



KOREA INSTITUTE OF PUBLIC FINANCE

Government Accounting and Finance Statistics Center

IPSASB

Proposed Strategy and Work Plan

Comments on Proposed Strategy and Work Plan 2019-2023

July 6, 2018

July 6, 2018

Ross Smith
Deputy Director
International Public Sector Accounting Standards Board
International Federation of Accountants
277 Wellington Street West
Toronto, ON M5V 3H2 Canada

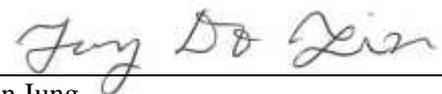
Re: The comments on the Proposed Strategy and Work Plan 2019-2023

Dear Mr. Smith,

The Government Accounting and Finance Statistics Center (GAFSC) at Korea Institute of Public Finance (KIPF) is pleased to provide comments on the Proposed Strategy and Work Plan 2019-2023 issued by the International Public Sector Accounting Standards Board (IPSASB).

The comments have been prepared and reviewed by the staff of the GAFSC, and they are available in the following pages. Please feel free to contact us if you have any questions regarding our comments. You may direct your inquiries to the technical staff of GAFSC, Stella Kim (sjkim@kipf.re.kr).

Sincerely,



Do-Jin Jung
Director (GAFSC at KIPF)

Specific Matter for Comment 1

Do you agree with the IPSASB's proposed Strategic Objective 2019–2023? If you agree please provide any additional reasoning not already discussed in the document. If you do not agree please explain your reasoning and your proposed alternative.

[GAFSC comments] We generally agree with the IPSASB's two strategic objectives proposed. However, it would seem more appropriate if Strategic Objective ② (Raising awareness of IPSAS and the benefits of their adoption) is replaced with Theme D (Promoting IPSAS adoption and Implementation) because we believe that promoting IPSAS adoption and Implementation can be achieved by raising awareness of IPSAS and the benefits of their adoption. Moreover, we view that another strategic objective (Researching on the use of accrual information and IPSAS to achieve PFM) and relevant themes can be added, and a research can be conducted in conjunction with other international organizations with research functions, such as the OECD.

Specific Matter for Comment 2

Do you agree with the IPSASB's five proposed Strategic Themes for the 2019–2023 period? If you agree please provide any additional reasoning not already discussed in the document. If you do not agree please explain your reasoning, including any proposed alternatives.

[GAFSC comments] We agree with the IPSASB's five proposed Strategic Themes. Alternatively, we encourage the IPSASB to change Theme B into "Maintaining IFRS convergence and reducing unnecessary differences with GFS," which will help IPSASB better position itself as "the" accounting standards for public sector entities worldwide.

Specific Matter for Comment 3

Do you agree with the criteria the IPSASB has used in deciding the proposed issues to add to its Work Plan 2019–2023? If you agree please provide any additional reasoning not already discussed in the document. If you do not agree please explain why, including any proposed alternatives.

[GAFSC comments] We agree with the four criteria: Prevalence, Consequences, Urgency, and Technical and Resource Considerations. In addition to the four criteria, however, another criterion "Comparability" can be added to the list. While some accounting standards, such as PP&E and inventory, are similar across jurisdictions, other accounting standards, such as discount rates, vary significantly by jurisdiction. Such variance can distort comparability among jurisdictions. Therefore, the IPSASB needs to examine accounting

standards that vary across jurisdictions and attempt to reduce those differences.

Specific Matter for Comment 4

Do you agree with the projects that the IPSASB proposes to prioritize for addition to the Work Plan 2019–2023 on Theme A: Setting standards on public sector specific issues (Natural Resources, Discount Rates, Differential Reporting and Conceptual Framework limited-scope Review)? If not please explain your reasoning, and any proposed alternatives.

[GAFSC comments] We agree with the IPSASB’s project prioritization on Theme A. Especially, the Discount Rates project is urgent and should be the first priority among other projects because the current IPSAS may impair comparability not only within different jurisdictions but also across the IPSAS.

Specific Matter for Comment 5

Do you agree with the project that the IPSASB proposes to prioritize for addition to the Work Plan 2019–2023 on Theme B: Maintaining IFRS convergence (IPSAS 18, Segment Reporting)? If not please explain your reasoning and any proposed alternatives.

[GAFSC comments] We agree with reporting for Service Segment because GFS also requires public entities to report by function. However, reporting for Geographical Segment is less persuasive than reporting for Service Segment because the size of the land for some jurisdictions is small. In such case, segment reporting is meaningless.

Specific Matter for Comment 6

Are there any projects in Appendix A that you believe should be added to the Work Plan 2019–2023 in place of a currently proposed project? If you believe that any Appendix A projects should be added, please explain your views on why the project should be included, which proposed project should not then be started and your reasoning.

[GAFSC comments] The following projects should be added to the Work Plan in the order of importance.

1. **Defining Public Sector Financial Performance Indicators:** Despite that the use of accrual information has been a long discussion, it is still an area to be studied further. The well-known example of the use of accrual information is the development of key financial performance indicators which will help Theme E (Advocating the benefits of accrual in strengthening PFM). Nevertheless, the IPSASB should identify key performance indicators first before the IPSASB tries to define them.
2. **Disclosure of Financial Information about the General Government Sector:** As the coverage of the

central government is different from the coverage of the general government sector in Korea, we view that the differences arising from the different coverages should be disclosed in the footnotes.

Specific Matter for Comment 7

The IPSASB views building relationships with those working in the PFM space and engaging in their work as critical to furthering the use of IPSAS in PFM reform projects. Therefore, under Themes D and E, the IPSASB will actively monitor the work of others and look for appropriate opportunities to engage and support that work.

Do you agree with the IPSASB's proposed approach under these Themes? If so, are you aware of any ongoing initiatives which the IPSASB should monitor and look to engage with (please provide details).

If you do not agree, please explain your reasoning along with any proposed alternatives, and how those might be resourced.

[GAFSC comments] We suggest that the IPSASB provide materials to educate the public. Depending on the knowledge level of the public, the education materials should vary. In addition, we encourage the IPSASB to issue journals on public sector accounting.



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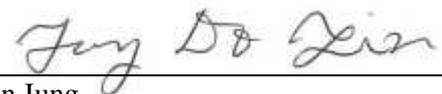
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Specific Matter for Comment 2

Do you agree with the IPSASB's five proposed Strategic Themes for the 2019–2023 period? If you agree please provide any additional reasoning not already discussed in the document. If you do not agree please explain your reasoning, including any proposed alternatives.

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Are there any projects in Appendix A that you believe should be added to the Work Plan 2019–2023 in place of a currently proposed project? If you believe that any Appendix A projects should be added, please explain your views on why the project should be included, which proposed project should not then be started and your reasoning.

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