



Office of the  
Auditor General  
of Canada

Bureau du  
vérificateur général  
du Canada

15 February 2024

International Public Sector Accounting Standards Board

International Federation of Accountants  
277 Wellington Street West  
Toronto, ON M5V 3H2

**Re: Consultation – Strategy and Work Program 2024-2028**

Thank you for the opportunity to comment on the above Consultation. I am responding on behalf of the Office of the Auditor General of Canada.

We are pleased to submit to the Board our response below to the specific questions posed in the Consultation Paper.

Sincerely,

A handwritten signature in black ink, appearing to read "H Miller".

Heather Miller, CPA, CMA

Assistant Auditor General  
Office of the Auditor General of Canada

**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.

a) Yes, we agree with the strategic objective. We note that it remains largely consistent, as we expect, with the strategic objective under the current strategy "IPSASB Strategy and Work Plan 2019-2023", with the additional emphasis on International Public Sector Sustainability Reporting Standards.

b) Yes, overall, we agree with the IPSASB's proposal to deliver its Strategic Objective through two main activities (Delivering Global Standards and Inspiring Implementation). We have identified a few items for consideration as outlined below.

We note that 'Delivering Global Standards' considers a number of activities which place a greater focus on maintenance. While we agree that maintenance is important, with the current pace of change, we think it prudent for the IPSASB to also stand ready to address emerging issues as they arise. Therefore, we recommend the IPSASB strike the right balance between maintenance and development of standards.

Finally, we would encourage the IPSASB to more purposefully include the engagement of Indigenous Peoples in reference to its standard-setting processes as well as to its sustainability reporting standards projects. According to the International Institute for Sustainable Development website, "lands inhabited by Indigenous Peoples contain 80% of the world's remaining biodiversity. Indigenous Peoples' traditional knowledge and knowledge systems are key to designing a sustainable future for all. International environmental negotiations need to go beyond tokenistic participation of Indigenous Peoples to a genuine integration of their worldviews and knowledge. Respecting and promoting their collective rights to their lands, self-determination, and consent is vital to strengthening their roles as custodians of nature agents of change."<sup>1</sup> Furthermore, Article 19 of the [United Nations Declaration on the Rights of Indigenous Peoples](#) (UNDRIP), requires "States to consult and cooperate in good faith with Indigenous peoples concerned through their own representative institutions in order to obtain their free, prior and informed consent before adopting and implementing legislative or administrative

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<sup>1</sup> <https://www.iisd.org/articles/deep-dive/indigenous-peoples-defending-environment-all>

measures that may affect them.” Although the UNDRIP is directed primarily at government and government institutions, we think the principles can also be applied to standard setting bodies.

The [Independent Review Committee on Standard Setting in Canada](#) (IRCSS) has also acknowledged the role that standard setting bodies can play in strengthening relationships with Indigenous Peoples recognizing that achieving such a relationship will take time and proactive effort. As a start, the IRCSS had advocated that standard setters explore how to effectively consider Indigenous perspectives. In keeping with this spirit, the IPSASB could consider emphasizing the role that Indigenous Peoples play as part of building alliances in the pursuit of increasing adoption and implementation of IPSAS as well as including Indigenous Peoples as part of the groups needed to support IPSAS adoption and implementation. Currently, groups involved in promoting IPSAS adoption and implementation specifically mentioned in the consultation paper include the IPSASB, governments, IFAC members, consultants/contractors, supranational & regional organization and auditors. Indigenous Peoples could also be specifically mentioned in order give more purposeful prominence to this group and the skills and knowledge they can bring to support IPSAS adoption and implementation.

**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.

Yes, we agree with the proposal to add maintenance activities to the IPSASB’s work program. We agree that these are important activities for a mature suite of standards. However, as mentioned in our response to Specific Matter for Comment 1 above, we think it is also important for the IPSASB to strike the right balance between maintenance and standard-setting development.

**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 Post-Implementation Review (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.

1. We have not identified any other major financial reporting projects the IPSASB should consider adding to its Potential Future Financial Reporting Standard Setting Project list.

Regarding the existing list, we would prioritize Better Communication in Financial Reporting (Disclosure Initiative project) and Rate-regulated Activities. On the topic of Better Communication (Disclosure Initiative Project) in Financial Reporting, we believe effective financial reporting communication is key in improving decision-making to ultimately promote adoption of accrual IPSAS. Such a project could also serve to highlight improvements that could be made to existing standards as part of the IPSASB's maintenance program. On the topic of Rate-Regulated Activities, this is a significant matter in the public sector in Canada. There are long-standing significant public sector specific issues with regulatory deferral accounts not currently addressed by existing national private sector standards in this area, such as the independence of the regulator when the government can influence or interfere with the rate-setting process. Therefore, we think it would be beneficial to prioritize a project on rate-regulation in the public sector if resources become available.

2. We have not identified any other IPSAS the IPSASB should consider as a potential project for its maintenance program.
3. We have not identified any IPSAS of particular importance for a PIR in our jurisdiction.

**Specific Matter for Comment 4:** Upon completion of the three pre-committed sustainability reporting standards 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).

As mentioned in our Office's response to the 2022 IPSASB Consultation Paper (CP) – Advancing Public Sector Sustainability Reporting and to the 2022 IPSASB CP – Natural Resources, the most pressing topics, regarding public sector sustainability reporting, for our jurisdiction are:

- Sustainable Development Goals (SDGs) – the Canadian federal public sector is already reporting on SDGs, primarily using the Global Reporting Initiative (GRI) standards, therefore the prioritization of guidance in this area would be beneficial.
- Materiality – guidance defining materiality for disclosure of sustainability-related financial information developed in other existing frameworks may not be directly applicable to the public sector. Therefore, public sector guidance in this area would be beneficial.
- Biodiversity, ecosystems and ecosystem services – The United Nations has recognized biodiversity loss as one of the world's most pressing emergencies, along with pollution and climate change. In 2021, the United Nations Environment Programme stated the following in its Making Peace with Nature Report: "Species are currently going extinct tens to hundreds of times faster than the natural background rate. One million of the world's estimated 8 million species of plants and animals are threatened with extinction. The population sizes of wild vertebrates have dropped by an average of 68 per cent in the last 50 years, and the abundance of many wild insect species has fallen by more than half. ... Ecosystems are degrading at an unprecedented rate, driven by land-use

change, exploitation, climate change, pollution and invasive alien species. Climate change exacerbates other threats to biodiversity, and many plant and animal species have already experienced changes in their range, abundance and seasonal activity. Degradation of ecosystems is impacting their functions and harming their ability to support human well-being. Loss of biodiversity is anticipated to accelerate in coming decades, unless actions to halt and reverse human transformation and degradation of ecosystems and to limit climate change are urgently implemented.”<sup>2</sup> In our response to the IPSASB CP on Natural Resources we highlighted the importance of considering the impact of government action or inaction on all related aspects of a given ecosystem. Without due consideration of this important aspect of sustainability, there is a risk that insufficient progress will be made in this area. Therefore, we think a project in this area should be prioritized.

In addition to the topics raised above, another area of focus for the IPSASB could be to ensure there is a clear definition of sustainability in order to prevent multiple definitions from being used which can lead to confusion, misinterpretation(s) and/or manipulation around what is being reported.

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<sup>2</sup> [https://www.oag-bvg.gc.ca/internet/English/oth\\_202210\\_e\\_44128.html](https://www.oag-bvg.gc.ca/internet/English/oth_202210_e_44128.html)