

## The IPSASB's Strategy Consultation for 2015 forward and Consultation on Work Program 2015-2019

This summary provides an overview of the IPSASB's Strategy Consultation and the IPSASB Consultation on Work Program 2015-2019.

### Objective:

The IPSASB is seeking views on its future strategic direction for the period starting in 2015, to ensure that it continues to respond to the global financial reporting needs of governments and other public sector entities.

The Consultation Paper also seeks feedback from stakeholders on the priorities of projects for the period 2015-2019.

There are a number of questions for stakeholders including:

- Whether the proposed strategic objective, outcomes and outputs are appropriate.
- What stakeholders' views are on the future of the Cash Basis IPSAS.
- Which projects the IPSASB should prioritize for the Work Program 2015-2019.

### Comment deadline:

The Consultation Paper is open for public comment until **July 31, 2014**.

### How To Respond:

Respondents are asked to submit their comments electronically through the IPSASB website, using the "Submit a Comment" link on the Consultation Paper page. Please submit comments in both a PDF and Word file. All comments will be considered a matter of public record and will ultimately be posted on the website.

## The IPSASB's Strategic Objective Starting in 2015

*The most significant strategic issue facing the IPSASB is how to ensure continued credibility in its work as a global standard setter for the public sector. This means the IPSASB must be able to identify the most important public interest issues and be able to respond to them by developing high-quality accounting standards and other publications for public sector entities.*

### Reflecting on the Past Five Years

Since achieving substantial convergence at December 31, 2009, of the IPSASs with IFRSs issued at December 31, 2008, the IPSASB has focused its efforts on three key strategic priorities:

- The public sector conceptual framework –the IPSASB's most important project since 2010 is scheduled for completion during 2014. The project establishes and makes explicit the concepts that are to be applied in developing IPSASs.
- Public sector critical projects – the IPSASB has progressed a number of projects since 2010. Some of them, like *First -Time Adoption of Accrual IPSASs*, are public sector specific projects. Others are projects that maintain existing IPSASs to ensure they continue to be of the highest quality, for example updating IPSASs 6-8.
- Communications and promoting adoption and implementation – the IPSASB has dedicated significant resources to outreach activities and these strong efforts have resulted in increased momentum for adoption.

### Proposed Strategic Objective for 2015 Forward

The IPSASB has tentatively concluded that a single strategic objective should determine its future direction from 2015 forward:

Strengthening public financial management and knowledge globally through increasing adoption of accrual-based IPSASs by:

- developing high-quality financial reporting standards;
- developing other publications for the public sector; and
- raising awareness of the IPSASs and the benefits of their adoption.

The longer term impacts of the sovereign debt crisis emphasize the urgent need to strengthen the quality of financial management in governments around the world.

Credible and transparent financial reporting is in the public interest. It has the potential to improve decision-making in the public sector, facilitate holding governments more accountable to their citizens and enhance global fiscal stability and sustainability.

## Meeting the Strategic Objective

*By developing accrual-based IPSASs and RPGs the IPSASB will be assisting governments in “getting the numbers right.”*

*This addresses a fundamental aspect of strengthening public finance management and enhancing accountability and decision-making in the public sector.*

### **The IPSASB’s Outcomes**

In order to meet its strategic objective the IPSASB has identified two outcomes it seeks to achieve. These are:

- Improved ability of public sector entities to reflect the full economic reality of their finances as well as of stakeholders to understand; and
- Increased awareness of IPSASs and their public finance management benefits in order to influence their adoption.

The figure on page 4 portrays the relationship between inputs, outputs and outcomes.

