

JUNE 15, 2018

IPSASB CONSULTATION PAPER:  
STRATEGY & WORK PLAN 2019-2023

CONSULTATION RESPONSE



KALAR CONSULTING

MANJ KALAR



KALAR CONSULTING



Manj has over 20 years' experience working in public sector, focusing on implementation of accrual accounting across UK central Govt departments and the Whole of Government Accounts consolidation. She has advised a number of jurisdictions on implementing accrual accounting.

Manj has particular interest in supporting governments to address the practicalities of implementing IPSASs.



KALAR CONSULTING

International Public Sector Accounting Standards Board  
International Federation of Accountants  
277 Wellington Street, 4th Floor  
Toronto  
Ontario M5V 3H2  
CANADA

Submitted electronically

15 June 2018

Dear IPSASB secretariat

### **IPSASB Strategy & Work Plan Consultation**

I am delighted to share my comments on the IPSASB strategy and work plan 2019-2023 consultation.

#### **Overarching strategy**

I strongly support the overarching focus on improving PFM and is at the heart of IPSASB's strategy. The aim of adopting international accounting standards is to provide greater transparency for public spend and accountability to the citizen and donors. This is a great achievement in itself but the real benefit to wider society is how this information is used to provide insight and drive better public services the citizen needs in a financially sustainable way, ensuring value for taxpayer's and donor funds.

#### **Work plan**

The work plan, building on the 2015 plan, is ambitious and the scale is challenging. Achieving a balance where all needs across all jurisdictions are met will always be difficult.

As discussed at the CCAB engagement event in London, IPSASB should be proud of what has been achieved and use this as a platform to move forward confidently to align (rather than converge) with the IFRSs. This should create the space to devote to public sector specific issues. The work on social benefits is a clear example of this.

#### **Wider engagement to promote PFM**

I wholeheartedly agree with the aim for wider engagement to promote good public financial management. I am happy to support this initiative.



KALAR CONSULTING

In addition to the proposals I would recommend that the IPSAS further strengthen the practical support provided to jurisdictions trying to implement IPSAS by:

- An update to Study 14
- Webinars focusing on the potential practical challenges associated with each standard
- 'IFRIC style' guidance to address areas of inconsistent application of a standard

Given the small team and logistical issues the IPSASB should be commended for allowing us opportunity to engage on the strategy and work plan face to face.

Thank you for the opportunity to comment on the proposed strategy and work plan. It is great to be able to feedback in person (at the CCAB event in London on 23 April) and in writing. If there are any questions, please do not hesitate to contact me.

Yours sincerely,

Manj Kalar

Principal consultant



KALAR CONSULTING

## Annex: Detailed response to the Consultation paper

### 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.

I agree with the proposed strategic objective.

I agree with the proposal to split the strategic objective into two (rather than 3 currently) as this focuses energy equally on the standards/guidance development as well as promoting the benefits of adopting accrual based IPSASs.

### 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.

I agree with the IPSASB's five proposed Strategic Themes for the 2019-2023 period although I would suggest that theme B should refer to Maintaining IFRS *alignment* rather than *convergence*. The term convergence implies a certain hierarchy and that IPSASs should 'follow' IFRSs whereas alignment (where appropriate for the public sector) is more nuanced and I believe, better reflects IPSASB's work. For example, the new leases standard – IFRS16 – is a radical change, moving to a right of use. However, it does not consider the lessor's perspective which ED 64 exposure draft does.

IPSASB were the first to develop the Conceptual Framework and is leading the debate in developing accounting standards. The IPSASB should be proud of this and many other achievements. Therefore, alignment with IFRS better reflects the work.



KALAR CONSULTING

### 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.

I agree with the selection criteria the IPSASB has used to decide the proposed issues to prioritise in the 2019-23 work-plan. How widespread an issue is, consequence (and materiality) of the issue, the urgency and technical/resources available to do the work are all logical criteria.

It is also helpful for users, commentators, academics to see the criteria to understand why a particular area has been prioritised over another (in Appendix B). By sharing these IPSASB are also following ethics and behaviours that they too wish to instil in the users of the IPSASs.

### 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.

I agree with the proposal. These are all major, high-priority issues for jurisdictions to address and the case for each is compelling.



KALAR CONSULTING

### 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.

I agree with the IPSAS project to maintain alignment with IFRS 8 Operating Segments (IPSAS 18).

### 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.

I think that the IASB project to promote better communication in financial reporting is inextricably linked to IPSASB's work in both developing the standards (by focusing on the needs of the user of the financial statements) and in raising benefits of accrual based accounts – these need to be clear and understandable by users to deliver IPSASB's desired strategic objective. Hence I think this is intrinsically linked to the work programme and should be added as an overarching project.

I would be happy to support this project.



KALAR CONSULTING

### 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.

I strongly support the proposed approach to work with others in the PFM reform area. One of the key enablers to the greater adoption of accrual based IPSASs will be supporting jurisdictions to overcome the practical implementation challenges such as knowing where to start. An update to Study 14 or other practical implementation insights would be incredibly helpful and encourage a higher number of jurisdictions to undertake this journey.

In addition to the proposals I would strongly urge IPSASB to build on the suite of webinars (to help understand the changes to the standards developed) and develop webinars focusing on the practical implementation issues. Practical implementation challenges are a barrier to wider adoption. Whilst IPSASB cannot prescribe what needs to happen as each jurisdiction is unique, some guidance on possible approaches would be most helpful – this would be based on an update of Study 14).

A further suggestion is to develop interpretations, similar to IFRICs for IFRSs to address areas of inconsistent application of a standard. I would recommend the IPSASB develop the same capacity to deliver these. Practical tools will help those countries embarking on the journey to accrual accounting, and better public financial management. The more IPSASB and its global partners, advocates can do will ultimately result in achieving IPSASB’s strategic objective.

I would be very happy to support IPSASB to take this work forward.

Thank you for the opportunity to comment.