

17 June 2024


The International Public Sector Accounting Standards Board (IPSASB)

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Canada

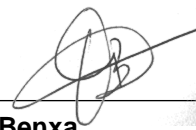
EXPOSURE DRAFT 89, AMENDMENTS TO CONSIDER IFRIC INTERPRETATIONS (ED 89)

1. The South African Institute of Chartered Accountants (SAICA) welcomes the opportunity to make submissions to the IPSASB on ED 89.
2. 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.
3. 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.
4. SAICA welcomes the publication of ED 89 as it allows for International Public Sector Accounting Standards (IPSAS) to be closely aligned to the International financial Reporting Standards (IFRS) in line with the IPSASB's IFRS alignment process.
5. Members were consulted in responding to the ED through a Working Group comprised of members with experience and expertise in public sector. Our comments therefore are informed by individuals who have been implementing and auditing accrual accounting standards in the public sector.
6. Our comments on ED 89 are limited to the amendments based on IFRIC 1, *Changes in Existing Decommissioning, Restoration and Similar Liabilities*, IFRIC 5, *Rights to and Interest Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds* and IFRIC 14, *IAS 19–The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*, and are included below in **Annexure A: Comments on Specific Matter for Comment 1**.
7. 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



Odwa Benxa
Project Director: Public Sector

ANNEXURE A: Comments on Specific Matter for Comment 1

No.	Specific Matter for Comment	Comment	Recommendation
1.	<p>The IPSASB proposes amendments to IPSAS based on IFRIC Interpretations developed by the IFRS Interpretations Committee because the guidance is applicable to the public sector.</p> <p>Do you agree with the proposed amendments?</p> <p>If not, please explain your reasons.</p>	<p>The comments below apply to the following IFRICs:</p> <ul style="list-style-type: none"> • IFRIC 1, <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i> • IFRIC 5, <i>Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i> • IFRIC 14, <i>IAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i> <p>SAICA supports the alignment of the IPSAS to the above-mentioned IFRICs as there are fundamentally no public sector specific reasons that have been identified for not incorporating these IFRICs into IPSAS.</p>	<ol style="list-style-type: none"> 1. SAICA acknowledges that as indicated in the March 2024 IPSAS-IFRS Alignment Dashboard Overview, the IPSASB follows an IFRS alignment process in which the IPSASB assesses the applicability of IFRS requirements when developing pronouncements that faithfully present the economic substance of transactions in the public sector and that through this process the IPSASB aims to reduce unnecessary differences with these sources of guidance when they can also be applied in the public sector. 2. Paragraph 21 of the IPSASB's Due Process and Working Procedures Document states that approved draft international standards are exposed for public comment. Exposure drafts are placed on the IPSASB website where they can be accessed free of charge by the general public. Each exposure draft is accompanied by a summary memorandum that highlights the objective(s) of and the significant proposals contained in the draft international standard, as well as the IPSASB's view on the main issues addressed in the development thereof. 3. SAICA has however noted that the summary memorandum that accompanied ED 89 may not have provided a detailed rationale that supports the incorporation of the IFRICs into the IPSAS apart from the IPSASB's conclusion that the guidance in the IFRIC Interpretations would be applicable to the public sector and the summary of the proposed

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			<p>amendments (as contained on page 3 of the summary memorandum).</p> <p>4. SAICA recommends that the IPSASB considers including a detailed rationale for the proposed amendments to IPSAS that accompanies the issued exposure draft. This will assist in ensuring that stakeholders have a detailed understanding of the reasons for the proposed amendments to IPSAS which will inform the commentary to be provided on the exposure draft. The detailed rationale could include detailed research outcomes that supports the need for the amendments to IPSAS or the development of new IPSAS and stakeholder feedback that clearly indicates the need to develop a new IPSAS or amend an existing one.</p> <p>5. The introduction of new or amended IPSAS often leads to financial implications for public sector entities. There is also often a need for new capacity and skills to be developed by public sector institutions to enable the implementations of the standards due to the complexity that may exist with the standards. SAICA therefore recommends that the IPSASB takes cognisance of these implications as they may lead to a lack of adoption and appropriate implementation by public sector institutions due to the lack of budget to attract the capacity and skills required. This phenomenon may be more prevalent in jurisdictions that are developing nations which are also the jurisdiction where there has either been no IPSAS adoption or data on IPSAS adoption is unavailable as per the International Public Sector Financial Accountability Index 2021 Status Report.</p>