



Date: February 08, 2024

Mr. Ross Smith

Program and Technical Director

International Public Sector Accounting Standards Board

International Federation of Accountants

529 5th Avenue

New York, New York 10017

RE: Comments on the IPSASB's Proposed Strategy and Work Program 2024-2028

Dear Mr. Smith,

We would like to thank the IPSASB for the opportunity to comment on its proposed Strategy and Work Program 2024-2028. Our responses to the specific questions raised in the consultation document are set out in Appendix 1.

Should you have any queries concerning the matters in this submission, or wish to discuss them in further detail, please contact Mr. Abdullah Alhomaïda via email at:

a.alhomaïda@mof.gov.sa

Yours sincerely,

Abdullah Al Mehthil

Head of the Public Sector Accrual Accounting Center and Secretary to the Public Sector Accounting Standards Committee

The Ministry of Finance

Riyadh, Saudi Arabia



Appendix 1 – Comments on the IPSASB's Proposed Strategy and Work Program 2024-2028

SPECIFIC MATTER FOR COMMENT 1:

The IPSASB proposes to update its strategic objective to reflect the shift in the balance of public sector financial reporting needs towards the maintenance of IPSAS and the development of International Public Sector Sustainability Reporting Standards.

a) Do you agree with the strategic objective?

Strengthening Public Financial Management and sustainable development globally through increasing adoption and implementation of accrual IPSAS and International Public Sector Sustainability Reporting Standards.

b) Do you agree with the IPSASB's proposal to deliver its Strategic Objective through two main activities (Delivering Global Standards and Inspiring Implementation)?

If you do not agree, please explain your reasoning and your proposed alternatives.

[Our Comments] We generally agree with the proposed strategic objective and the proposed main activities, which result in the four key areas of delivery, but have the following comments:

- It is not clear what activities the IPSASB is proposing to undertake to clarify the principles in the resulting public sector sustainability reporting standards and support their implementation. In comparison, the IPSASB is proposing more clearly defined activities for the public sector financial reporting standards, i.e. the application panel and post-implementation reviews.
- Under Inspiring Implementation, it would be very helpful if the IPSASB promote the creation and maintenance of collaborative platforms amongst implementing jurisdictions for them to share experiences, consult with each other etc. to spread and transfer knowledge and, of course, to support the other strategic aims of raising awareness and collaborating internationally.

SPECIFIC MATTER FOR COMMENT 2:

The IPSASB proposes to add maintenance activities to its Work Program, including a process to assess IPSAS application challenges and to undertake post implementation reviews. Therefore, at this time, the IPSASB is not proposing to add new major financial reporting standard setting projects.

Do you agree with the proposal to add maintenance activities? If you do not agree, please explain why, including any proposed alternatives.

[Our Comments] Given the maturity of the existing suite of accrual basis IPSAS financial reporting standards, a certain shift towards maintenance seems sensible. Conformity with the IPSASB-CF, alignment with IFRS and reduced differences with statistical reporting form the framework for this activity.

It also makes sense to collect the application experiences through both the Application Panel and standard specific Post implementation reviews. For the acceptance by the constituency, it is important to stress that both activities are not intended to audit or evaluate compliance by individual jurisdictions. The focus of both activities should be to inform the IPSASB and in case of the application panel to assist the users of the standards.

We believe the maintenance activities are particularly important as they enhance the way the IPSASB works and potentially hold substantial benefits for constituents. We expect that these would be an area of a relatively significant size in the IPSASB's program due to the effort involved.

However, if the stakeholders identify new standards which should be developed, e.g., through the Application Panel, the strategy focusing on maintenance should not preempt the development of new standards, since the IPSASB is the only global standards setter for public sector financial reporting.

SPECIFIC MATTER FOR COMMENT 3:

The IPSASB's Potential Future Financial Reporting Projects, see Appendix A, include projects for the development of new IPSAS and the maintenance of existing IPSAS.

1. Are there other major financial reporting projects the IPSASB should consider adding to its Potential Future Financial Reporting Standard Setting Projects list?
2. Are there other IPSAS that the IPSASB should consider as a potential project for its maintenance program?
3. If the IPSASB's proposal to implement a PIR process is supported, what IPSAS are of the highest priority in your jurisdiction?

For each potential financial reporting project identified, please explain why you believe this has international relevance that requires a standard setting solution such that the IPSASB should consider it, and elaborate on the nature of the issue you think should be explored.

[Our Comments] We generally agree that no new major projects should be started now. None of the potential topics listed in Appendix A seems to have a particularly high priority. However, IAS 34 Interim Reporting could be addressed to a certain degree as part of a maintenance project on IPSAS 24, because often interim reports in the public sector are about budget execution.

In terms of maintenance projects, IPSAS 18 seems to have a high priority, since it departs from the current IFRS in a particularly adverse way, making adoption more difficult, yet less useful. Given the limited adoption of this particular standard, a Post Implementation Review does not seem to be a useful way forward, the discrepancies with IFRS should rather be addressed by IPSASB directly. Similarly, but with less urgency, also alignment of IPSAS 2 and IPSAS 20 with the current IFRS should be reviewed. Also, we understand that based on the 2019-2013 mid-period consultation, IPSAS 21 and IPSAS 31 are limited scope projects that have been identified as pre-commitments for the IPSASB as resources become available from 2023 onwards, but it is not clear from the CP if the IPSASB is still committed to them—if they will be covered under the Measurement: Application Phase and Natural Resources projects, may be this should be noted. Making materiality Judgments is also such a pre-committed limited scope project but is probably now proposed a part of a potential future major project (the IASB's Disclosure Initiative). Other potential maintenance projects could include guidance on accounting by the transferer for operations to be transferred in an amalgamation, currently a gap in IPSAS 44.

IPSAS 32, IPSAS 33, IPSAS 41, IPSAS 45, IPSAS 46 and IPSAS 47 are possible candidates for a Post Implementation Review. While a number of these standards are relatively new, their applicability means many public sector entities in our jurisdiction are affected by their complexities. The challenges with RPG 1 and 3 could be reviewed in the context of the sustainability reporting workstream since they are also used for this purpose and the challenges in respect of the reporting entity also exist in this context.

SPECIFIC MATTER FOR COMMENT 4:

Upon completion of the three pre-committed sustainability reporting standard projects, what are the key public sector sustainability reporting issues the IPSASB should consider adding to its Work Program?

When answering please provide your rationale as to why the IPSASB should undertake such a project(s).

[Our Comments] We are not quite sure if the development of a standard about general requirements should be the highest priority after developing a standard on climate-related disclosures. IFRS S1 and S2 are to some degree redundant and, given IPSASB develops the equivalent to S2 beforehand, it is not obvious that a general standard is still required. Meanwhile non-financial disclosures on natural resources is a relevant topic.

Other topics could include biodiversity, which is relevant objective in many jurisdictions.