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12 August 2014

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Via email: stepheniefox@ifac.org

Dear Stephenie

SAICA SUBMISSION ON THE IPSASB STRATEGY CONSULTATION

Please find enclosed our comment on the *IPSASB Strategy Consultation* ("Strategy") containing the staff views of the South African Institute of Chartered Accountants (SAICA).

Thank you for the opportunity and please contact us should you require further information.

Yours sincerely,

Gerhardus Burger

Project Director: Public Sector and Assurance

CC: Muneer Hassan (SAICA Senior Executive: Standards)

Nazeer Essop (Chairman: SAICA Public Sector Committee)

ANNEXURE

RESPONSES TO QUESTIONS FOR RESPONDENTS

1. *Do you agree with the IPSASB's tentative view on its strategic objective for the period from 2015 forward? If not, how should it be revised?*

Response:

We believe that poor public finance management may have dramatic adverse economic consequences. We also believe that public finance management may be strengthened globally by the improved ability of public sector entities to reflect the full economic reality of their finances, and among other things, by users' improved ability to understand those to make appropriate decisions.

We support the notion that the adoption of accrual-based IPSASs will improve the ability of public sector entities to reflect the full economic reality of their finances and provide meaningful reporting to users in the public sector, and hence may strengthen public finance management to create or maintain economic stability, as it may improve the ability of users to make appropriate decisions – but only because public entities provide users with sound information.

These beliefs, as cited in the Strategy, may be summarised as follows:

Hypothesis 1	Economic stability is improved by good public finance management
Hypothesis 2	Public finance management is strengthened by quality financial reporting (public sector entities reflecting the full economic reality of finances in order to make appropriate decisions)
Hypothesis 3	The adoption of quality accrual-based standards improves the ability of public sector entities to reflect the full economic reality of finances
Strategic objective	Strengthening public finance management and knowledge globally through increasing adoption of accrual-based IPSASs

We therefore agree with the view that public financial management may be strengthened globally by the adoption of accrual-based IPSASs, and it can be achieved by developing high-quality financial reporting standards that are actually adopted and applied. We also note that:

- The IPSASB's views on sustainable public finance management as stipulated in the Strategy supports IFAC's vision, i.e. that the global accountancy profession be recognised as a valued leader in the development of strong and sustainable organisations, financial markets and economies, and
- The IPSASB's strategic objective of strengthening public financial management is in keeping with IFAC's mission, specifically by:
    - Contributing to the development of high-quality standards and guidance, and
    - Facilitating the adoption and implementation of high-quality standards and guidance.

We support of IFAC's vision and mission, and are also in support of the IPSASB's strategic objective. However, we want to make note that the strength of public finance management and knowledge does not depend solely on the adoption of high-quality accrual-based IPSASs. It may be one of the influences which indirectly strengthen public finance management, but there are other factors beyond the IPSASB's terms of reference that may also play a role.

This is because the IPSASB's objective in its terms of reference is very specific in its scope within the context of strengthening public finance management:

The IPSASB's objective is to serve the public interest by developing high-quality accounting standards and other publications for use by public sector entities around the world in the preparation of general purpose financial reports.

This is intended to enhance the quality and transparency of public sector financial reporting by providing better information for public sector financial management and decision making. In pursuit of this objective, the IPSASB supports the convergence of international and national public sector accounting standards and the convergence of accounting and statistical bases of financial reporting where appropriate; and also promotes the acceptance of its standards and other publications.

We understand that the IPSASB plays a very specific part in strengthening public finance management (within its terms of reference). We wish to see it clarified a bit more in the strategic objective in the Strategy, because the holistic content in the strategic objective may confuse a "cold reader".

The strategic objective as indicated in the Strategy appears to resemble more of a general vision or mission statement than a focused, five year, measurable strategic objective. So in our opinion, under the IPSASB's overall objective of serving "the public interest by developing high-quality accounting standards and other publications", the strategic objective can be focused on the adoption of accrual-based IPSAS over the next few years.

We have made a suggestion in our response to question 2 below.

2. *Do you think that the two outcomes identified are appropriate for achieving the strategic objective? If not, what outcomes do you think are more appropriate?*

Response:

We agree in principle that the two salient outcomes listed in the Strategy support the strategic objective. However, both outcomes of "improved ability of public sector entities to reflect the full economic reality of their finances" and "increased awareness of IPSASs and their public finance management benefits" are onerous to measure, with no or little risk of failure. For instance, only one speech, presentation or outreach activity (outputs) may have the effect of increasing awareness (outcome).

(The "improved ability of stakeholders to understand" is not only onerous to measure but also partly beyond the IPSASB's control, except for producing standards that are clear and understandable to a wide range of preparers and users, which supports sound financial reporting by entities.)

We want to highlight that the definitive adoption of IPSASs is measurable, which seems to be a conduit of the strategic objective. We are mindful that the risk of failure to achieve the measurable objective (i.e. a definite adoption of accrual-base IPSASs) is much greater than the two qualitative supporting outcomes, as there may be many factors beyond the IPSASB's control or mandate which may frustrate the adoption of IPSASs. There are even more factors beyond the IPSASB's control and terms of reference which may weaken public finance management, making the core of the strategic objective also uncontrollable – its ambit is much wider than the adoption of IPSASs.

It appears that the two outputs are measurable, the "conduit" part of the strategic objective that deals with the definitive adoption of IPSASs is measurable, but the outcomes linking the outputs and the strategic objective are not really measurable. Also, the "core" part of the strategic objective dealing with strengthening public sector finance management appears not to be measureable either.

Therefore, though the outcomes support the strategic objective's "conduit" (the adoption of IPSASs) in a way, the outcomes are not measurable, the "core" of the strategic objective (strengthening public finance management) is not measurable either, and beyond the IPSASB's control and role.

We suggest thus that the following proposed changes be considered:

- The IPSASB's ethos is that economic stability should be sustained.
- The IPSASB's vision is to strengthen public sector finance management (it supports our belief on economic stability).
- Mission: Improving public sector financial reporting. It supports our vision of strengthening public finance management globally. However, the specific role the IPSASB plays is improving the quality of financial reporting, in other words its mission. More specifically, the IPSASB's mission is regarding standard-setting (refer to the IPSASB terms of reference).
- Strategic objective for 2015—2019: Increasing the adoption of accrual-based IPSASs.
- The outcome that will enable us to assess whether we have met our strategic objective is the adoption of accrual-based IPSASs by X countries within the next five years.
- Outputs that will effectively result in the above outcome:
    - Issuance of X high quality standards
    - Y outreach activities and Z communications
    - X implementation projects with stakeholders/donors/partnerships
    - ?
- Projects supporting the outputs:
    - Issuance of X high quality standards:
        - Natural resources,
        - Borrowing costs, etc.
    - Outreach activities:
        - List projects…
    - Implementation projects
        - Country A, with funding by donor B, or in partnership with…
- Implementation project 1:
    - List milestones, project plan…

Finally, note that our understanding of "developing other publications for the public sector" is that it refers in general to publications that would support the strategic objective, but it refers more specifically to RPGs accompanying IPSASs. Those other publications are therefore still within the scope of the strategic objective and within the mandate of the IPSASB.

