



16 January 2023

**BOTSWANA INSTITUTE OF CHARTERED ACCOUNTANTS COMMENT LETTER TO IPSASB EXPOSURE DRAFT 83 – REPORTING SUSTAINABILITY PROGRAM INFORMATION**

**Introduction**

The Botswana Institute of Chartered Accountants (“BICA”) is a statutory body established by Accountants Act, 2010 as amended for the regulation of the accountancy profession in Botswana. The BICA mission is to protect public interest through promoting the accountancy profession, supporting accountants, facilitating quality professional accountancy services through the monitoring and regulation of professional accountants.

The Institute appreciates the opportunity to contribute towards IPSASB’s Exposure Draft 83 – *Reporting Sustainability Program Information*. We provide our comments to each specific question as per the ED.

Should you wish to have further engagements please do not hesitate to contact the undersigned.

Yours Faithfully

*Signed electronically*

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## RESPONSES TO SPECIFIC QUESTIONS

### Specific Matter for Comment 1

**Do you agree with the proposed additional implementation guidance for RPG 1? If not, what changes would you make?**

#### **Response**

We agree with IPSASB's proposed additional implementation guidance for RPG 1.

We cannot deny the important relationships between the dimensions of long-term fiscal sustainability: Service, Revenue and Debt. Public debt is soaring and many countries are running on empty coffers. This together with other factors makes it critical to consider the two aspects to each dimension: Capacity and Vulnerability.

Adequate, appropriate and sufficient guidance is therefore important to assist entities to assess their ability to see if they have the capacity to influence or change the service, revenue or their debt dimensions. We have evaluated the Basis for Conclusions paragraphs and can conclude that they are based on sound judgement and urgency of the time.

With particular reference to BC41, we are in full support of the IPSASB decision not to amend paragraph 4 as RPG 1 does not sufficiently and adequately address issues associated with the reporting of environmental sustainability. As the second sentence in paragraph 4 makes clear, RPG 1 reporting captures the financial impact of environmental factors and notes that these should be taken into account when developing RPG 1 projections.

Again, we are of the opinion that if an entity uses the same reporting boundary for the financial statements, it enhances the understandability of projections and increases their usefulness to the users of general-purpose financial reports (GPFs). However, it is worthy to point out that, an entity may report long-term fiscal sustainability information using another reporting boundary, such as the General Government Sector (GGS). This may be to enhance consistency and comparability with other jurisdictions or because there are other indicators that are used to assess long-term fiscal sustainability based on another reporting boundary.

Notwithstanding, one cannot lose sight of the fact that, a key component of RPG 1 is the presentation of projections, that is: inflows and outflows, including capital expenditure, commencing in the current reporting period for a period selected and disclosed by the entity.

We therefore submit that entities need quality, appropriate and sufficient guidance to disclose information such as net debt, total gross debt, net worth, fiscal gap, inter-temporal budget gap and net debt/total revenues as well as narrative discussion of the principles, assumptions and methodology underlying their future projections.

Specific Matter for Comment 2

**Do you agree with the proposed additional implementation guidance and illustrative examples for RPG 3? If not, what changes would you make?**

**Response**

We agree with IPSASB's proposed additional implementation guidance and illustrative examples for RPG 3.

The objective of RPG 3 is to provide guidance on reporting service performance information, which is information on the services that the entity provides an entity's service performance objectives and the extent of its achievement of those objectives. This information enables users of the GPFs to assess the extent, efficiency and effectiveness of the entity's service performance.

To report on its effectiveness an entity reports the extent to which one or more of its service performance objectives has been achieved. The more effectively an entity operates as a service provider; the better will be its actual results when measured against its planned results.

Efficiency occurs when the same quantity and quality of outputs can be produced at less cost than before. Various reference points such as previous reporting periods; expectations; comparable service providers or benchmarks can be used.