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9 December 2015

Dear Mr. Stanford

*ED 56 The Applicability of IPSASs*

Ernst & Young Global Limited, the central coordinating entity of the global EY organization, welcomes the opportunity to offer its views on the above consultation paper. We agree with the IPSASB's decision to delete the definition of a Government Business Enterprise (GBE) from IPSAS 1 and all references to GBEs in IPSASs and RPGs. We also agree with the IPSASB's decisions to provide, in the Preface to International Public Sector Accounting Standards, a description of the characteristics of public sector entities for which IPSASs are intended, and to base the proposed description on the IPSASB's literature. In addition, such an approach acknowledges the role of regulators and other relevant authorities (national and/or regional) in determining which entities should apply IPSASs.

However, we also observe that, by not explicitly discussing the use of IPSASs by non-governmental organisations (NGOs), or universities and other similar organisations that, technically, are not government entities, but are very similar to, or form part of, the broader public sector, the Board might unintentionally create a perceived limitation on the use of IPSASs. Some regulators perceive IPSASs to be a framework suitable for government entities (federal, state and local governments and government agencies) only, and do not perceive IPSASs to be applicable to a broader range of not-for-profit public sector entities. Despite this, the description of entities for which IPSAS is intended fits perfectly for entities such as NGOs, universities, schools and hospitals that rely on significant streams of non-exchange revenue to provide services to the general public, and are non-profit in nature. Therefore, we suggest that the IPSASB discusses further in the preface, or at least in the Basis for Conclusions to IPSAS 1, the rationale for IPSASs to be applied to a wide range of public sector entities, and not only limited to government entities. In addition, we recommend that a description of 'commercial public sector entities' be provided, or the removal of the reference to such entities, if the Board does not want to provide a more comprehensive description of the type of entities that the IPSASB considers to be commercial public sector entities. In that case, we recommend that the IPSASB focuses on defining the types of entities that IPSASs would be suited for.

Should you wish to discuss the contents of this letter with us, please contact Thomas Müller-Marqués Berger at (+49) 711 9881 15844 or via email at [thomas.mueller-marques.berger@de.ey.com](mailto:thomas.mueller-marques.berger@de.ey.com).

Yours sincerely,

*Ernst + Young Global Limited*