3. Do you think that the outputs identified will assist in achieving the outcomes? If not, what outputs do you think the IPSASB should focus on?

Response:

Output #1

Output	**Outcome**	**Strategic objective**
High-quality public sector financial reporting standards and other publications (IPSASs & RPGs)	Improved ability of public sector entities to reflect the full economic reality of their finances as well as of stakeholders to understand	Strengthening public financial management and knowledge globally through increasing adoption of accrual-based IPSASs

We believe that the above output will assist in achieving the above outcome. However, we want to make note that the output only supports the outcome if it is placed within context of the strategic objective. Without the output being in keeping with the strategic objective, it will not achieve the outcome.

This is because high-quality standards that support their adoption are not necessarily exceedingly technically complex. They rather provide succinct and clear guidance on financial reporting issues which are relevant to public finance management. Such standards will be increasingly adopted because the benefits thereof outweigh the cost by far.

This is why the key factors in deciding whether to initiate a project should always be considered with the strategic objective in mind. We propose no specific changes to this output, with the understanding that the output will always be considered with due regard to the strategic objective, which is the adoption of accrual-based IPSASs in order to strengthen public finance management.

Output #2

Output	**Outcome**	**Strategic objective**
Presentations, speeches and other outreach activities in order to engage with stakeholders	Increased awareness of IPSASs and their public finance management benefits in order to influence their adoption	Strengthening public financial management and knowledge globally through increasing adoption of accrual-based IPSASs

We believe that this output will assist in achieving the related outcome and consequently may have a positive effect on the strategic objective. We propose no changes, but are of the view that longer term, focused projects could be more efficient than once-off presentations and speeches (see our response to question 4 below). Yet, presentations and speeches should not be neglected.

4. *What changes to feedback mechanisms should the IPSASB make to ensure it is fully informed about the views of its stakeholders?*

Response:

Views of new stakeholders and possible stakeholders

It could be worthwhile to explore implementation projects, for instance partnering with stakeholders who can provide resources for transition to IPSASs projects, e.g. in certain developing countries. It may promote the global adoption of accrual-based IPSASs if these projects are tracked or some feedback is provided on implementation experiences. Such projects may be very similar to the IPSASB's "A Closer Look At:" series that examines the challenges and benefits of governments adopting IPSASs and accrual accounting.

The resources could possibly be shared between the IPSASB and the affected stakeholders on such focused projects, or ring-fenced funding may possibly be provided by affected stakeholders for those country-specific projects. Medium to long-term successes can be shared with potential adopters of accrual-based IPSASs, and the perceived barriers of adoption can be addressed by case studies.

Views of existing stakeholders

Given the limited resources of the IPSASB, we are of the view that the current feedback mechanisms are appropriate. As South Africa is represented, and because SAICA comments on exposure drafts, we believe that the current feedback mechanisms are also sufficient.

Should the IPSASB be of the view that feedback mechanisms may be improved, we can suggest member countries share post-implementation review feedback with the IPSASB. Such projects can be managed in collaboration with member countries who wish to participate.

5. *Do you agree with the five key factors the IPSASB considers in deciding to initiate a project and assessing its priority? Are there other factors you think should be considered?*

Response:

We agree in principle, but suggest minor variations to consider.

Key factor #1: Significance for the public sector

An issue may be deemed significant due many reasons. A large number of enquiries on a particular issue do not necessarily mean that the issue has a significant impact on financial statements. We believe that the impact on financial reporting or on user decision-making in the public sector is more relevant. When accounting issues materially impact the decisions of users of financial reports, they consequently have an adverse effect on public finance management.

The problem with this suggested amendment (impact on financial reporting instead of significance in the public sector) is that it is more difficult to assess the impact of an issue on user decision-making. It requires some more research, which means initiating the project and committing resources. In our response below to question 8, we have used a mix of the two ideas, but often found it difficult to provide a view on the impact of issues on financial reporting in the public sector.

We suggest then that this key factor be kept as is, but when projects are initiated, the impact on financial reporting in the public sector should be kept in mind as a project develops in order to continuously assess its priority. This key factor (of significance) may thus be used to decide whether to initiate a project, but when deciding to re-prioritise or continue with a project, one may also consider the actual impact of the issue on public sector financial reporting.

We also believe that the one aspect of this key factor as stated in the Strategy, "likely for which there is no equivalent private sector issue" actually plays a role in key factor #4, "IFRS convergence". If there is no similar issue in the private sector, IFRS convergence is not likely. Whether there is a similar private sector issue or not, it should not make a difference to whether it is an issue in the public sector.

Key factor #2: Urgency of the issue

This key factor deals specifically with the timing. We support the notion that key factors #1 and #2 are separated. In our response to question 8, we realised that the link between the two key factors (#1 and #2) is that if an issue is not significant to us, then it is difficult to gauge its urgency. We propose no changes, but want to highlight that the two key factors should not be confused.

Key factors #3-5: Gaps in standards, IFRS convergence and alignment with GFS

We propose no changes, but we suggest that these key factors carry a secondary weighting to key factors #1 and #2. The rationale behind this is that we believe when an issue:

- Has a high significance for the public sector (or material impact on public sector financial reporting), and
- Is urgent,

And is consequently addressed, then such action generally supports the global adoption of accrual-based IPSASs.

"Gaps in standards" are usually implied by the issue being significant in the public sector (key factor #1), and having an impact on financial reporting. If there is no gap in standards, then there is not supposed to be a significant standards issue.

Similar to our problem with key factor #1, it could take up some resources to identify exactly what the gap and its magnitude is, and whether the issue is a standards issue or not. If a gap is already identified before initiating a project, it should serve as a bonus factor when assessing the need for a project.

The other key factors:

- IFRS convergence, and
- Alignment with GFS,

Does not necessarily enhance the global adoption of accrual-based IPSASs (unless if their absence were perhaps identified by the IPSASB as significant barriers of adoption). Therefore these two factors should also serve as bonus factors only.

An additional key factor that may to be considered: Development

Another key factor which may be considered is the potential development of an issue. This key factor may be seen as the “growth” of an issue. The sovereign debt crisis was not urgent very long before it had occurred and the significance was not prevalent globally until shortly before it hit. However, the signs may have been there long before. Had the development of the issue been considered, it could have accelerated work on IPSASs 28-30 even at an earlier stage.

This additional key factor is to pre-empt future horizon changes in the priority of projects.

6. *Do you think the Cash Basis IPSAS is a valuable resource in strengthening public finance management and knowledge globally by increasing the adoption of accrual-based IPSASs?*

Response:

We believe that the Cash Basis IPSAS is:

- A valuable resource in strengthening public finance management and knowledge globally, and
- Is possibly a valuable resource by increasing the adoption of accrual-based IPSASs,

Provided that the preference for the adoption of accrual based public sector financial reporting standards are advocated.

Strengthening public finance management and knowledge globally (without necessarily increasing the adoption of accrual-based IPSASs)

The Cash Basis IPSAS has sufficient qualitative characteristics to being suitable criteria required for reasonably consistent measurement or evaluation of an underlying subject matter. The Cash Basis IPSAS therefore allows cash basis financial statements to be audited or reviewed, where without any suitable criteria it is not possible. Therefore, the Cash Basis IPSAS supports the general part of the strategic objective of “strengthening public finance management” because it is suitable criteria which allows assurance to be placed on financial statements.

