



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA  
(Set up by an Act of Parliament)

November 24, 2021

Mr. Ian Carruthers  
Chairman,  
International Public Sector Accounting Standards Board,  
The International Federation of Accountants,  
277 Wellington Street West,  
Toronto, Ontario M5V 3H2 CANADA

Dear Ian Carruthers,

**Sub: Comment on Consultation Paper on 'Strategy and Work Program 2019-2023, 'Mid-Period Work Program Consultation'**

We are pleased to provide comments on the consultation paper on '*Strategy and Work Program 2019-2023, 'Mid-Period Work Program Consultation'*' issued by the International Public Sector Accounting Standards Board (IPSASB) of the International Federation of Accountants (IFAC). Our comments on the Consultation Paper are enclosed with this letter.

Please feel free to contact us, in case any further clarification in this regard is required.

Thanking you,

Yours sincerely,

(CA. Dheeraj Khandelwal)  
Chairman, Committee on Public &  
Government Financial Management  
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Encl.: As above



**Comments on IPSASB Strategy and Work Program 2019-2023  
Mid-Period Work Program Consultation**

**Specific Matter for Comment 1:**

**Do you agree with the major projects proposed by the IPSASB? If not, which major project(s) would you substitute for those proposed, and why?**

**ICAI's views:**

IPSASB has identified "*Presentation of Financial Statements*" and "*Differential Reporting*" as major projects (i.e., covered under Theme A project, i.e., Setting Standards on Public Sector Specific Issues) to encourage accrual adoption.

We consider "*Presentation of Financial Statements*" an important subject as it will guide how the financial information is presented to its users in making the information useful to enhance accountability and decision making.

"*Differential Reporting*" project, i.e., supposed to provide financial reporting approach and guidance for a less complex public sector entities, is also an important subject. However, there is need to do more research work with regard to on what basis these different set of Standards will be drawn. Their formulation need to be fast tracked to ensure they are available to prospective users in a time horizon of say, a year...

It is suggested that the issuance of final guidance on "*Measurement*" should be given priority and categorised as major project as it will provide more detailed guidance on the implementation of commonly used measurement bases, and the circumstances under which these measurement bases will be used including providing guidance on fair value measurement basis and public sector specific measurement basis. As of now, the Exposure Draft has been issued by IPSASB.

**Specific Matter for Comment 2:**

**Do you agree with the minor projects proposed by the IPSASB? If not, which minor project(s) would you substitute for those proposed, and why?**

**ICAI's views:**

IPSASB has identified IPSAS 21, '*Impairment of Non-Cash Generating Assets*', IPSAS 31, '*Intangible Assets*', IPSAS 33, '*First Time Adoption of Accrual Basis IPSASs*' and '*Practice Statement: Making Materiality Judgements*' as minor projects.



As per our views, amongst above four identified projects, the following two projects are important:

- IPSAS 33, '*First Time Adoption of Accrual Basis IPSASs*' contains all transitional provisions that guide public sector entities to move towards accrual basis of accounting.
- "*Practice Statement: Making Materiality Judgements*" provides the principles for making materiality judgements to decide which information should be included in the financial statements. Here, the authority of "Practice Statement" needs to be clarified.

If "*Measurement*" project is considered to be classified as major projects as suggested in specific matter for comment 1 then IPSAS 21, '*Impairment of Non-Cash Generating Assets*' and IPSAS 31, '*Intangible Assets*' can also be completed in short span of time and will accordingly need not to be categorised as priority project.

#### Other Comments:

- We agree with the overall Strategic themes, i.e., 'Theme A to E'. However, we suggest that issuance of implementation guidance/ education material may be considered by the IPSASB to support the adoption of IPSASs and addressing common issues that the jurisdictions may face at the time of their adoption to ensure that these Standards are implemented in the same spirit in which these had been formulated. The authority of such publications will also be required to be clarified.
  - Here, it may be mentioned that the ICAI also issues implementation guidance/ education material on Indian Accounting Standards (Ind ASs), i.e., issued by them to provide guidance by way of examples explaining the principles enunciated in the Standard that may be referred while implementing Ind ASs.
- Apart from being focussed on developing Standards that respond to public sector-specific financial reporting issues, IFRS convergence should be the primary objective of IPSASB given the commonality of financial reporting issues between the public and private sectors. Whilst IFRS convergence has been formally recognised as one of the main strategic themes, we recommend including this as a specific criteria for project prioritisation. This should help ensure that IPSASs based on IFRSs remain up to date and divergence/carve out is minimised.
- Subsequent to COVID-19 pandemic, the environment in which entities operates has changed considerably. IPSASB may focus considering issuing Recommended Practice Guidelines (RPG) on sustainability reporting on priority basis.
- IASB organises a World Standards Setters meet every year wherein various technical issues and their experiences are discussed. It is suggested that similarly a meeting/outreach meet of the Standard setters for Government/ Public sector may be organised wherein the economies that are in process of reforming their government accounting system can participate and share their experiences and discuss their issues.