



No: 3/Secretariat/AFA/II/2024

Jakarta, 14 February 2024

Ian Carruthers

Chair, International Public Sector Accounting Standards Board (IPSASB)

Submitted online

Dear Chair,

Comments to the IPSASB's Consultation *Strategy and Work Program 2024-2028*

The ASEAN Federation of Accountants ([AFA](#)) was organised on 12 March 1977 to serve as the umbrella organisation for the recognised national Professional Accountancy Organisations of the Association of Southeast Asian Nations ([ASEAN](#)) Member States. Our ten Primary Members collectively represent a regional network of more than 200,000 accountants in ASEAN jurisdictions, supported by a global network of Associate Members with more than 2 million members worldwide.

On behalf of AFA, I would like to congratulate you and the IPSASB for your tremendous effort in developing the IPSAS. We support the development of high-quality international accrual-based accounting standards, to improve public sector financial reporting worldwide.

We are pleased to provide you with our comments on the IPSASB's public consultation *Strategy and Work Program 2024-2028*. Moreover, we continue to encourage our member organisations and stakeholders to submit their individual comment letters to further contribute to your deliberations on your strategy and work program.

AFA appreciates the proposed update to the IPSASB's strategic objective and its delivery through the two proposed main activities. We agree with the proposal to add maintenance activities to your work program, including the introduction of Post Implementation Reviews (PIRs). We believe the Board can leverage the experience of other standard-setting bodies to develop a robust and accountable due process that will include a public consultation element.

In general, we have not identified any specific projects that require prioritisation. We encourage the Board to continue with your approach in developing standards specific for the public sector based on existing private sector reporting standards. We believe this should also apply to your deliberations on looking into current and future sustainability reporting projects, and for the Board to prioritise its effort and resources on areas where it can add unique value.

Kindly refer to the appendix included in this letter for details about our comments.

Thank you.

Yours sincerely,

Aucky Pratama
Executive Director

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APPENDIX 1: Comments to the Consultation

Specific Matter for Comment 1

- 1) We agree with the proposal to update the IPSASB's strategic objective and its delivery through the two main activities of delivering global standards and inspiring implementation. However, with the different level of maturity between the adoption of accrual IPSAS and the introduction of the International Public Sector Sustainability Reporting Standards, we suggest the Board to put a distinction between the two key elements in the strategic objective.
- 2) The public sector stakeholders play an important role in dealing with climate crisis and other ESG issues. However, sustainability reporting in the public sector is not widespread and more needs to be done to advocate its advantage. Thus, we support the IPSASB in including public sector sustainability reporting as a key priority of the Board's strategies for the next five years.
- 3) We also propose that the support provided by the Application Panel to be in line with the support provided by the IFRS Interpretations Committee for the application of IFRS Accounting Standards and IFRIC Interpretations such as having clear criteria on dealing with application questions, having a clear process flow chart on whether to recommend standard-setting to address the question or by developing application guidance and clear outputs such as webinars and guidance materials.
- 4) The publication of education materials is also welcome to support consistent application of IPSAS. We also propose for the IPSASB to publish a medium or channel for addressing implementation and/or interpretation issues, allowing IPSASB to offer technical advice and virtual assistance to constituents or jurisdictions facing IPSAS-related challenges or ambiguities. This medium will provide prompt assistance to resolve certain public sector implementation issues.

Specific Matter for Comment 2

- 5) We support the proposal to add maintenance activities to the IPSASB's Work Program. The introduction of a robust and effective Post Implementation Reviews (PIRs) system that include public consultation would further encourage public support to and acceptance of the IPSAS as global baseline standards for public sector financial reporting. We believe that the Board can leverage the experience of other standard-setting bodies such as the IASB.
- 6) Focusing on maintenance activities and not adding new projects will provide a breathing space for the constituents to effectively (and consistently) implement the existing standards. Moreover, the Board may focus to ensure that the existing standards are up-to-date and widely accepted by existing and potential users.



Specific Matter for Comment 3

- 7) In general, we agree with the existing projects included in the IPSASB's Potential Future Financial Reporting Projects and have not identified any other projects that the Board should consider adding into the list.
- 8) We propose for the IPSASB to carry out a Post Implementation Review (PIR) for IPSAS 33 First-time Adoption of Accrual Basis IPSASs. This would enable IPSASB to address the challenges faced by jurisdictions in transitioning from cash accounting to accrual accounting such as obtaining the political commitment and stakeholder buy-in, delineating roles and responsibilities, dealing with competency gaps and tightening internal controls, oversight and assurance.
- 9) Some of our constituents recognise the importance of the 'Better communication in Financial Reporting' disclosure project, particularly in potentially addressing issues for smaller public sector entities in implementing IPSAS's extensive disclosures.
- 10) We are also aware that public sector entities in several jurisdictions are providing insurance or insurance-like services. The Board may consider the potential benefits of introducing a simplified version of the IFRS 17 *Insurance Contracts* for these entities.
- 11) In general, we agree with the maintenance projects listed in Appendix A and have no further comments.

Specific Matter for Comment 4

- 12) We would like to urge the Board to focus on the completion of the pre-committed sustainability reporting standards projects. Upon their completion, the Board should look into sustainability-related projects that focus on the unique characteristics of the public sector, while leveraging the work currently being done for the private sector by standard-setting bodies such as the ISSB. We believe that the Board should consider the ISSB's IFRS S1 and S2 and other existing reporting standards, such as those published by the GRI, as starting points for developing a public-sector focused baseline for sustainability reporting standards.
- 13) We propose for the IPSASB to provide clear guidance for public sector entities to develop sustainability disclosures covering the 17 SDG goals (financial and non-financial information) considering that public sector entities may have difficulty in developing data infrastructure for comprehensive sustainability reporting both at the government and agency levels. The main emphasis on climate related information, while urgent, would not be sufficient for comprehensive reporting of sustainability matters.
- 14) Some of our constituents recognise the need for the IPSASB to address the shortage of globally comparable sustainability reporting focusing on policies, actions, risks, and impacts from the public sector, or specifically, perspective from governments. The primary users and the range of decisions that could be based on information prepared for the public sector are potentially far more extensive than those defined in IFRS S1 and intended by the private sector-focused standards. This further emphasises the importance of the Board prioritising its sustainability reporting projects.