Strengthening public finance management and knowledge globally by increasing the adoption of accrual-based IPSASs

As long as the adoption of accrual based public sector accounting standards are encouraged, we do not see the existence of the Cash Basis IPSAS as a threat against the adoption of accrual based public sector accounting standards.

However, less emphasis could be placed on, and resources spent on, improvements to the Cash Basis IPSAS than on accrual-based IPSASs, unless the improvements encourages the eventual adoption of accrual based IPSASs more than other projects. The situation should be continuously monitored whether the Cash Basis IPSAS serves as a stepping stone facilitator to the eventual adoption of accrual based IPSASs or whether it rather delays the adoption thereof.

7. *Of the three options identified in relation to the Cash Basis IPSAS, which would you recommend the IPSASB select? Please provide the rationale for your recommendation.*

Response:

Not (c)

We do not have enough information to provide a definite view, but we are weary to withdraw the Cash Basis IPSAS from the IPSASB Handbook (option (c)). This is because certain spheres of government in South Africa apply a modified cash basis, and the Cash Basis IPSAS is certainly a helpful benchmark to have at hand.

As mentioned above, should there be jurisdictions that apply the Cash Basis IPSAS either because:

- It is helpful as suitable criteria for assurance purposes, or
- It is a step towards accrual based standards,

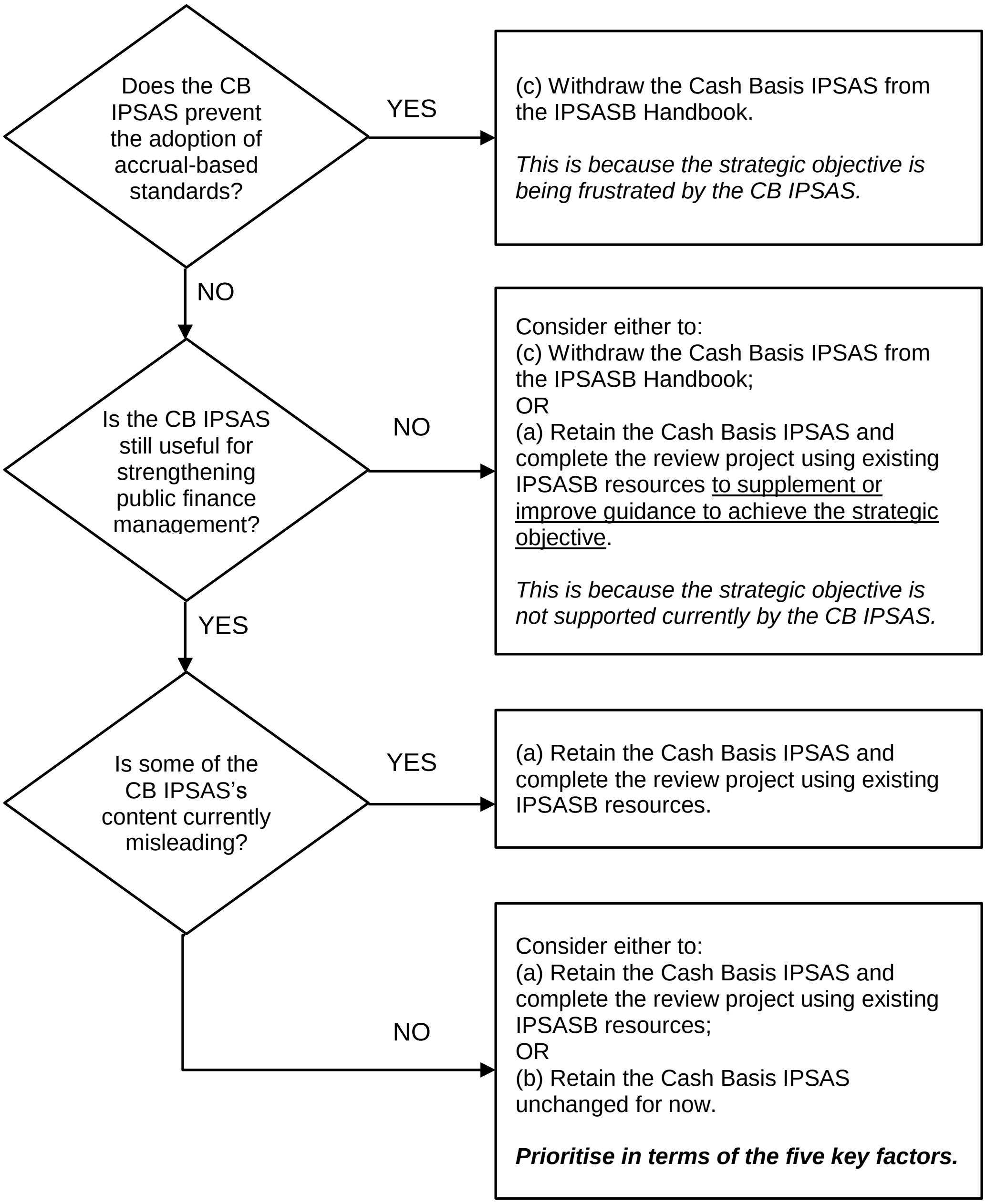
Then the Cash Basis IPSAS does support the strengthening of public finance management in general. If the Cash Basis IPSAS is not used or considered by anyone, then there is no harm in keeping it either. If there are jurisdictions that apply the Cash Basis IPSAS, but do not consider the adoption of accrual-based IPSASs or any equivalent, then withdrawing the Cash Basis IPSAS is not necessarily going to encourage the adoption of accrual-based IPSASs or any equivalent.

Contrary to simply withdrawing the Cash Basis IPSAS, additional guidance or publications may solve the problem by bridging the accrual basis adoption gap. The barriers of adoption may otherwise be beyond the IPSASB's control, in which case the Cash Basis IPSAS meanwhile supports the strengthening of public finance management in general by providing suitable criteria.

Either (a) or (b)

The decision whether to complete the review project depends on available and required resources. Required resources may depend on how relevant the research material still is. It appears that the research was concluded in 2010, which is four years ago already. However, the results of Task Force report may still be relevant as the facts and circumstances pertaining to the report may have remained materially unchanged, and therefore it may not take up considerable resources to complete the project.

We suggest that this project be evaluated against the five key factors as discussed in question 5 above. Another way of reasoning in making this decision may be illustrated as follows:


Does the CB IPSAS prevent the adoption of accrual-based standards?
YES
(c) Withdraw the Cash Basis IPSAS from the IPSASB Handbook.
This is because the strategic objective is being frustrated by the CB IPSAS.
NO
Is the CB IPSAS still useful for strengthening public finance management?
NO
Consider either to:
(c) Withdraw the Cash Basis IPSAS from the IPSASB Handbook;
OR
(a) Retain the Cash Basis IPSAS and complete the review project using existing IPSASB resources to supplement or improve guidance to achieve the strategic objective.
This is because the strategic objective is not supported currently by the CB IPSAS.
YES
Is some of the CB IPSAS's content currently misleading?
YES
(a) Retain the Cash Basis IPSAS and complete the review project using existing IPSASB resources.
NO
Consider either to:
(a) Retain the Cash Basis IPSAS and complete the review project using existing IPSASB resources;
OR
(b) Retain the Cash Basis IPSAS unchanged for now.
Prioritise in terms of the five key factors.

