



Le Président

Paris, December 8, 2021

Mr Ross Smith
Technical director
International Public Sector Accounting
Standards Board
International Federation of Accountants
277 Wellington Street, 4th floor
Toronto
Ontario M5V 3H2 CANADA

Re: Response to Mid-Period Work Program Consultation

Dear Mr Smith,

The French Public Sector Accounting Standards Council (CNOCP) welcomes the opportunity to comment on the Mid-Period Work Program Consultation published in July 2021 (the Consultation).

We commend the IPSAS Board for elaborating a mid-period work program consultation that we believe is very useful in the current difficult context of pandemic and economic downturn. We also appreciate that the Board acknowledges that the sustainability reporting topic is gaining momentum and that it is committed to follow-up closely on the developments in that critical area. Another important fast emerging issue that the Board could also have discussed is that of digitalisation and its potential consequences on financial reporting.

Compared with the Strategy and Work Program for 2019-2023, we observe that the project prioritisation process is more robust, and appendix B provides a sound and thorough analysis.

However, we also note that the prioritisation criteria and constraints on availability of resources, that could seem to work well in principle, could also lead in practice to differing priorities depending on the arguments retained to support some projects over others. For instance, we would not have given priority to the Differential Reporting project. Based on our experience of the IFRS project IFRS for SMEs, we are not convinced that the project might help widening the use of IPSASs across jurisdictions. We would rather favour a project on tax expenditure and more widely on deferred taxes that we believe is a huge unknown

area that Central Governments would definitely need addressing to improve quality financial reporting as well as sustainability reporting. We however observe that the Tax Expenditure project has been removed from the list of projects presented for this work program review; the same goes for the Discount Rates project.

With respect to the project on the presentation of financial statements, we would welcome further insight as to what an alignment with budgetary control and reporting frameworks purports to reflect.

We would also strongly support a major project on consolidation or other forms of combinations of accounts where the relationship between entities is not directly based on control.

With respect to prioritisation criteria, we believe that it would be useful as part of the process to dedicate a section in project briefs that would explicitly document the arguments specific to each project in favour of taking a project onto the Board's agenda against those prioritisation criteria.

Lastly, we believe that it could be useful to give more prominence to the recently set up Academic Advisory Group, as well as to the papers reviewed and to its "robust" process. The articulation between the research program and minor and major projects could be further elaborated on with a transparent process as to those research projects that would move from the research pipeline to either the minor or the major projects' lists. This could mean for instance keeping track of the research topics and of their paths to the Board's agenda. Currently, the process for the research pipeline does not seem to be addressed in the consultation though we understand that it could be part of the project selection/prioritisation process. In that sense, we would appreciate if we could get an understanding of the research projects reviewed and how they might fit within the Board's work program at some point.

Responses to the detailed questions set out in the consultation are presented in the appendix.

Yours sincerely

Michel Prada

APPENDIX

Question 1

Do you agree with the major projects proposed by the IPSASB?

If not, what major project(s) would you substitute for those proposed, and why?

As already expressed in our response to the consultation on the Strategy and Work Program for 2019-2023, we are unsure that the Differential Reporting project should be prioritised. Based on what we witnessed of the IFRS for SMEs project's development, we do not believe that it really helped increasing the use of IFRSs across jurisdictions. In that line of thoughts, the table in appendix B presents for the urgency criterion an argument that could be held against prioritising that project, as it states: "*Further some noted the lack of adoption of IFRS for SMEs in the private sector as questioning if this is an urgent issue that the IPSAS should address.*"

With respect to the project on the presentation of financial statements, while we agree that this is a major project that needs to be elaborated on, we also note that in the context of increasing focus on sustainability reporting it should be further articulated with discussions on the scope of financial reporting versus financial statements. In that sense, we would welcome further insights as to the project description where it refers to opportunities to align governments' performance reporting with budgetary control and reporting frameworks. Actually, locating some budgetary information within the financial statements may cause problems to auditors who may not be able to provide reasonable assurance on information out of the scope of their due diligence. We would therefore appreciate that clarification should be provided as to what "alignment" means. Lastly, we believe that the project should also touch on the consequences of digitalisation on financial reporting.

We would rather that the project on Tax Expenditures should be retained instead of the project on Differential Reporting. This is because we believe that tax expenditures and more widely deferred taxes from the collecting public sector entities' perspective are critical areas that should be addressed to provide sound decision-making insights and to enhance public finance management.

Lastly, we have long been advocating for a major project on groupings of accounts where the relationship between the entities is not directly based on control.

Question 2

Do you agree with the minor projects proposed by the IPSASB?

If not, what minor project(s) would you substitute for those proposed, and why?

We believe that depending on how arguments are oriented in the project prioritisation analysis, some projects such as on intangible assets could as well be on the major projects' list.

As stated in our response to the Strategy and Work Program consultation for 2019-2023, we believe that an efficient path forward to increase IPSAS adoption across jurisdictions would be to address implementation issues through a well-defined process. However, we also understand that that would mean transforming the IPSASB from a voluntary board to a permanent full-time board. In that sense we are eager to see how the PIC might help with fundraising that would help developing the Board's activities.