

15 February 2024

The International Public Sector Accounting Standards Board (IPSASB)
277 Wellington Street West
Toronto, ON M5V 3H2
Canada

STRATEGY AND WORK PROGRAM 2024-2028: CONSULTATION

1. The South African Institute of Chartered Accountants (SAICA) welcomes the opportunity to make submissions to the IPSASB on the *Strategy and Work Program 2024-2028: Consultation* (the Consultation).
2. SAICA would also like to thank the IPSASB for attending the Consultation roundtable in South Africa and engaging with our members, and we look forward to future engagements with the IPSASB.
3. SAICA is South Africa's pre-eminent accountancy body and is widely recognised as one of the world's leading accounting institutes. The Institute provides a wide range of support services to more than 50 000 members who are chartered accountants [CAs(SA)], associate general accountants [AGAs(SA)] and accounting technicians [ATs(SA)] who hold positions as chief executive officers, managing directors, board members, entrepreneurs, chief financial officers, auditors, and leaders in their respective spheres of operation.
4. Our work in the public sector goes beyond member support but also includes a significant focus on advocacy and capacity building to support and encourage an improvement in public finance management.
5. SAICA welcomes the proposed 2024-2028 Strategy and Work Program and supports the proposed strategic objective as well as the shift to maintenance activities. Specific comments on the Consultation are included as per below:
 - (a) Annexure A: Comments of Specific Matters for Comment
 - (b) Annexure B: General Comments
6. We would also appreciate the opportunity to engage further, and we would be willing to discuss the comments if required. Please do not hesitate to contact Odwa Benxa (odwab@saica.co.za) in this regard.

Kind regards,



Natasha Soopal

Executive: Ethics Standards and Public Sector

ANNEXURE A: Comments of Specific Matters for Comment

No.	Specific Matter for Comment	Comment	Recommendation
1.	<p>The IPSASB proposes to update its strategic objective to reflect the shift in the balance of public sector financial reporting needs towards the maintenance of IPSAS and the development of International Public Sector Sustainability Reporting Standards</p> <p>(a) Do you agree with the strategic objective?</p>	<p>SAICA welcomes and supports the strategic objective as it reflects a focus on increasing the adoption and implementation of accrual IPSAS as well as the IPSASB's new focus on sustainability reporting in line with the global efforts to address sustainability challenges.</p>	None.
	<p>(b) Do you agree with the IPSASB's proposal to deliver its strategic objective through two main activities (Delivering Global Standards and inspiring Implementation)</p>	<p>SAICA supports the IPSASB's proposal to deliver the strategic objective through delivering global standards and inspiring implementation. However, the IPSASB should consider the following:</p> <ul style="list-style-type: none"> • Financial reporting: <p>Inspiring implementation continues to be a challenge. As per the International Public Sector Financial Accountability Index 2021 Status Report, only 49 (out of 165) jurisdictions reported on accrual in their 2020 published financial statements. This represents 30% accrual reporting by jurisdiction which indicates that greater effort is still needed by the IPSASB into inspiring implementation of International Public Sector Accounting Standards (IPSAS).</p> <p>There needs to be a clear distinction in the strategy between jurisdictions that are using Cash Basis IPSAS and those that have adopted accrual IPSAS, and the IPSASB's actions to drive jurisdictions on Cash Basis IPSAS to move to accrual IPSAS to ensure that those</p>	<p>Financial Reporting:</p> <p>The IPSASB should consider engaging with key providers of funding across the globe such as the World Bank and the International Monetary Fund to provide financial assistance to developing countries to assist them with adopting and implementing IPSAS. This exercise may lead to the realisation of the IPSASB's focus area of promoting the adoption and implementation of accrual IPSAS.</p>

