

International Public Sector Accounting Standards Board
529 5th Avenue
New York
New York 10117

Email: paul.winrow@mazars.co.uk

Date: 15 February 2024

Dear IPSASB Board Members

Consultation on Strategy and Work Program 2024-2028

Mazars is an internationally integrated partnership specialising in audit, accountancy, advisory, tax and legal services. Operating in over 90 countries and territories around the world, we draw on the expertise of 47,000 professionals – 30,000+ in the Mazars integrated partnership and 17,000+ via the Mazars North America Alliance. In the UK, Mazars has approximately 160 partners and over 2,900 employees, and is ranked one of the top 10 firms nationally.

General comments

We welcome the opportunity to comment on the IPSASB Strategy and Work Program for 2024-2028. This is a very timely opportunity for the IPSASB to revisit its strategy with the urgent need for the development of global baseline Public Sector Sustainability Reporting Standards. We therefore fully support the shift in emphasis from financial reporting standard setting to focus on sustainability standards and maintenance activities, and we believe that the greater emphasis should be on the development of sustainability standards. That said, it is important that the IPSASB does not lose sight of its financial reporting standard responsibilities and it should closely monitor developments in the IFRS Accounting Standards to identify any issues which may require a public sector solution.

It is imperative that the IPSASB moves at significant pace in developing the new Sustainability Reporting Standards as it is already somewhat late to the party, with the IFRS Sustainability Disclosure Standards (IFRS SDS) and European Sustainability Reporting Standards (ESRS) being published in 2023. Reflecting the urgency to address sustainability reporting and assurance, both of these major reporting standards developments moved at unprecedented pace, as has the IAASB with development of the proposed assurance standard ISSA 5000. It is imperative that the IPSASB follows this same approach, while maintaining due process and quality in the standard setting process, to issue standards as soon as possible. In doing so, the IPSASB should leverage off the existing global

baseline IFRS Sustainability Disclosure Standards wherever possible, referring to other standards (e.g. Global Reporting Initiative, ESRS) where necessary to address wider stakeholder needs.

It is important that the initial three sustainability standards on general disclosure requirements, climate disclosures and natural resources are also supported by high quality implementation support materials and practical guidance. IPSASB should engage early with other stakeholders who may be better placed to develop such materials and guidance (e.g. IFAC and its members, Audit Firms) to ensure that these materials are available alongside the final standards. Furthermore, we believe that an appropriate period of stability should be allowed for adoption and implementation of these requirements before other standards are developed and adopted, to ensure effective implementation of the global baseline.

Responses to specific matters for comment

1 a) Do you agree with the strategic objective?

We agree in principle with the strategic objective, however we question whether “sustainable development” is an achievable ambition for the timescale of a five-year strategic plan, although we note that the objective is to “strengthen” sustainable development. In order to contribute to strengthening sustainable development over the strategy and work program period, the IPSASB will need to develop global sustainability standards at a greater pace than the usual standard setting process, otherwise the standards may not even be finalised, adopted and implemented by the end of the period.

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

Although we appreciate the intent of the proposed activities, we question whether it is the standard setter’s role to ensure adoption and inspire implementation of the standards, or whether this action should be driven by others (e.g. IFAC and other organisations). Hence, a focus on working with others is the appropriate approach to take to inspiring adoption through alliances and supporting other initiatives.

However, in taking forward these activities, it is not currently clear who the IPSASB is intended to inspire – is it decision makers (politicians), individual government/public sector entities, preparers, other users? Greater clarity could be provided in the strategy and work program in this regard, which may also assist in targeting the most efficient and effective alliances and partnerships to achieve the aim.

2 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 shift in emphasis from financial reporting standard setting to maintenance activities over the period of the strategy and work program. The aim of such maintenance activities should be to identify where the standards need to be clarified rather than to delve more deeply into specific technical issues which may require further standard setting solutions.

However, we note that establishing an effective PIR process can be time consuming and, notwithstanding its importance, we question whether the IPSASB Board and staff have the capacity to introduce a complex PIR process, especially with the need to focus urgently on development of sustainability standards, which we believe should have priority. To streamline the development of PIR,

IPSASB should align the process with those used by other standard setters to avoid reinventing the wheel. We believe that it would also be appropriate to consider the extent to which IASB PIR outcomes can be considered, to enable IPSASB to focus just on public sector specific matters.

3 (i) Are there other major financial reporting projects that IPSASB should consider adding to its potential future Financial Reporting Standard setting projects list?

We do not believe that there are additional projects to consider over and above those in Appendix A, and agree with the proposed actions regarding the potential projects identified. Of the projects listed, we believe that the potential disclosure project on Accounting for Tax Expenditures would provide the most value to users.

3 (ii) Are there other IPSAS that the IPSASB should consider as a potential project for its maintenance program?

We have not identified any other IPSAS which should be considered for the maintenance program.

3 (iii) If the IPSASB's proposal to implement a PIR process is supported, what IPSAS are of the highest priority in your jurisdiction?

As a global accounting network, we do not have a view on jurisdictional priorities. However, we believe that the following would be of most benefit from a global perspective:

- IPSAS 20 – Related Party Disclosures, to ensure that it reflects the latest IFRS Accounting Standards, including the partial exemption for some government related entities.
- IPSAS 18 – Segment Reporting, to reflect the changes introduced in IFRS 8 nearly 20 years ago.

We note that some of the other potential maintenance projects may be considered upon completion of the IPSAS 1 replacement project. It may be appropriate to address some of these matters alongside IPSAS 1 to the extent that this is appropriate and possible with capacity constraints.

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 program?

For the period of the strategy and work program, the IPSASB should focus its efforts on developing an appropriate global baseline for the three standards already identified, including the development of appropriate material to support adoption and implementation of the general disclosure requirements, climate disclosures and natural resources.

As noted in the consultation document, the IPSASB should only consult as and when these initial sustainability standards are finalised, and resources permit, on the priorities for future sustainability reporting standards. This will enable the IPSASB to develop further standards, while allowing a period of stability for those implementing the first series of standards without the addition of further requirements.

Furthermore, we believe that the IPSASB should closely monitor, and liaise with, the International Sustainability Standards Board as they develop further IFRS Sustainability Disclosure Standards, to consider whether those standards are also appropriate for the public sector, and leverage off those standards with public sector specific requirements where necessary. Similarly, the IPSASB should be

mindful of developments in European Sustainability Reporting Standards and the Global Reporting Initiative.

Further discussion

If you would find it helpful to discuss any matters raised in this letter, please contact Peter Cudlip, Global Head of Public Sector (peter.cudlip@mazars.co.uk) or Paul Winrow, Partner, Global Leader – IFRS Sustainability Disclosure Standards. (paul.winrow@mazars.co.uk).

Yours faithfully

Mazars

Mazars