8. Considering the various factors and constraints, which projects should the IPSASB prioritize and why? Where possible please explain your views on the description and scope of the project.

Response:

We believe the potential projects should be prioritised in the following order:

COMBINED SCORES	
PROJECT	**PRIORITY SCORE**
Infrastructure Assets	+10
Natural Resources	+9
Biological Assets Held for the Provision or Supply of Services	+8
Measurement – Public Sector Specific	+8
Related Party Transactions IPSAS 20	+7
Non-exchange Expenses	+6
Improvements to IPSAS 23 Non-exchange Revenues	+6
Revenue IPSAS 9	+6
Segment Reporting IPSAS 18	+6
Presentation of Financial Statements IPSAS 1	+5
Heritage Assets	+4
Construction Contracts IPSAS 11	+4
Role of Government as Owner rather than Government	+3
Trust Funds	+3
Extractive Industries	+3
Leases IPSAS 13	+2
Non-current Assets Held for Sale and Discontinued Operations (IFRS 5 but no comparable IPSAS)	+2
Borrowing Costs IPSAS 5	+1
Integrated Reporting <IR>	+1
Intangible Assets – Public Sector Specific	0
Military Assets	0
Sovereign Powers and their Impact on Financial Reporting	0
Differential Reporting	0
Rate Regulated	-1
Interim Financial Reporting	-1
Insurance Contracts (IFRS 4 Interim Standard But No Comparable IPSAS)	-2
Disclosure of Financial Information about the General Government Sector IPSAS 22	-3

PROJECTS TO ADDRESS PUBLIC SECTOR SPECIFIC ISSUES	
PROJECT	**PRIORITY SCORE**
Infrastructure Assets	+10
Natural Resources	+9
Biological Assets Held for the Provision or Supply of Services	+8
Measurement – Public Sector Specific	+8
Non-exchange Expenses	+6
Heritage Assets	+4
Role of Government as Owner rather than Government	+3
Trust Funds	+3
Intangible Assets – Public Sector Specific	0
Military Assets	0
Sovereign Powers and their Impact on Financial Reporting	0

PROJECTS TO MAINTAIN EXISTING IPSASs	
PROJECT	**PRIORITY SCORE**
Related Party Transactions IPSAS 20	+7
Improvements to IPSAS 23 Non-exchange Revenues	+6
Revenue IPSAS 9	+6
Segment Reporting IPSAS 18	+6
Presentation of Financial Statements IPSAS 1	+5
Construction Contracts IPSAS 11	+4
Leases IPSAS 13	+2
Borrowing Costs IPSAS 5	+1
Disclosure of Financial Information about the General Government Sector IPSAS 22	-3

PROJECTS TO CONVERGE WITH IFRSs	
PROJECT	**PRIORITY SCORE**
Extractive Industries	+3
Non-current Assets Held for Sale and Discontinued Operations (IFRS 5 but no comparable IPSAS)	+2
Rate Regulated	-1
Insurance Contracts (IFRS 4 Interim Standard But No Comparable IPSAS)	-2

OTHER PROJECTS	
PROJECT	**PRIORITY SCORE**
Integrated Reporting <IR>	+1
Differential Reporting	0
Interim Financial Reporting	-1

Our methodology

In our response above to question 5, we agree (with minor amendments) with the five key factors the IPSASB considers in deciding to initiate a project and assessing its priority. So we followed the methodology we support. We considered the five key factors, as amended in our response to question 5 above, and also added the factor of "Development", which considers the possible growth of an issue's significance or impact. Furthermore, we have added double weighting to the key factors "Significance in the public sector / impact on financial reporting", and "Urgency".

We treated "Gaps in standards", "IFRS convergence", and "Alignment with GFS" as "bonus" factors, and have also considered two additional factors, "Development" and "Constraints" (as required in this question) both carrying a lower weighting as well.

The method of scoring was therefore as follows:

Key Factors and Constraints	**Positive**	**No influence**	**Negative**
Primary key factors			
Significance in the public sector / impact on financial reporting	+2 points	0 points	-2 points
Urgency	+2 points	0 points	-2 points
Secondary key factors			
Gaps in standards	+1 bonus	-	-
IFRS convergence	+1 bonus	-	-
Alignment with GFS	+1 bonus	-	-
Development and constraints			
Development	+1 point	0 points	-1 point
Constraints	+1 point	0 points	-1 point

Following are our detailed considerations.

KEY FACTOR OR CONSTRAINT	SAICA'S VIEWS	PRIORITY SCORE
Projects to Address Public Sector Specific Issues		
Biological Assets Held for the Provision or Supply of Services		*Total: +8*
Significance in the public sector / impact on financial reporting	In South Africa, biological assets held for the provision or supply of services is a significant accounting issue. We have a very high prevalence of biological assets in the public sector, their impact on public sector financial reporting depends on whether: • Public sector entities which hold biological assets apply accrual-based Standards of Generally Recognised Accounting Practice (GRAP), which is based on IPSASs. For instance, the South African Police Service makes use of biological assets (police dogs) but do not apply accrual-based Standards of GRAP. The guidance however, may encourage the adoption of accrual-based standards. Other entities like municipalities and nature reserves hold significant values of biological assets and also apply accrual-based standards. • Whether the items would be material or significant. It appears that certain biological assets like police dogs and street trees are less material to users' decision-making. However, environmental biological assets like plants and animals in nature reserves are significant in value but appear not to be under the reporting entities' control, and therefore do not meet the definition of an asset. There are exceptions like zoos where the biological assets are under the entity's control and their values are material, even significant, to the reporting entity. Keeping in mind the strategic objective of encouraging the adoption of accrual-based standards, one has to respond also to the needs of both preparers and users. Many preparers in South Africa had been raising this issue for quite a while as they were uncertain about the accounting treatment, sometimes because there were different views between auditors and preparers. Members of our parliament also raised this issue during a recent briefing by the Accounting Standards Board (ASB) on its role and mandate. This project could give effect to changes in current accounting treatment and may diminish current divergent views, by providing significant guidance in the public sector. It is our view that this matter is significant in the public sector in South Africa.	+2
Urgency	Although this issue had been on the local agenda for many years, Discussion Paper 10, *Accounting for Living and Non-living Resources* was issued recently, so it would be very constructive for South Africa if this project is dealt with urgently.	+2