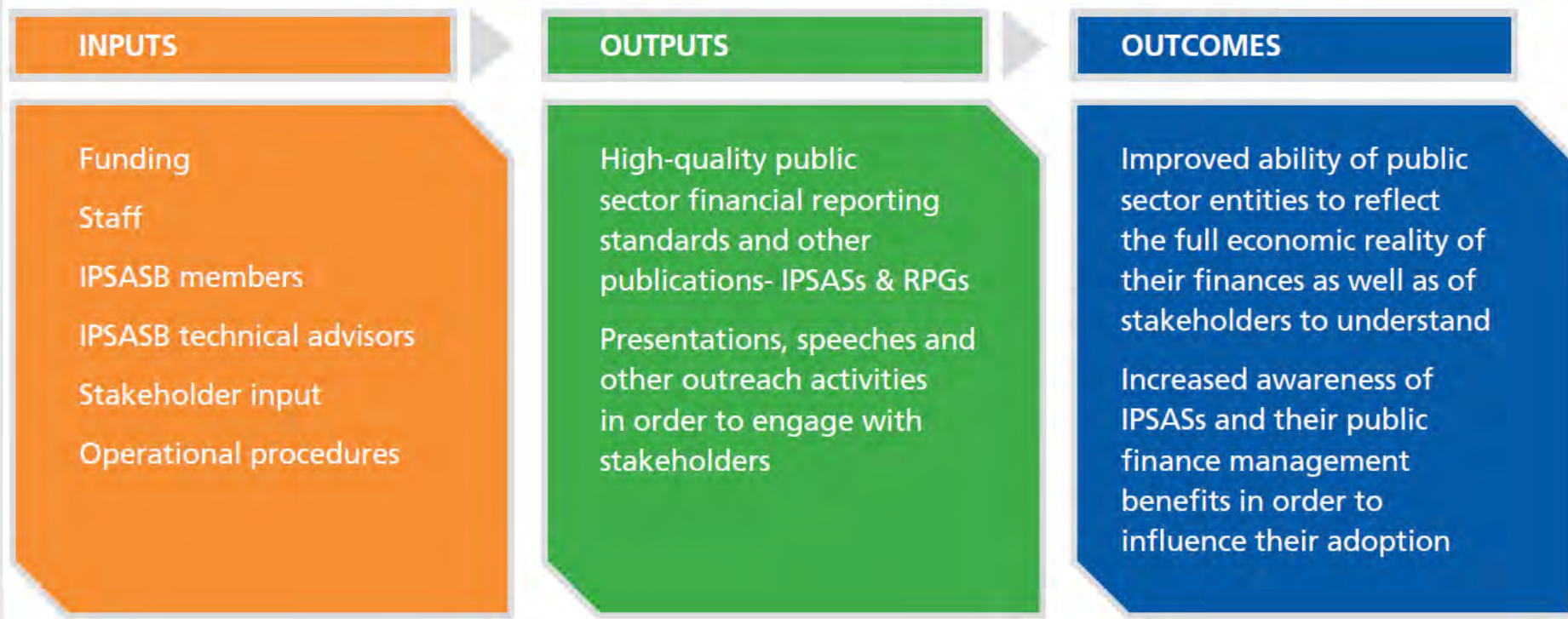
### **The IPSASB’s Outputs**

To achieve these outcomes the IPSASB will be focused on delivering the following outputs:

- Developing high-quality financial reporting standards and other publications for the public sector; and
- Undertaking presentations, speeches and other outreach activities to engage with stakeholders.

Figure 1 below portrays the relationship between inputs, outputs and outcomes and how these contribute to achieving the strategic objective.

**FIGURE 1:**  
STRENGTHENING PUBLIC FINANCIAL MANAGEMENT AND KNOWLEDGE GLOBALLY  
THROUGH INCREASING ADOPTION OF ACCRUAL-BASED IPSASs



## Developing a Work Program for the Period 2015-2019

*The IPSASB wants to learn your thoughts on how you think we should prioritize potential new projects for the five-year period from 2015 – 2019, taking into account resource limitations.*

*The Consultation Paper includes a list of potential new projects including descriptions. The IPSASB developed this based on suggestions from stakeholders in response to its July 2012 work program consultation as well as on its experiences and deliberations.*

### **Assessing Priorities and Existing Commitments**

In setting the IPSASB's work program, potential projects are assessed in the context of a number of considerations. Ultimately the IPSASB has to balance and weigh many factors including the significance for the public sector, urgency of the issue, gaps in standards, IFRS convergence and alignment with GFS.

The IPSASB also has to consider its existing commitments. By the end of 2014 a number of projects will be completed, most significantly the public sector conceptual framework

A number of other committed projects will continue past 2014, among them:

- Public sector combinations
- Emissions trading schemes
- Social benefits

### **Potential New Projects**

The Consultation Paper includes a list of potential new projects. The projects are separated into four categories:

- Public sector specific projects
- Maintaining existing IPSASs
- Convergence with IFRS
- Other

A brief description is included for each project to assist stakeholders in assessing priorities.

The IPSASB has to balance financial reporting needs for the public sector with constraints faced by the Board and stakeholders, within the context of the proposed strategic objective, outcomes and outputs.