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		<p>jurisdictions fully realise the benefits of accrual accounting.</p> <p>Furthermore, the implementation of accrual accounting standards requires an investment of substantial financial resources which developing countries may not have and this can potentially lead to the low adoption rate across jurisdictions. This too requires specific action from the IPSASB in its efforts to inspire implementation.</p> <p>Sustainability reporting:</p> <p>With regards to sustainability reporting, there may be jurisdiction specific factors that may need to be considered as these factors may limit the adoption and implementation of sustainability reporting standards developed by the IPSASB. Such considerations include:</p> <ul style="list-style-type: none"> ○ Capacity that needs to be created within the structures of government to ensure that the objective of the developed standards is achieved. ○ Necessary skills that may need to be developed at the Supreme Audit Institutions to ensure the provision of assurance on the reported information. ○ Consequence of regulatory changes to ensure there is no overlap with current existing legislation. ○ Financial cost of establishing capacity to respond to sustainability reporting at various public sector institutions which many governments, particularly in developing nations, may not be amiable to redirecting funds to at the expense of basic service delivery priorities. 	<p>Sustainability Reporting:</p> <ul style="list-style-type: none"> • The IPSASB should develop specific initiatives such as creating awareness and educating constituencies and jurisdictions on sustainability and sustainability reporting and encouraging targeted skills development funded by international agencies. • SAICA notes that the IPSASB will leverage on the IFRS Sustainability Disclosure Standards as well as the GRI Standards in developing the International Public Sector Sustainability Reporting Standards. However, SAICA recommends that these standards should aim to simplify the reporting process as far as possible to avoid overburdening those responsible for the reporting process, particularly when considering that financial reporting will still be required. This will also ensure that sustainability reporting adds value to the users of the reports. • The IPSASB should consider conducting research to determine the readiness and willingness of the various jurisdictions to adopt sustainability

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		<p>In addition, there may not be sufficient understanding of sustainability in the various jurisdictions which may lead to a low uptake of sustainability reporting within these jurisdictions. Consideration should also be given to the fact that the maturity levels for sustainability reporting are not universally balanced across the various jurisdictions and that there will be a need for addressing this level of diversity.</p> <p>The IPSASB should also take note that some jurisdictions have not yet adopted accrual accounting due to factors such as lack of political and organisational support, technical challenges, insufficient funding and reform fatigue as reported in the International Public Sector Financial Accountability Index 2021 Status Report. The introduction of public sector sustainability reporting may therefore further delay the adoption of accrual accounting by these jurisdictions. It may therefore be appropriate for the IPSASB to promote the adoption of accrual accounting prior to the adoption of sustainability reporting to ensure that there is effective implementation of the sustainability reporting standards.</p>	<p>reporting. This will also assist in determining whether the developed standards will be taken up by the various jurisdictions. The research should also aim to identify, recognise and understand enablers of public sector institutions or organisations to take up sustainability reporting and factor these into the decision-making regarding scope, timing and approach to the development of the standards. This includes factors such as skills at organisation or institutional level, lack of quality data for these topics, political support in the relevant jurisdictions, and the availability of financial resources to implement the standards.</p>
2.	<p>The IPSASB proposes to add maintenance activities to its Work Program, including a process to assess IPSAS application challenges and to undertake implementation reviews. Therefore, at this time, the IPSASB is not proposing to add new major financial reporting standard setting projects.</p>	<p>SAICA supports the addition of maintenance activities as this will assist with ensuring the relevance and reliability of the exiting IPSAS and allow for the opportunity to respond to emerging issues and lessons learnt from implementing the standards.</p> <p>Furthermore, the maintenance activities may assist in identifying issues that prevent the adoption of accrual accounting and allow for better focused initiatives to inspire the adoption and implementation of IPSAS.</p>	None.

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	<p>Do you agree with the proposal to add maintenance activities?</p> <p>If you do not agree, please explain why, including any proposed alternatives.</p>		
3.	<p>The IPSASB's Potential Future Financial Reporting Projects, see Appendix A, include projects for the development of new IPSAS and the maintenance of existing IPSAS.</p> <p>1. Are there any other major financial reporting projects the IPSASB should consider adding to its Potential Future Financial Reporting Standards Setting Projects list?</p> <p>Please explain why this has international relevance that requires a standard setting solution such that the IPSASB should consider it and elaborate on the nature of the issue to be explored.</p>	SAICA believes that the proposed Potential Future Financial Reporting Standards Setting Projects are sufficient.	SAICA recommends that the IPSASB keeps track of developments within the International Financial Reporting Standards (IFRS) to ensure that the IPSAS remain relevant and are not left behind.
	<p>2. Are there any other IPSAS that the IPSASB should consider as a potential project for its maintenance program?</p> <p>Please explain why this has international relevance that requires a standard setting</p>	SAICA believes that the proposed potential maintenance projects are sufficient.	None.