KEY FACTOR OR CONSTRAINT	**SAICA'S VIEWS**	**PRIORITY SCORE**
Gaps in standards	Many aspects of this project are not addressed in current standards, e.g.: • Delineating control, • Subsequent measurement, and • Units of measure.	+1
IFRS convergence	The IASB recently issued amendments to IAS 16 and IAS 41 which change the financial reporting for bearer plants (e.g. grape vines). Prior to these amendments, IAS 41 *Agriculture* required all biological assets related to agricultural activity to be measured at fair value less costs to sell, because their biological transformation during their lifespan is best reflected by fair value measurement. However, bearer plants are used to grow produce over several periods. Once a bearer plant is mature, it is biologically transformed and starts bearing produce, which is the only significant future economic benefit it generates. This IASB project is not entirely the same because it deals with biological assets in agriculture while the public sector issue is regarding biological assets held for the provision of services; however, IFRS stakeholders are also re-thinking the subsequent measurement of biological assets.	+1
Alignment with GFS	Biological assets held for the provision or supply of services are not economic events, and probably do not have significant economic impact. However, this project will not affect GFS alignment negatively.	0
Development	This issue could develop significantly due to various factors, e.g. climate change. Reporting trends indicate development in this area.	+1
Constraints	There is very little literature available on this issue. The ASB in South Africa issued a discussion paper on this which may be useful. The project can be combined with the proposed Natural Resources project.	-1 +1 +1
Heritage Assets		*Total: +4*
Significance in the public sector / impact on financial reporting	In South Africa, a heritage assets standard had already been issued. It therefore had been deliberated and it was decided by the ASB board that this issue was significant for South Africa. We agree with the ASB board.	+2

KEY FACTOR OR CONSTRAINT	SAICA'S VIEWS	PRIORITY SCORE
Urgency	This issue had been dealt with locally already (the ASB issued GRAP 103, *Heritage Assets* in July 2008, effective April 2012) and it would be supportive to us if this project is also dealt with on IPSASB level as soon as possible.	+2
Gaps in standards	We believe that there is a gap (in IPSASs). Refer to the basis of conclusions in GRAP 103, *Heritage Assets* that can be downloaded from the ASB's website: http://download.asb.co.za/download/GRAP%20103%20Heritage%20Assets%20(July%202008)%20-%20Original.pdf.	+1
IFRS convergence	There is no IFRS convergence on this project that we are aware of. Heritage assets are public sector specific and a departure from IFRS.	0
Alignment with GFS	This project does not lend itself to GFS alignment.	0
Development	We are of the view that there is not a great chance that this issue will develop significantly.	-1
Constraints	There is very little literature available on this issue. The IPSASB may leverage off the standard published by the ASB in South Africa.	-1 +1
Infrastructure Assets		*Total: +10*
Significance in the public sector / impact on financial reporting	In South Africa, there have been a number of enquiries raised regarding infrastructure assets. The ASB in South Africa issued a separate FAQ guide, *Accounting for Infrastructure Assets - Facts and Fiction* which is available on: http://www.asb.co.za/index.php?option=com_content&view=article&id=80&Itemid=109 Infrastructure assets usually carry high values and therefore its accounting treatment may consequently have significant impact on public sector financial reporting.	+2
Urgency	The ASB already had to address uncertainties with a local publication. Moreover, the ASB's recent post-implementation review highlighted the issue. It would therefore be beneficial to South Africa if this is dealt with sooner.	+2
Gaps in standards	Infrastructure assets are dealt with to a very large extent in IPSAS 17. Some questions about infrastructure assets are contained in the abovementioned guide. Though some of the underlying issues might be a matter of training or competence, many of the issues or questions do indicate a standards-issue because IPSAS 17 does not provide sufficient guidance. We are therefore of the view that there are some gaps in existing standards.	+1
IFRS convergence	On certain aspects (e.g. componentisation) there is a possibility of IFRS convergence.	+1

KEY FACTOR OR CONSTRAINT	**SAICA'S VIEWS**	**PRIORITY SCORE**
Alignment with GFS	We believe this project may impact GFS alignment.	+1
Development	Our view is that this issue's significance and impact may develop, and may not be solved without guidance.	+1
Constraints	The project deals with only certain aspects of financial reporting of a certain type of property, plant and equipment. The ASB in South Africa issued FAQ guidance on this topic already which the IPSASB may leverage off from.	+1 +1
Intangible Assets – Public Sector Specific		*Total: 0*
Significance in the public sector / impact on financial reporting	This issue is not prevalent in South Africa and we are not aware that this issue significantly impacts users' (of public sector financial statements) decisions globally.	-2
Urgency	This issue appears to be recent according to recent responses to the Consultation Paper, *IPSASs and Government Finance Statistics (GFS) Reporting Guidelines*, stating that differences remain between IPSASs and GFS. Though this view had been reported recently, it does not necessarily indicate urgency. It indicates that it was recently discovered that there is room for GFS alignment. We do not have enough information to gauge its urgency as it is not an issue which we are extremely familiar with.	0
Gaps in standards	This issue appears to be an enquiry on a singular issue, which may indicate a different accounting treatment in the public sector. We are not aware of a specific gap in current standards.	0
IFRS convergence	This project does not seem to lend itself to IFRS convergence, because it appears to be public sector specific.	0
Alignment with GFS	This issue is related to GFS alignment.	+1
Development	There are no that indications that this issue is becoming more or less prevalent.	0
Constraints	The project deals with a single aspect of an area that is already covered by IPSAS 31. It could be combined with the "Role of Government as Owner" and/or "Sovereign Powers and their Impact on Financial Reporting" projects.	+1
Measurement – Public Sector Specific		*Total: +8*
Significance in the	Our view is that the Conceptual Framework has a significant impact on public sector financial reporting, including the	+2

KEY FACTOR OR CONSTRAINT	**SAICA'S VIEWS**	**PRIORITY SCORE**
public sector / impact on financial reporting	concept of measurement. Consequential alignment to the Conceptual Framework could also enhance the clarity of standards and consequently encourage the adoption of accrual-based IPSASs.	
Urgency	The Conceptual Framework project is due for completion very soon and therefore consequential amendments may be needed urgently.	+2
Gaps in standards	There is an indication of a gap in standards due to possible Conceptual Framework alignment.	+1
IFRS convergence	This project appears to be public sector specific, but there might be future convergence coming out this project with regard to certain aspects like the application of replacement cost, or various valuation approaches, or convergence in IFRS 13.	+1
Alignment with GFS	We believe that this project is a good opportunity to deliberate alignment with GFS, considering current market price measurement in GFS and fair value, historic cost and other bases in IPSASs.	+1
Development	This issue could develop significantly because of future possible differences between standards and the Conceptual Framework, which may become both a reputational risk and an adoption barrier.	+1
Constraints	We are not aware of any constraint factors which influence this project's priority.	0
Military Assets		*Total: 0*
Significance in the public sector / impact on financial reporting	SAICA have not received any enquiries pertaining to the accounting treatment of military assets. The ASB's published FAQs do not contain any specific enquiries thereof either. This is probably because the South African Department of Defence does not apply accrual-based Standards of GRAP, but a modified cash basis. We cannot speculate whether addressing this issue globally will encourage the adoption of accrual-based IPSASs, and are therefore unable to gauge whether this issue has significance to the public sector globally, and more specifically, will have an impact on public sector financial reporting, user decision-making and public finance management - globally. So for South Africa, it appears that this issue is less significant.	-2
Urgency	We are unable to comment on urgency with the information we have.	0
Gaps in standards	The Strategy states that, "Specialized military equipment is currently included in the scope of IPSAS 17. One of the key	0

