

IPSASB Consultation Paper

Consultation on IPSASB Work Program 2013-2014

response to consultation

8 November 2012

CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance. Our 14,000 members work throughout the public services, in national audit agencies, in major accountancy firms, and in other bodies where public money needs to be effectively and efficiently managed.

As the world's only professional accountancy body to specialise in public services, CIPFA's portfolio of qualifications are the foundation for a career in public finance. They include the benchmark professional qualification for public sector accountants as well as a postgraduate diploma for people already working in leadership positions. They are taught by our in-house CIPFA Education and Training Centre as well as other places of learning around the world.

We also champion high performance in public services, translating our experience and insight into clear advice and practical services. They include information and guidance, courses and conferences, property and asset management solutions, consultancy and interim people for a range of public sector clients.

Globally, CIPFA shows the way in public finance by standing up for sound public financial management and good governance. We work with donors, partner governments, accountancy bodies and the public sector around the world to advance public finance and support better public services.

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Submitted electronically

Dear Stephenie Fox

IPSASB Consultation Paper - *Consultation on IPSASB Work Program 2013-2014*

CIPFA is pleased to present its comments on this consultation paper, which have been reviewed by CIPFA's Accounting and Auditing Standards Panel. We are also looking forward to the broader public consultation in future, seeking inputs on the strategic direction of Board's standard setting activity.

As noted in successive responses, CIPFA strongly supports IPSASB's development of high quality standards for public sector financial reporting, whether through the Board's project to develop and maintain IFRS converged IPSASs or through wholly public sector specific IPSASs. Furthermore, CIPFA agrees that it is important to cover matters which go beyond a focus on financial statements.

Specific Matters for Comment

CIPFA responses to the Specific Matters on which IPSASB would particularly value comment are set out in an attached annex.

I hope this is a helpful contribution to the Board's planning process.

Yours sincerely

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Specific Matters for Comment**1. Considering the additional potential projects identified above and described in Appendix C, are there any other projects that you think need to be added to the list of potential projects?**

In CIPFA's view, in the 2013-14 timeframe there is no need to add to the list of potential projects.

We say this partly for practical reasons - we are conscious that the Board must work within the constraints of available Board and Staff time.

We also consider that IPSASB should manage the standards development process in a way which is sympathetic to the needs of current and short to medium term adopters of IPSASs. An appropriate balance needs to be drawn between having standards which are as good as possible, and having a stable platform of standards to implement.

The financial reporting standards field in both public and private sectors has been under very active development in recent years. This may be a particularly important factor for jurisdictions moving to IPSAS adoption from a regime based on IFRS. The IASB is in the process of completing a number of standard setting projects, many of which have some read across against IPSAS, and will therefore fall to be considered for consequential update to IPSAS in line with IPSASB's *Process for Reviewing and Modifying IASB Documents* (the 'Rules of the Road').

Given this, in our view it is important for the Board to finalise the conceptual framework in a timely manner, to provide a principled basis for streamlined and effective standard setting in future, whether setting new standards on public sector specific topics, or maintaining IFRS converged standards.

2. Which projects do you think the IPSASB should prioritize for 2013-2014? In your response you could consider providing your assessment of the 3 most important projects or a ranking of all projects on the list. Please explain the reasons for your answers.

As outlined above, we consider that the Conceptual Framework is of the highest priority. This will provide a sound basis for the development of new standards and guidance on public sector specific issues, and on the adaptation or co-ordinated development of standards on topics which are relevant to both public sector and for-profit companies.

We also consider that would be beneficial to further explore

- the role of service potential; and
- the concept of public sector liability where this goes beyond for-profit concepts of liability grounded in contractual and legal liability.

We appreciate that these matters are included in the discussion of the Conceptual Framework which has already been carried out in various consultation papers and exposure drafts. Nevertheless, we considered that further exploration would be helpful, whether as part of the Conceptual Framework, or in the context of other standards development. We note that there is a Social Benefits project on the list, which will need to be grounded in consideration of the potentially wider compass of liability for non-exchange expenditure.

3. Please provide any further comments you have on the IPSASB's Work Program for 2013-2014.

The consultation paper notes that certain subjects are on the list of projects because the IASB is carrying out development work on the related IFRS.

The completion of development of a new IFRS standard is a natural trigger to prompt consideration of whether IPSAS maintenance work should be carried out on related IFRS based IPSASs. In some cases where there is no IPSAS it may also be worth considering whether it would be helpful to develop a new IFRS based standard, while acknowledging that in some cases the public sector modification process using the 'Rules Of The Road' may result in a standard that is quite different to the 'base' IFRS.

However, we suggest that in general the IPSASB should not 'anticipate' the work of the IASB by carrying out substantial pro-active development of public sector standards in advance of the IASB completing their work. We can see that the IPSASB will want to keep in touch with developments. We also understand that if IASB development fitted very poorly with the public sector context then the IPSASB might wish to develop public sector specific solutions, or to provide input to the IASB consultation process. However, more generally we would expect the correct timing of IPSASB's detailed consideration of matters under consideration by IASB is when the latter have been made into concrete proposals.