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Chair of the IPSAS Board
London, England

Joint ACCA–CA ANZ Submission to IPSASB’s 2019 – 2023 Work Plan

This submission is made jointly by Chartered Accountants Australia and New Zealand and the Association of Chartered Certified Accountants under their strategic alliance.

ACCA and CA ANZ created their strategic alliance in June 2016, forming one of the largest accounting alliances in the world. It represents 800,000 current and next generation accounting professionals across 180 countries and provides a full range of accounting qualifications to students and business. Together, ACCA and CA ANZ represent the voice of their members and students, sharing a commitment to uphold the highest ethical, professional and technical standards.

About Chartered Accountants Australia and New Zealand Chartered Accountants

Australia and New Zealand is a professional body comprised of over 117,000 diverse, talented and financially astute members who utilise their skills every day to make a difference for businesses the world over.

Members are known for their professional integrity, principled judgment, financial discipline and a forward-looking approach to business which contributes to the prosperity of our nations. We focus on the education and lifelong learning of our members, and engage in advocacy and thought leadership in areas of public interest that impact the economy and domestic and international markets.

We are a member of the International Federation of Accountants, and are connected globally through the 800,000-strong Global Accounting Alliance and Chartered Accountants Worldwide which brings together leading Institutes in Australia, England and Wales, Ireland, New Zealand, Scotland and South Africa to support and promote over 320,000 Chartered Accountants in more than 180 countries.

ACCA is the global body for professional accountants. We aim to offer business- relevant, first-choice qualifications to people around the world who seek a rewarding career in accountancy, finance and management.

ACCA supports its 200,000 members and over 486,000 students in 180 countries, helping them to develop successful careers in accounting and business, with the skills required by employers.

ACCA works through a network of 101 offices and centres and 7,291 Approved Employers worldwide, who provide high standards of employee learning and development. Through its public interest remit, ACCA promotes appropriate regulation of accounting and conducts relevant research to ensure accountancy continues to grow in reputation and influence.

The expertise of our senior members and in-house technical experts allows ACCA to provide informed opinion on a range of financial, regulatory, public sector and business areas, including: taxation (business and personal); small business; audit; pensions; education; corporate governance and corporate social responsibility.

IPSASB Proposed Strategy and Work Plan 2019 - 2023

Comments

SMC 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.

Yes. We see this as a positive refinement of the previous strategic objective, properly focusing on developing high-quality reporting standards and raising awareness of adoption.

SMC 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.

Yes, we agree. An explicit statement on maintaining IFRS convergence is welcomed. However, the IPSASB should also be influencing the development and maintenance of IFRS and broader forms of reporting from the outset, otherwise it risks falling behind on new developments. Hence, not only keeping up with IFRS is necessary, the IPSASB should ideally be pro-active in influencing the work of the IASB.

SMC 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.

Yes, we agree.

SMC 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.

Yes, we agree.

Though an important issue, the natural resources project could take up considerable time and effort if scoped incorrectly. In addition, this would be a very difficult project even if the scope is limited to extractive reserves of oil, gas and minerals. The IASB when it last looked at this issue found that there were considerable assumptions required for financial valuation of resources (eg, volatile prices for the outputs, uncertain costs of extraction, uncertain physical amounts, timescales), rendering the results unlikely to be helpful.

We would advise that IPSASB consider a more limited scope for the natural resources project, focusing on extractive resources that are more easily quantifiable, and possibly including an additional high priority project from Appendix A (eg, tax expenditures).

IPSASB Proposed Strategy and Work Plan 2019 - 2023

SMC 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.

Globally, it seems reasonable to consider an update in line with IAS 14, which has brought in clarifications in terms of how to identify reporting segments.

IPSAS 1 should also be a priority. The IASB's primary financial statements project is ongoing and the IPSASB will need to be aligned with the IASB ongoing work and conclusions. Therefore, this project would involve collaboration with, and influencing, the IASB throughout their Disclosure Initiative.

SMC 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.

We would like the IPSASB to consider:

- Materiality: Updating guidance in line with the IASB's ongoing work on the definition of materiality, to improve consistency in the application of the materiality concept, and increase the relevance of disclosures
- IPSAS 1: Updating IPSAS 1 in line with the IASB's primary financial statements project, to maintain alignment with IAS 1.

SMC 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).

Yes, this is an important secondary priority for the IPSASB. At the same time, the core output of the organisation should focus on the development and maintenance of high-quality standards for the public sector.

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

N/A.