KEY FACTOR OR CONSTRAINT	SAICA'S VIEWS	PRIORITY SCORE
	aspects of the project would be to consider whether this is appropriate or whether applying IPSAS 12, Inventories, would be more appropriate" (own emphasis added). This statement indicates to us that no gap in standards had yet been identified.	
IFRS convergence	We are not aware of any possible IFRS convergence on this project.	0
Alignment with GFS	The Strategy mentions the IPSASs and Government Finance Statistics (GFS) project identified that guidance for defence weapons on requirements with respect to capitalisation, classification and measurement would be helpful. We accept this.	+1
Development	We are unable to comment with the information we have.	0
Constraints	This project is very limited in terms of its scope and affected stakeholders. For these reasons, it will probably be less resource intensive.	+1
Natural Resources		*Total: +9*
Significance in the public sector / impact on financial reporting	In South Africa, natural resources could have a significant impact on financial reporting. We have a very high prevalence of natural resources, but their impact on public sector financial reporting depends on whether: • Public sector entities which "hold" or "control" natural resources apply accrual-based Standards of GRAP. For example, both the Department of Energy and Department of Mineral Resources that typically issues mining and energy licenses, and the Department of Public Works that owns ample rural land, do not apply accrual-based Standards of GRAP. The guidance however, may encourage the adoption of accrual-based standards. Other types of public sector entities in South Africa which apply accrual-based standards may also hold or control natural resources. We believe that this project may have significance in the public sector in South Africa. • Whether the items would be material or significant. We believe that public sector entities in South Africa which apply accrual-based standards may hold or control natural resources with material values on an entity level. It is our view that this matter is significant in the public sector in South Africa and may have a material impact on financial reporting. There are many enquiries on this topic in the public sector.	+2
Urgency	This issue appears to be urgent locally as the ASB recently issued a similar discussion paper, Discussion Paper 10, *Accounting for Living and Non-living Resources*, though it had been on the local agenda for quite a while.	+2

KEY FACTOR OR CONSTRAINT	SAICA'S VIEWS	PRIORITY SCORE
Gaps in standards	Many aspects of this project are not addressed in current standards, e.g.: • Delineating control, • Subsequent measurement, and • Units of measure. We believe that there may be a gap in standards.	+1
IFRS convergence	There may be an opportunity for convergence, for example with the Extractive Activities research project of the IASB.	+1
Alignment with GFS	Alignment with GFS may be considered.	+1
Development	Natural resources (e.g. energy supplies) are often under threat and this issue could develop significantly. Sustainability reporting trends indicate that this issue is becoming more and more prevalent.	+1
Constraints	The project is resource intensive because there is very little literature available internationally on this issue.	-1
	The ASB in South Africa is busy with a similar project, and the IPSASB may use very recent published literature.	+1
	This project can be combined with the Biological Assets Held for the Provision or Supply of Services project.	+1
Non-exchange Expenses		*Total: +6*
Significance in the public sector / impact on financial reporting	There were some enquiries recently pertaining to the accounting treatment of non-exchange expenses. It appears to be an issue in South Africa.	+2
Urgency	We would deem a counterpart to IPSAS 23 to be urgent in order to have a complete suite of standards for the public sector.	+2
Gaps in standards	The issue is not addressed in current standards.	+1
IFRS convergence	We believe that there is not an opportunity for IFRS convergence on this project.	0
Alignment with GFS	We believe that there is not an opportunity for alignment with GFS on this project.	0
Development	We are unable to comment with the information we have.	0

KEY FACTOR OR CONSTRAINT	SAICA'S VIEWS	PRIORITY SCORE
Constraints	This project is very limited in terms of its scope. It will probably be less resource intensive.	+1
Role of Government as Owner rather than Government		*Total: +3*
Significance in the public sector / impact on financial reporting	We believe this issue may be relevant in South Africa currently. Some government business enterprises (GBEs) apply IFRS or still apply the withdrawn "SA GAAP" currently and it seems like in future many GBEs will still apply IFRS.	+2
Urgency	This issue does not address alignment to other standards or the Conceptual Framework. It may encourage adoption of accrual-based IPSASs, but GBEs normally apply accrual-based standards in any case. We do not believe that this is a very urgent issue at the moment.	-2
Gaps in standards	This issue appears to have originated from a gap in IAS20 for which there is no current guidance in IPSASs either.	+1
IFRS convergence	This project lends itself to IFRS convergence.	+1
Alignment with GFS	This issue appears not to have much relevance to GFS alignment.	0
Development	We are not aware that that this issue may become more or less prevalent.	0
Constraints	The project is not resource intensive, because it deals with a single aspect of an area covered by IAS20. Resources may be shared by combining this project with the Intangible Assets – Public Sector Specific and/or Sovereign Powers and their Impact on Financial Reporting projects.	+1
Sovereign Powers and their Impact on Financial Reporting		*Total: 0*
Significance in the public sector / impact on financial reporting	As far as we are aware, this is not a prevalent issue in South Africa currently. We believe that this project would not impact much on user decision-making and consequently on public finance management. It may complicate and discourage the adoption of accrual-based IPSASs, without aiding users' of public sector financial statements decision-making.	-2
Urgency	This issue does not address alignment to other standards, but may address alignment to the Conceptual Framework. We have no specific views on this project's urgency.	0

KEY FACTOR OR CONSTRAINT	SAICA'S VIEWS	PRIORITY SCORE
Gaps in standards	There is current guidance on intangible assets, but we note that for this specific public sector issue, additional guidance may be required.	+1
IFRS convergence	This project does not lend itself to IFRS convergence, because it appears to be public sector specific.	0
Alignment with GFS	This issue appears not to have much relevance to GFS alignment.	0
Development	We are not aware that that this issue may become more or less prevalent.	0
Constraints	The project is not resource intensive, because it deals with a single aspect of an area covered by IAS20. This project may be combined with the Intangible Assets – Public Sector Specific and/or Role of Government as Owner rather than Government projects.	+1
Trust Funds		*Total: +3*
Significance in the public sector / impact on financial reporting	Trust accounts are frequently used in the public sector in South Africa, and are sometimes not specifically regulated as in certain industries in the private sector, except where government operates attorneys trust accounts (Legal Aid Board), may act as estate agent, or provides financial services. They may not always be material to the reporting entity, but have political significance. We believe that public administration of trust funds have a significant impact on public sector financial reporting.	+2
Urgency	This issue does not address alignment to other standards, or alignment to the Conceptual Framework. We have no indication that this project is urgent or less urgent.	0
Gaps in standards	We note that inconsistencies in practice may indicate that guidance could be unclear. The divergent views in practice are also noted in the private sector, especially with attorneys trust accounts and estate agent trust accounts.	+1
IFRS convergence	This project lends itself to IFRS convergence, because the issue is not only specific to the public sector. In South Africa, trust funds are handled by public sector entities, attorneys (lawyers), estate agents and financial services firms.	+1
Alignment with GFS	This issue appears not to have much relevance to GFS alignment.	0
Development	We are not aware that that this issue may become more or less prevalent.	0
Constraints	It could potentially become a very wide and lengthy project, especially if IFRS convergence is considered.	-1