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	<p>solution such that the IPSASB should consider it and elaborate on the nature of the issue to be explored.</p>		
	<p>3. If the IPSASB's proposal to implement a PIR process is supported, what IPSAS are of the highest priority in your jurisdiction?</p> <p>Please explain why this has international relevance that requires a standard setting solution such that the IPSASB should consider it and elaborate on the nature of the issue to be explored.</p>	<p>SAICA proposes the below projects for consideration by the IPSASB:</p> <ul style="list-style-type: none"> • The IPSASB should consider conducting research (focusing on jurisdictions that have not adopted accrual IPSAS) to better understand the root causes for jurisdictions not adopting the accrual IPSAS. Such research may assist the IPSASB to better inspire adoption by identifying and bridging the gaps and hurdles that may exist and hinder the adoption and implementation of accrual IPSAS. Insights from the research can also be used to inform a better approach to inspiring the adoption and implementation of the sustainability reporting standards that are currently being developed by the IPSASB. • Public sector institutions carry substantial amounts of assets, including infrastructure assets such as road networks, water and electricity related assets. To ensure compliance with the accounting standards, assets often require substantial financial resources to perform activities such as valuations, physical verification, and impairment assessments which potentially makes compliance with assets-related standards a costly exercise. The IPSASB can therefore consider including IPSAS 16, <i>Investment Property</i>, IPSAS 17, <i>Property, Plant and Equipment</i>, IPSAS 21, <i>Impairment of Non-Cash-Generating Assets</i>, and IPSAS 26, <i>Impairment of Cash-Generating Assets</i> to understand issues being experienced by jurisdiction in implementing these standards which may include the costs involved therein. 	
4.	<p>Upon completion of the three pre-committed sustainability reporting standards projects, what are the key public sector sustainability issues the IPSASB should consider adding to its Work Program?</p> <p>When answering, please provide your rationale as to why the IPSASB should undertake such a project(s).</p>	<p>It is acknowledged that the sustainability reporting standards will be based on the IFRS Sustainability Disclosure Standards. However, these standards are private sector focused, and private sector focus on sustainability reporting is predominantly on the impact of private sector institutions' operations on sustainability whereas public sector institutions also focus on policy determination to drive sustainability for the benefit of the broader economy and society.</p> <p>The IPSASB should consider developing standards aimed at the reporting of the social aspects of sustainability. Developing countries are faced with social issues such as poverty, hunger, and a lack of</p>	<p>SAICA recommends that in developing the sustainability reporting standards, the IPSASB should consider and incorporate the distinction between the private and public sector objections to ensure that the developed sustainability reporting standards are fit-for-purpose and carefully balance the service delivery mandate for public sector entities.</p>

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		<p>quality education and healthcare. From the African context, the <u>African Union Agenda 2063: The Africa We Want</u> which is the continent's strategic framework that aims to deliver on its goal for inclusive and sustainable development. The strategic framework sets out the strategic goals for the continent including a high standard of living, quality of life and well-being for all citizens, well-educated citizens and skills revolution underpinned by science, technology and innovation, healthy and well-nourished citizens, environmentally sustainable and climate resilient economies and communities, among others. This Agenda further highlights the specific focus that is needed for the social aspects for the African continent. The standards should be tailored towards the collation and consolidation of the information because the information may already exist as part of the service delivery mandates of various public sector institutions and SDGs implementation with challenges experienced from an information collation and reporting perspective.</p>	

ANNEXURE B: General Comments

No.	Item	Recommendation
1.	Timing of consultation	SAICA welcomes the opportunity to provide comments on various IPSASB Consultations and exposure drafts. However, the IPSASB should consider avoiding issuing consultations and exposure drafts with commentary due between the months of December and February as this tends to be a quiet period in many countries in the Southern hemisphere which results in challenges to obtain comments from stakeholders for submission to the IPSASB.
2.	Detailed implementation plan relating to the strategy	SAICA acknowledges that a strategy is meant to be a plan of action to achieve a specific goal or vision of an organisation. SAICA commends the IPSASB for the well documented proposed 2024-2028 Strategy and Work Program. We recommend that the IPSASB considers including an implementation plan, with measurable targets, that accompanies the strategy as this will assist in providing more context on the strategy implementation process.