

Exposure Draft 61
Proposed IPSAS *Public Sector Combinations*

response to exposure draft

28 July 2016

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.

Our ref: Responses/ 160728 SC0227

International Public Sector Accounting Standards Board
International Federation of Accountants
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CANADA
Submitted electronically

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Dear IPSASB secretariat

IPSASB ED 61, Amendments to Financial Reporting under the Cash Basis of Accounting (the Cash Basis IPSAS)

CIPFA is pleased to present its comments on this Exposure Draft, which has been reviewed by CIPFA's Accounting and Auditing Standards Panel.

CIPFA supports the proposals in the Exposure Draft. Comments are provided in the attached annex. In our view, the proposed amended IPSAS will be significantly more straightforward to implement for governments and entities with limited capacity. It may therefore be beneficial in promoting the use of the Cash Basis IPSAS and improving public sector financial reporting by these stakeholders.

I hope this is a helpful contribution to the Board's standards development process. If you have any questions about this response, please contact Steven Cain (e: steven.cain@cipfa.org, t: +44(0)20 7543 5794).

Yours sincerely

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Specific Matter for Comment 1:

Do you agree with the changes to the Cash Basis IPSAS proposed in this ED? If not, please provide your reasons. In explaining your reasons for supporting or disagreeing with the proposed amendments, the IPSASB would welcome your views on the capacity of public sector entities in your jurisdiction to achieve compliance with the requirements of, and present the additional information encouraged by, the Cash Basis IPSAS amended as proposed by this ED.

CIPFA agrees with the proposed changes.

In our view, the proposed amended IPSAS will be significantly more straightforward to implement for governments and entities with limited capacity. It may therefore be beneficial in promoting the use of the Cash Basis IPSAS and improving reporting by these stakeholders in public sector financial reporting.

For public sector accounts preparers with greater capacity, it will provide a better basis for them to

- Provide encouraged disclosures which enhance the cash basis information
- Provide information which will be useful as preparation for a later transition to accrual basis reporting
- Take a balanced decision on whether to make enhancements to cash basis financial reporting, or to prioritise the development of accrual basis reporting.

As regards the position of the UK jurisdiction in which CIPFA primarily operates, we would note that all financial reporting is now accrual based. However, reflecting on UK experience in developing consolidated reporting, this was a substantial task, particularly at whole of government level, and one which made better sense after the successful transition to accrual basis reporting. This reinforces our support for the proposal to remove the Part 1 requirements for consolidated financial statements, and reframe these as encouragements in Part 2, together with additional encouragements to develop coherent grouped reporting.

Specific Matter for Comment 2:

Since issue of the Cash Basis IPSAS in 2003, the accrual IPSASs then on issue have been updated, and in some cases withdrawn and/or replaced, and new IPSASs and Recommended Practice Guides (RPGs) have been issued. All IPSASs and RPGs currently on issue are available free of charge for the IPSASB website at www.IPSASB.org. The IPSASB would welcome your views on whether requirements or guidance drawn from any of these IPSASs or RPGs should be included as additional requirements or encouragements in the Cash Basis IPSAS in the future and, if so, which requirements or guidance.

CIPFA is not minded to add to Part 1 or Part 2 of the Cash Basis IPSAS in the short to medium term.

However, it might be beneficial to note the existence of IPSASB Recommended Practice Guides on matters which are not dealt with in financial statements.