KEY FACTOR OR CONSTRAINT	SAICA'S VIEWS	PRIORITY SCORE
Projects to Maintain Existing IPSASs		
Borrowing Costs IPSAS 5		*Total: +1*
Significance in the public sector / impact on financial reporting	We believe that borrowing costs are not very significant in the public sector in South Africa. The capitalisation of borrowing costs is less significant, due to the low number of enquiries we have received.	-2
Urgency	It appears as if this issue has been on the IPSASB agenda for a while. We are not sure about the project's urgency.	0
Gaps in standards	We believe that the gap between the revised IAS 23 v IPSAS 5 and the polarised views both indicate that there may be a gap in IPSASs at the moment.	+1
IFRS convergence	This project focuses on possible IFRS alignment.	+1
Alignment with GFS	This issue appears not to have much relevance to GFS alignment.	0
Development	We are not aware that that this issue may become more or less prevalent.	0
Constraints	It is likely that this project will be less resource intensive.	+1
Construction Contracts IPSAS 11		*Total: +4*
Significance in the public sector / impact on financial reporting	Construction contracts are significant in the public sector in South Africa.	+2
Urgency	Nothing in the information provided indicates that the issue is more or less urgent than other issues.	0
Gaps in standards	We believe that there may be a gap in standards relating new public sector situations and also other areas of improvement such as contract key in hand issues.	+1
IFRS convergence	There may be possible IFRS convergence, but we are not sure.	0
Alignment with GFS	We are not able to assess at this stage whether the project has much relevance to GFS alignment.	0

KEY FACTOR OR CONSTRAINT	SAICA'S VIEWS	PRIORITY SCORE
Development	We are not aware that that this issue may become more or less prevalent.	0
Constraints	It is likely that this project will be less resource intensive.	+1
Disclosure of Financial Information about the General Government Sector IPSAS 22		*Total: -3*
Significance in the public sector / impact on financial reporting	Because this IPSAS is not applied by more than one jurisdiction, we are of the view that this project will not have much impact on financial reporting globally. In South Africa, public sector entities are bound by strict National Treasury reporting requirements in their annual reports.	-2
Urgency	This issue appears to be less urgent than other issues, unless there is an indication that the current IPSAS 22 is hampering the adoption of IPSASs, for instance due to possible conflicts with reporting requirements of various jurisdictions.	-2
Gaps in standards	There are no gaps in standards we are aware of that the project may address.	0
IFRS convergence	We are not aware of any possible IFRS convergence which might be significant.	0
Alignment with GFS	We are not aware of any possible GFS alignment.	0
Development	We are not aware that that this issue may become more or less prevalent.	0
Constraints	It is likely that this project will be less resource intensive.	+1
Improvements to IPSAS 23 Non-exchange Revenues		*Total: +6*
Significance in the public sector / impact on financial reporting	We believe that non-exchange revenues are generally significant in the public sector.	+2
Urgency	We believe that alignment to the Conceptual Framework will be urgent.	+2
Gaps in standards	The inconsistencies pointed out between IPSAS 23 and other IPSASs indicate that there is a gap in standards.	+1
IFRS convergence	We are not aware of any possible IFRS convergence.	0

KEY FACTOR OR CONSTRAINT	SAICA'S VIEWS	PRIORITY SCORE
Alignment with GFS	We are not able to assess at this stage whether the project has much relevance to GFS alignment.	0
Development	We are not aware that that this issue may become more or less prevalent, other than the finalisation of the Conceptual Framework.	0
Constraints	It is likely that this project will be less resource intensive.	+1
Leases IPSAS 13		*Total: +2*
Significance in the public sector / impact on financial reporting	We note that the topic is controversial in the private and possibly in certain jurisdictions in the public sector. However, the issue is not more or less significant in the South African public sector than any other issues. We are unsure whether the project will have a significant impact on financial reporting.	0
Urgency	Because the IASB's ED is scheduled for approval during 2014, this issue is relevant at the moment.	+2
Gaps in standards	There is no indication at the moment that a gap in standards has been identified yet.	0
IFRS convergence	The project lends itself to possible IFRS convergence.	+1
Alignment with GFS	We are not able to assess at this stage whether the project has relevance to GFS alignment.	0
Development	We are not aware that that this issue may become more or less prevalent.	0
Constraints	It is likely that this project could be resource intensive because of controversy and possible polarised views.	-1
Presentation of Financial Statements IPSAS 1		*Total: +5*
Significance in the public sector / impact on financial reporting	It is our view that the presentation of financial statements is significant in the public sector and has an impact on financial reporting.	+2
Urgency	We believe that with the finalisation of the Conceptual Framework and the recent revisions to IAS 1, this project may be urgent.	+2
Gaps in standards	The areas identified, like the idea of comprehensive income, is something that is not in the current suite of standards.	+1

KEY FACTOR OR CONSTRAINT	SAICA'S VIEWS	PRIORITY SCORE
	There may not be any significant amendments to conform to the revised IAS 1, but at the moment there is an indication of possible gaps in IPSAS 1.	
IFRS convergence	This project may have possible IFRS convergence.	+1
Alignment with GFS	We are not able to assess at this stage whether the project has much relevance to GFS alignment.	0
Development	We are not aware that that this issue may become more or less prevalent, other than the finalisation of the Conceptual Framework.	0
Constraints	This project will probably be more resource intensive.	-1
Related Party Transactions IPSAS 20		*Total: +7*
Significance in the public sector / impact on financial reporting	We believe that the disclosure of related party transactions is significant in the public sector. Often, transactions take place between public sector entities in the same or different spheres of government and other related parties.	+2
Urgency	The recent revision of IAS 24 calls for urgency from a convergence or alignment perspective.	+2
Gaps in standards	The fact that there had been recent improvements to the IFRS equivalent indicates that there may be a gap in IPSAS 20.	+1
IFRS convergence	The project lends itself to possible IFRS convergence.	+1
Alignment with GFS	We are not able to assess at this stage whether the project has much relevance to GFS alignment.	0
Development	We are not aware that that this issue may become more or less prevalent, other than the finalisation of the Conceptual Framework.	0
Constraints	It is likely that this project will be less resource intensive.	+1
Revenue IPSAS 9		*Total: +6*
Significance in the public sector / impact on financial	It is our view that exchange revenue is significant in the public sector and that this particular project may impact financial reporting significantly, such as the issues of identifying separate performance obligations, clarifying the definition of performance obligations and the requirements for determining when a performance obligation is satisfied over time –	+2

KEY FACTOR OR CONSTRAINT	SAICA'S VIEWS	PRIORITY SCORE
reporting	these are relevant in the public sector in the context of binding arrangements.	
Urgency	The recent revision of IAS 11 indicates urgency.	+2
Gaps in standards	The recent improvements to the IFRS equivalent indicate that there may be a gap in IPSAS 9.	+1
IFRS convergence	The project lends itself to possible IFRS convergence.	+1
Alignment with GFS	We are not able to assess at this stage whether the project has much relevance to GFS alignment.	0
Development	We are not aware that that this issue may become more or less prevalent, other than the finalisation of the Conceptual Framework.	0
Constraints	We do not have any specific view on whether this project will be more or less resource intensive.	0
Segment Reporting IPSAS 18		*Total: +6*
Significance in the public sector / impact on financial reporting	Segment reporting is significant in the South African public sector. We have a local equivalent to IFRS 8.	+2
Urgency	The recent amendments to IFRS indicate that this issue is urgent.	+2
Gaps in standards	We have identified a gap in current IPSASs, which is why our local standard is IFRS-based.	+1
IFRS convergence	The project lends itself to possible IFRS convergence.	+1
Alignment with GFS	We are not able to assess at this stage whether the project has much relevance to GFS alignment.	0
Development	We are not aware that that this issue may become more or less prevalent, other than the finalisation of the Conceptual Framework.	0
Constraints	We do not have any specific view on whether this project will be more or less resource intensive.	0
Projects to Converge with IFRSs		
Extractive Industries		*Total: +3*

