



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
COMMONWEALTH AVENUE, QUEZON CITY

**GOVERNMENT ACCOUNTANCY SECTOR
OFFICE OF THE ASSISTANT COMMISSIONER**

February 14, 2024

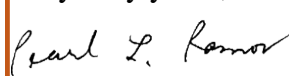
Mr. James Gunn
Managing Director
Professional Standards
The International Public Sector Accounting Standards Board
277 Wellington Street West
Toronto, ON M5V 3H2
CANADA

Dear Mr. Gunn:

In response to your request for comments to the 2024-2028 Strategy and Work Program of the IPSASB and its summary, we submit the herein comments and recommendations of this Office, for your consideration. Enclosed is the list containing the comments and recommendations.

For your consideration. Thank you.

Very truly yours,

 COA Signed
2024-02-15
10:21:45

PEARL L. RAMOS
OIC Assistant Commissioner
This Sector



Comments and Recommendations

PROVISION	COMMENT(S) AND RECOMMENDATION(S)
<p>Specific Matter for Comment 1:</p> <p>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.</p> <p><i>If you do not agree, please explain your reasoning and your proposed alternatives.</i></p>	
<p>a) Do you agree with the strategic objective?</p> <p><i>Strengthening Public Financial Management and sustainable development globally through increasing adoption and implementation of accrual IPSAS and International Public Sector Sustainability Reporting Standards.</i></p>	<p>We agree with the strategic objective of the IPSASB as it appropriately reflects the shift in the balance of public sector financial reporting needs from IPSAS development towards maintenance, as a result of the continuing momentum in global IPSAS adoption and implementation, and the development of International Public Sector Sustainability Reporting Standards. The strategic objective addresses not only the need to strengthen and enhance public financial transparency but also highlights the commitment to sustainable practices, ensuring responsible and accountable governance in the public sector.</p>
<p>b) Do you agree with the IPSASB's proposal to deliver its strategic objectives through two main activities (Delivering Global Standards and Inspiring Implementation)?</p>	<p>We interpose no objection to the proposal of the IPSASB to deliver its strategic objectives through the two main ways mentioned in the consultation paper. We also agree that the activities outlined under the two main ways are properly aligned and geared towards the achievement of the strategic objectives set by the IPSASB.</p>
<p>Specific Matter for Comment 2:</p> <p>The IPSASB proposes to add maintenance activities to its Work Program, including a process to assess IPSAS application</p>	



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<p>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.</p> <p>Do you agree with the proposal to add maintenance activities?</p> <p><i>If you do not agree, please explain why, including any proposed alternatives?</i></p>	<p>We agree with the proposal of IPSASB to add maintenance activities to its five-year Work Program. We believe that maintenance activities such as application panels and post implementation reviews are integral in promoting effective implementation and ongoing improvement of current standards. Particularly, these efforts will ensure that previous agenda items during the quarter meetings, as well as the courses of actions related thereto were considered or applied, as appropriate.</p> <p>Nonetheless, we would like to suggest that the IPSASB will not view this as a limitation in proposing and developing additional projects related to financial reporting standard setting, particularly if there is a demand or there is an emerging issue that requires its consideration during this period, when its resources permit.</p>
<p>Specific Matter for Comment 3:</p> <p>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.</p> <p><i>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.</i></p>	



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1. Are there other major financial reporting projects the IPSASB should consider adding to its Potential Future Financial Reporting Standard Setting Projects list?	It is a common situation in most jurisdictions that a public sector entity (particularly government corporations) will undergo abolition or liquidation process as required under a law or a directive from the President of a State (through Executive Orders). The abolition or liquidation process of a public sector entity will necessarily affect the requirements of its adopted financial reporting framework (<i>IPSAS, IFRS</i>) as to recognition, measurement, presentation and disclosures. At present, there is no existing guidance as to this matter so we recommend that the IPSASB consider taking on a project that specifically deals with the liquidation basis of accounting for the public sector.
2. Are there other IPSAS that the IPSASB should consider as a potential project for its maintenance program?	As to the potential future maintenance projects, we concur with the selection of the IPSASs enumerated in Appendix A. In addition to this, we would also like to suggest the inclusion of IPSAS 39, <i>Employee Benefits</i> and IPSAS 42, <i>Social Benefits</i> in view of the confusion on the recognition of state plans as discussed in IPSAS 39, and inclusion of the state retirement benefits in IPSAS 42.
3. If the IPSASB's proposal to implement a PIR process is supported, what IPSAS are of the highest priority in your jurisdiction?	<p>If the IPSASB's proposal to implement a post-implementation review (PIR) process will push through, we opine that among all the IPSASs currently adopted and implemented in the Philippine public sector, highest priority would probably be given to the following IPSASs:</p> <ul style="list-style-type: none"> • IPSAS 32, <i>Service Concession Arrangements: Grantor</i>. IPSAS 32 should be evaluated for possible conflicts with the domestic laws and regulations on public sector concession projects, the public-private partnership (PPP) policies and concepts, and the international reporting requirements by oversight



