



भारतीय सनदी लेखाकार संस्थान
(संसदीय अधिनियम द्वारा स्थापित)
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)

15th February 2024

Mr. Ian Carruthers
Chairman,
International Public Sector Accounting Standards Board,
The International Federation of Accountants,
277 Wellington Street West,
Toronto, Ontario M5V 3H2 CANADA

Dear Ian Carruthers,

Subject: Comment on IPSASB Consultation on *Strategy and Work Program, 2024-2028*

We are pleased to provide comments on the Consultation on *Strategy and Work Program 2024-2028* issued by the International Public Sector Accounting Standards Board (IPSASB) of the International Federation of Accountants (IFAC). Our comments on the Consultation are enclosed with this letter.

Please feel free to contact us in case any further clarification in this regard is required.

Thanking you,

Yours sincerely,

Secretariat
Committee on Public & Government Financial Management (CPGFM)
The Institute of Chartered Accountants of India
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Encl.: As above



IPSASB Consultation on “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.

ICAI’s views:

(a) We partially agree with the IPSASB’s proposed strategic objective. We suggest that IPSASB should focus on implementation of accrual IPSAS rather than the adoption as the adoption implies full scale implementation or usage of IPSAS without any variation which may or may not suit the country specific requirements.

(b) We agree with the IPSASB’s proposal to deliver its strategic objective through two main objectives viz. developing global Standards and inspiring implementation. However, we suggest that the project of maintaining alignment with IFRS as an improvement to IPSASs should be continued. IFRS convergence should be the primary objective of IPSASB given the commonality of financial reporting issues between the public and private sectors.

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.



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ICAI's views:

We agree with the IPSASB's proposal to add maintenance of existing IPSASB suite to its Work Program and not to add new major financial reporting standard setting projects. We suggest to continue the project of improvements to IPSAS in order to converge with amendments to IFRS, as mentioned in Specific Matter for Comment 1.

We further suggest that issuance of implementation guidance, education material, FAQs and summary of IPSASs may be considered by the IPSASB to support the implementation of IPSASs and addressing common issues that the jurisdictions may face at the time of their adoption to ensure that these Standards are implemented in the same spirit in which these had been formulated. The authority of such publications will also be required to be clarified.

Here, it may be mentioned that the ICAI also issues Implementation Guidance/ Education Material on Indian Accounting Standards (Ind ASs), i.e., issued by them to provide guidance by way of examples explaining the principles enunciated in the Standard that may be referred while implementing Ind ASs.

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.

ICAI's views:

We suggest that a new public sector specific project may be considered for inclusion in the proposed work plan to provide detailed guidance for consolidation of Off-Budget Borrowings (by Bodies outside Government, e.g., autonomous bodies and other associated entities) in the debt of the Government, where debt service thereof is borne, or sovereign guarantee is given by the Government as:

- This phenomenon is understood to be widely prevalent.
- The legislative financial control being absent in the application of borrowed funds by the Bodies, financial reporting needs to be strengthened.



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- The consequences of the absence of appropriate financial reporting for informed decision-making can impair service delivery, debt sustainability and therefore public financial management.

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).

ICAI's views:

In our view, IPSASB should focus first on three pre-committed sustainability reporting standard projects viz. Climate-related disclosures, General requirements for disclosure of sustainability-related information, and Natural resources – non-financial disclosures.

We suggest that IPSASB may simultaneously consider to issue implementation guidance, education material, FAQs, etc. on the aforesaid sustainability reporting standard so as to support early adoption/ adaption/ implementation of these standards by the practitioners.

We may mention here that ICAI through its Sustainability Reporting Standards Board (SRSB) has issued several related documents/ publications on Sustainability Reporting subjects including Social Audit Standards (available at <https://icai.org/post/sustainability-reporting-standards-board>) for guidance of practitioners which may be referred.