KEY FACTOR OR CONSTRAINT	SAICA'S VIEWS	PRIORITY SCORE
Significance in the public sector / impact on financial reporting	In South Africa the exploration of minerals is prevalent. However, the public sector does not extract minerals and gas, but issues licenses to the private sector in this regard (except for minor "mining" activities related to road works). It is our view that this matter will not have much of an impact on financial reporting in the public sector. If this project's scope is widened to include natural resources such as water, it may be more relevant.	-2
Urgency	Due to the timing of convergence with the IASB's project, this project may or may not be regarded as urgent (it depends on the IASB's project).	0
Gaps in standards	We believe that there is a gap in standards at the moment.	+1
IFRS convergence	There is an opportunity for IFRS convergence.	+1
Alignment with GFS	Alignment with GFS may be considered.	+1
Development	This issue could develop significantly, especially with regard to sustainability reporting trends.	+1
Constraints	This project can be combined with the Natural Resources project.	+1
Insurance Contracts (IFRS 4 Interim Standard But No Comparable IPSAS)		*Total: -2*
Significance in the public sector / impact on financial reporting	Insurance contracts are not significant in the South African public sector. The lack of uptake on a comparable project indicates that it may not be significant globally.	-2
Urgency	This issue appears to be less urgent.	-2
Gaps in standards	There is not currently a comparable IPSAS.	+1
IFRS convergence	The project lends itself to possible IFRS convergence.	+1
Alignment with GFS	We are not able to assess at this stage whether the project has much relevance to GFS alignment.	0
Development	We are not aware that that this issue may become more or less prevalent.	0
Constraints	We do not have any specific view on whether this project will be more or less resource intensive.	0

KEY FACTOR OR CONSTRAINT	SAICA'S VIEWS	PRIORITY SCORE
Non-current Assets Held for Sale and Discontinued Operations (IFRS 5 but no comparable IPSAS)		*Total: +2*
Significance in the public sector / impact on financial reporting	The IPSASB considers that this topic has relevance in the public sector. In South Africa, this issue may be relevant when there is a transfer of functions. Transfers of functions do not occur as often, but when it does, this issue becomes imperative.	+2
Urgency	This issue appears to be less urgent.	-2
Gaps in standards	There is not currently a comparable IPSAS.	+1
IFRS convergence	The project lends itself to possible IFRS convergence.	+1
Alignment with GFS	We are not able to assess at this stage whether the project has much relevance to GFS alignment.	0
Development	We are not aware that that this issue may become more or less prevalent.	0
Constraints	We do not have any specific view on whether this project will be more or less resource intensive.	0
Rate Regulated		*Total: -1*
Significance in the public sector / impact on financial reporting	This issue is not a burning topic in South Africa at the moment.	-2
Urgency	This issue appears to be less urgent.	-2
Gaps in standards	There is not currently any guidance in this regard.	+1
IFRS convergence	The project lends itself to possible IFRS convergence.	+1
Alignment with GFS	We are not able to assess at this stage whether the project has much relevance to GFS alignment.	0
Development	In our view, this issue could potentially become a very contentious issue in future should it be raised by any preparers, users or auditors.	+1

KEY FACTOR OR CONSTRAINT	SAICA'S VIEWS	PRIORITY SCORE
Constraints	We do not have any specific view on whether this project will be more or less resource intensive.	0
Other Projects		
Differential Reporting		*Total: 0*
Significance in the public sector / impact on financial reporting	This issue was debated in South Africa a while ago, and the ASB did extensive research on this resulting in a position paper, *Differential Reporting in the South African Public Sector*. It appears that the issue is coming up again. Parliament recently raised issue with qualified audit reports in the public sector due to the alleged complexity of accounting standards. This pertains especially to smaller municipalities. In our view, this matter raised is a capacity building or competency problem and not a standard-setting problem, and differential reporting is not going to solve the problem.	-2
Urgency	This issue appears to be neither more nor less urgent at the moment.	0
Gaps in standards	There is not currently any differential reporting standards for small and medium public entities.	+1
IFRS convergence	The project lends itself to possible IFRS convergence.	+1
Alignment with GFS	We are not able to assess at this stage whether the project has much relevance to GFS alignment.	0
Development	In our view, this issue could potentially become a very contentious issue in future should it be raised by any preparers, users or auditors, especially in light of recent audit failures, specifically by smaller municipalities.	+1
Constraints	This project will be extremely resource intensive.	-1
Integrated Reporting <IR>		*Total: +1*
Significance in the public sector / impact on financial reporting	In South Africa, only major entities (major government business enterprises which apply IFRS) and very few others, for example the Independent Regulatory Board for Auditors (IRBA) publish Integrated Reports at the moment. Most public entities only publish their annual reports in keeping with National Treasury requirements, which include performance reports. We would like to change that because we are of the view that <IR> is meaningful corporate reporting and that it will aid users' decision making and significantly strengthen public finance management.	-2
Urgency	This issue appears to be neither more nor less urgent at the moment.	0

KEY FACTOR OR CONSTRAINT	SAICA'S VIEWS	PRIORITY SCORE
Gaps in standards	There is currently an <IR> Framework. However, more specific guidance is needed for the public sector.	+1
IFRS convergence	The project lends itself to possible convergence with the IASB and also with the IIRC.	+1
Alignment with GFS	The project will probably not have much relevance to GFS alignment.	0
Development	In our view, this issue will (and should) develop significantly.	+1
Constraints	This project could be resource intensive, and could even be outside the scope of the IPSASB's mandate, and may even conflict with the work of the IIRC. However, the IPSASB can partner with the IIRC and various local <IR> councils in order to share the workload and avoid duplication of efforts.	-1 +1
Interim Financial Reporting		*Total: -1*
Significance in the public sector / impact on financial reporting	We believe that this issue is not very significant in the public sector at the moment, but could prove very useful. Interim results are reported to National Treasury at the moment, but not generally to the public. National Treasury has strict guidelines on interim and quarterly reporting. Therefore, considering the number of users at the moment and the sort of current guidance, we believe that there is not a great significance in the public sector.	0
Urgency	This issue appears to be less urgent at the moment.	-2
Gaps in standards	There is not currently any equivalent guidance in IPSASs (to IAS 34).	+1
IFRS convergence	The project lends itself to possible IFRS convergence.	+1
Alignment with GFS	The project does not have much relevance to GFS alignment.	0
Development	In our view, this issue has a lower chance of developing.	-1
Constraints	We are not sure of resource requirements.	0

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