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	<p>institutions (<i>e.g.</i>, International Monetary Fund);</p> <ul style="list-style-type: none"> • IPSAS 23, <i>Revenue from Non-Exchange Transactions (Taxes and Transfers)</i> (which is now superseded by IPSAS 47, <i>Revenue</i>; • IPSAS 41, <i>Financial Instruments</i>. While the Philippine public sector already adopted IPSAS 41, its implementation has yet to be prescribed considering its comprehensive coverage and the complexities involved; and • IPSAS 24, <i>Presentation of Budget Information in Financial Statements</i>. Its PIR would be beneficial to the local government units.
<p>Specific Matter for Comment 4:</p> <p>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?</p> <p><i>When answering please provide your rationale as to why the IPSASB should undertake such a project(s).</i></p>	<p>Since the first two sustainability reporting standard projects (<i>Climate-Related Disclosures and General Requirements for Disclosure of Sustainability-Related Information</i>) have been aligned with the IFRS Sustainability Reporting Standards (IFRS S1 and S2) prescribed by the International Sustainability Standards Board (ISSB), we recommend that the IPSASB shall consider the ISSB’s proposed research projects in sustainability reporting, which is provided in its Consultation on Agenda Priorities¹ dated May 2023. These research projects are associated with biodiversity, ecosystems and ecosystem services, human capital, and human rights.</p> <p>In the context of the Philippine public sector, we suggest considering the following key public sector sustainability reporting issues:</p> <ul style="list-style-type: none"> • Biodiversity, ecosystems and ecosystem services issues. These would be very relevant because the Philippines is known for its rich biodiversity and unique ecosystem. Public sector sustainability

¹ <https://www.ifrs.org/content/dam/ifrs/project/issb-consultation-on-agenda-priorities/issb-rfi-2023-1.pdf>



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	<p>reporting that includes biodiversity considerations demonstrates a commitment to environmental stewardship, which aligns the country's goals to protect and conserve its natural resources. Similarly, the agriculture, fisheries and tourism are vital sectors in the Philippines that rely on biodiversity and ecosystem services; thus, efforts by the public sector entities to ensure the sustainable use of these resources while promoting economic stability should be highlighted in the public sector sustainability reporting;</p> <ul style="list-style-type: none"> • Human capital issues. Emphasizing human capital issues in sustainability reporting may shed light on what initiatives the public sector entities have undertaken to improve the efficiency and effectiveness of public service delivery, such as the efforts to train public sector employees and upgrade technology in order to improve the skills and productivity of employees within the public sector; • Human rights issues. Issues of this nature would also be relevant in the Philippine public sector sustainability reporting. Integrating human rights into a public sector entity's sustainability reporting would help ensure that the public sector entities adhere to national and international laws and ethical standards; and <p>Moreover, we suggest that in all the projects, there should be synchronization of sustainability reporting with the existing government laws, rules and regulations. Through its leadership, policy formulation, and the power to regulate, the government or the public sector is in the best position to encourage or influence the private sector businesses and individual citizens to change their behaviors to</p>



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	<p>achieve sustainable development goals. With this harmonization, the ultimate goal to meet the needs of the present without compromising the ability of future generations to meet their own needs may be achieved, while giving due consideration to the existing government laws, rules and regulations which were practically formulated for the common good.</p>
<p>Other comments/suggestions:</p> <p>To facilitate the efficient and effective adoption and implementation of the IPSASs, please consider the following:</p> <ol style="list-style-type: none"> 1. Conduct of capacity building activities such as online seminars/trainings which may also involve open forum to facilitate discussions on the implementation of standards; 2. Provide annual face-to-face or hybrid conference, meetings or fora for sharing of implementation challenges and successes among the countries implementing IPSASs, and to inform IPSASB of the same; and 3. Provide an online mechanism for raising inquiries and clarifications on IPSASs and its implementation. 	

