 23 *Revenue from Non-Exchange Transactions (Taxes and Transfers)*.

Emissions trading schemes are becoming more prominent around the world, with little consensus on the appropriate accounting. The Emissions Trading Schemes project offers the IPSASB a concrete opportunity to work with the IASB as contemplated in the 2011 Memorandum of Understanding between the International Federation of Accountants (IFAC) and the IASB. It is timely for the IPSASB and the IASB to go beyond liaison and to better integrate their efforts, to avoid building convergence problems for governments that control for-profit activities as well as the fragmentation of the accounting profession across sectoral lines.

With the IASB having reactivated its project on the topic, it is important that the IPSASB and the IASB develop consistent requirements for both grantors and recipients of tradeable emission permits, especially since the IPSASB project description in the CP refers to both grantor and recipient accounting for emission trading schemes.

Specific Matter for Comment 3

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

The IPSASB agenda schedule in Appendix B of the CP shows that the work to finalise the Conceptual Framework project is anticipated to occur during the second half of 2013 and the first quarter of 2014. The AASB considers that finalising such central components of the Conceptual Framework as the elements, measurement and presentation phases will be a major task for both the staff and the IPSASB members. In combination with the already committed projects on the IPSASB's work program, the AASB considers that this will mean that the IPSASB would be likely to have only a limited capacity to undertake major new projects during the two-year window being considered. Therefore, the AASB has identified only two projects above for addition to the work program in 2013.

In the AASB's view, the IPSASB should develop strategies to keep up with IFRS developments, particularly fundamental or significant changes, since many governments undertake both not-for-profit and for-profit activities. Inconsistent requirements make the preparation of consolidated financial statements more difficult, as well as limiting comparability across entities in different sectors.

The best time for public sector input on major IASB projects is as those projects are being carried out – and preferably through working together as far as possible under the IFAC/IASB Memorandum of Understanding. The IPSASB could consider simplifying its processes for reviewing its Standards in response to amendments to IFRSs to highlight areas where guidance would be most useful for public sector entities. This could entail reviewing IFRS developments at a higher level and exposing proposed guidance rather than complete draft revised Standards. This process might be assisted if the IPSASB were to encourage the IASB to use more sector-neutral wording in its pronouncements.
