



By e-mail
Stephanie Fox
Technical Director
International Public Sector Accounting Standards Board
IFAC

Our ref: TECH-CDR-1141

26 October 2012

Dear Ms Fox

IPSASB: Consultation on IPSASB Work Programme 2013 -14

ACCA (The Association of Chartered Certified Accountants) welcomes the opportunity to comment on the above.

ACCA is the global body for professional accountants. We aim to offer business-relevant, first-choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management. We support our 154,000 members and 432,000 students throughout their careers, providing services through a network of 83 offices and centres. A significant proportion of our members work within public services around the world making this consultation highly relevant to them.

We very much value IPSASB's continuing work on improving financial reporting standards for the public sector, particularly given the current financial climate and the need for governments to improve both accountability and transparency. We believe IPSASB has set out an ambitious work programme for 2013-14, and the challenge now will be to deliver the plan with limited resources and without being potentially side tracked by the oversight and related governance changes. Our thoughts on your specific questions are outlined below.

Responses to specific questions

Considering the additional potential projects outlined above and described in Appendix C, are there any other projects that you think need to be added to the list of potential projects?

In our view the list of potential projects is relatively comprehensive and addresses a number of topical and/or thorny issues in relation to financial reporting. We do not envisage adding more projects to the list.

What projects do you think the IPSASB should prioritise for 2013-14?

In considering what we believe are the three most important projects from those outlined in Appendix C, we have selected:

Social benefits

As this consultation paper rightly sets out, accounting for social benefits has been a thorny issue for at least a decade and there have been many failed attempts to arrive at a consensus on the accounting treatment. Given accounting for social benefits remains topical and inextricably linked to the long – term sustainability of public finances, we believe that it should be prioritised in the 2013-14 work programme. We recognise the complexities involved, but believe that further delay in addressing the issue will reflect on the credibility of IPSASB and its standards setting ability.

Extractive Industries

Earlier this year, members of ACCA's Public Sector Global Forum <http://www.accaglobal.com/en/research-insights/global-forums/public-sector/members.html> identified accounting for natural resources (oil, gas, mining and agriculture) as a significant issue in countries such as Africa, particularly, sub Saharan Africa. Countries which have extractive industries such as oil, forestry, mining account for a significant share of exports and rising commodity prices have boosted economic growth and exports in these countries. They generally feel the strain because of their vulnerability to volatile commodity markets and exchange rates, as well as problems in tax and regulatory frameworks. They are also industries which generally make a small contribution to budget revenue despite significant outflows. We recognise that this is an area that will require substantial research, but believe that the development of a comprehensive accounting standard should be prioritised.

Heritage Assets

No matter whether it is a developed or developing country questions always arise about the accounting treatment and disclosure of heritage assets. Whilst we agreed with IPSASB's logic of deferring the project until the completion of the public sector project, we now are of the view that the conceptual framework is sufficiently advanced to allow consideration of issues, such as heritage assets.

Further comments

We have no other comments to make other than to express that we are delighted to see that an ED on the adoption of accruals IPSASs is planned for December 2012. In our view this development is much needed by countries struggling with the challenge of migrating to accruals based accounting.

We hope you find the above useful. If you would like to discuss any of the above further please contact Gillian Fawcett (Head of Public Sector) on 02070595674 or e-mail: gillian.fawcett@accaglobal.com

A handwritten signature in black ink, appearing to read 'G. Fawcett', written in a cursive style.

Gillian Fawcett
Head of Public Sector