Ultimately, the IPSASB wants to establish and complete an ambitious yet realistic work program that meets the needs of stakeholders.

## The Cash Basis IPSAS

*In addition to the projects to develop accrual-based IPSASs, the IPSASB currently has a committed project on the Cash Basis IPSAS. The IPSASB approved a project to review the Cash Basis IPSAS in November 2008. The primary objectives of the review were to identify the major difficulties that public sector entities in developing economies have encountered in implementing the Cash Basis IPSAS and to determine whether the IPSAS should be modified, or if further guidance should be provided in light of difficulties identified.*

### Future of the Cash Basis IPSAS

The IPSASB considered the Task Force report in June 2010 and decided to defer work on this project, due to resource constraints and the increasing focus on accrual IPSASs.

As part of this current consultation, the IPSASB is interested in your views on the future of the Cash Basis IPSAS. The IPSASB has considered three viable options for proceeding. These are:

- (a) Retain the Cash Basis IPSAS and complete the review project using existing IPSASB resources; this would mean issuing an ED that addresses the Task Force's recommendations, analyzing responses and finalizing a revised Cash Basis IPSAS;
- (b) Retain the Cash Basis IPSAS unchanged; this would mean suspending the review project and doing no further work on the IPSAS; or
- (c) Withdraw the Cash Basis IPSAS from the IPSASB Handbook; this could be immediate or at some future date.

The IPSASB has a sense that the Cash Basis IPSAS is not being used as originally thought or intended as a transitional step towards the adoption of accrual-based IPSASs.

The number of jurisdictions adopting the Cash Basis IPSAS is below that expected when the IPSAS was developed. In addition, experience of those adopting the Cash Basis IPSAS has varied. Some jurisdictions have reported that adopting the Cash Basis IPSAS first was a helpful transitional step while others report that plans to adopt the Cash Basis IPSAS as a transitional step were abandoned and a move to full accrual was made.

However, the importance of the Cash Basis IPSAS in developing economies has been highlighted. The challenge is balancing the momentum and demand for accrual-based IPSASs with the need to devote resources to the Cash Basis IPSAS to ensure its relevance.

The IPSASB is interested in your views on the options set out as to the future of the Cash Basis IPSAS and what the IPSASB should do for the period 2015 and forward.

## IPSASB Governance and Oversight

*To sustain the IPSASB's growing reputation as the international standard setter for the public sector it is necessary to implement public interest oversight of the IPSASB.*

*It is important that the IPSASB has public interest oversight in order that those adopting the standards are assured that the IPSASB is acting in the public interest and that its standards result from widespread and carefully considered comment from interested stakeholders around the world.*

### **IPSASB Governance Review Group**

Creating an oversight regime will contribute to ensuring that the IPSASB can independently and rigorously address public sector financial reporting issues.

An IPSASB Governance Review Group (the Review Group) was established, chaired by representatives of the International Monetary Fund, the OECD and the World Bank. Its members include the Financial Stability Board, the International Organization of Securities Commissions and the International Organization of Supreme Audit Institutions.

The Review Group issued a consultation paper in January 2014 with responses due April 30, 2014. The Review Group plans to issue its final recommendations later this year after reviewing responses.

The Review Group's consultation paper can be found here:

<http://www.oecd.org/gov/budgeting/IPSASB-Governance-Review.htm>

The changes to IPSASB governance and oversight structures will need to be incorporated into the IPSASB's operations and will have an impact in terms of resources. Ultimately however this is a positive step that will enhance the IPSASB's processes and add credibility to its standards.

The IPSASB has been working towards oversight structures for a number of years and strongly supports these changes. The IPSASB's view is that the need for oversight is urgent and that implementing the necessary structures should be prioritized by those responsible.

The IPSASB supports establishing a separate monitoring and oversight body for the IPSASB, while it remains under the auspices of IFAC.

## Next Steps:

*The deadline for comments is July 31, 2014.*

*During the comment period, the IPSASB members are available to discuss the proposals with a wide range of parties.*

### **When will the Strategy and Work Program be finalized?**

The IPSASB will carefully consider all feedback and, as usual, discuss responses to the proposals at its public meetings after the comment period has ended.

The IPSASB plans to review and deliberate the responses at its meeting in September 2014 with a view to finalizing its Strategy for the period 2015 forward at the December 2014 IPSASB meeting.

Decisions about the work program for 2015-2019 will also be made at that time.