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Ms. Stephenie Fox
Technical Director
International Public Sector Accounting Standards Board (IPSASB)
International Federation of Accountants
277 Wellington Street West, 6th Floor
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Dear Ms. Fox:

Comments on Consultation paper on IPSASB Work Program 2013-214

We welcome the publication of this consultation paper (CP) to help promote discussion on issues that should be given priority in IPSASB's work program, a topic that is receiving increasing attention. We note that the consultation is focused on the IPSASB's work program for 2013–14. However, the CP also discusses certain other issues and this letter includes comments on both the work program and these issues. We also note that the work program for 2013–14 will be followed by a more fundamental public consultation in 2014 about the IPSASB's broad strategic direction. We welcome this approach and look forward to participating in this consultative process.

Work Program

We note that work on Social Benefits, Sovereign Powers and their Impact on Financial Reporting, and Improvements to IPSAS 23 related to Non-exchange Revenues has been deferred until the completion of the conceptual framework project in March 2014. While we understand this approach, these projects are particularly important for the public sector, and we suggest that they be given priority immediately after the completion of the conceptual framework project. We would also suggest that the scope of the project on Social Benefits be broadened to include all non-exchange expenses, including grants, subsidies, and other transfers.

In addition to the above, we suggest that the IPSASB give consideration to initiating the following projects in 2013:

- A standard on accounting for mineral resources would facilitate better fiscal reporting by governments that have such resources and enhance the relevance of IPSAS for resource-rich developing countries. As a recent IMF Board paper on Fiscal Transparency, Accountability, and Risk¹ notes, one of the most valuable assets of many countries is a subsoil mineral resource. Yet very few of these countries report the stock of such assets or their depletion.
- A set of simplified requirements could be developed by the IPSASB to be applied by smaller governments or other public sector entities.

We note that the project to review the Cash Basis IPSAS has been deferred due to resource constraints and that efforts are underway to obtain additional funding. Improving the Cash Basis IPSAS would help governments improve transparency within a cash accounting framework and also facilitate a progressive move toward accrual accounting. We therefore encourage the IPSASB to review the decision to defer this project and hope that it will be successful in securing the necessary resources.

We would also like to take this opportunity to indicate our support for the continued efforts to harmonize statistical and accounting standards, which was also an important theme of the recent IMF Board paper.

At a more general level, it would be helpful if the IPSASB were to provide interpretations of complex technical issues. However, we recognize that the IPSASB is resource constrained, and might want to consider how such an initiative could be introduced in a cost-efficient way.

Public interest oversight and governance arrangements

We welcome the commitment of the IFAC and the IPSASB to institute an appropriate public oversight regime for the IPSASB with a view to providing assurance that the IPSASB is acting independently and in the public interest and is protected from any undue influence. We note that the Monitoring Group has been holding public consultations on a range of issues including the possible oversight arrangements for the IPSASB. In this context, we believe that options for greater participation of international financial institutions and national authorities including finance ministries in IPSASB should be explored and that further discussions and public consultations may be necessary. The Monitoring Group has

¹ <http://www.imf.org/external/pubs/ft/survey/so/2012/POL110112A.htm>

not yet held consultations with the Fiscal Affairs Department or Statistics Department—the two departments of the IMF that attend IPSASB meetings. However, we understand that discussions are currently underway to arrange such consultations, and we look forward to them taking place as soon as practicable. Finally, it would be useful if the IPSASB could prepare a background note for this discussion setting out the main issues and options in this important area.

Adoption of IPSAS

Finally, the CP mentions that 80 countries have either adopted or are in the process of adopting IPSASs. It would be helpful to provide a more disaggregated picture which identifies (i) how many countries have implemented IPSAS without modifications, (ii) how many have implemented IPSAS with some modifications, (iii) how many are in the process of implementation (i.e. implemented some IPSASs but not others), and (iv) finally how many have only announced their intention to adopt IPSASs, but have not yet proceeded to the implementation stage.

We hope that you would find these comments helpful and we look forward to our continued cooperation.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Richard Hughes". The signature is written in a cursive, flowing style.

Richard Hughes
Division Chief
Public Financial Management Division I
Fiscal Affairs Department

cc: Mr. Muller
Ms. Fouad
Mr. van Eden
Mr. Khan
Ms. Flynn
Ms. Hurcan
Ms. Marzan
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Mr. Allen
FADM1AST
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