

John Stanford
Technical Director
International Public Sector
Accounting Standards Board
International Federation of Accountants
277 Wellington Street, 4th Floor
Toronto, Ontario M5V 3H2
CANADA

Lausanne, June 14, 2018

Swiss Comment to

Consultation Paper Strategy and Work Plan 2019-2023

Dear John,

With reference to the request for comments on the proposed Consultation Paper, we are pleased to present the Swiss Comments to Consultation Paper Strategy and Work Plan 2019-2023. We thank you for giving us the opportunity to put forward our views and suggestions. You will find our comments for the Consultation Paper in the attached document.

Should you have any questions, please do not hesitate to contact us.

Yours sincerely,

SRS-CSPCP



Prof Nils Soguel, President



Evelyn Munier, Secretary

Swiss Comment to Consultation Paper Strategy and Work Plan 2019-2023

Swiss Comment to

Consultation Paper Strategy and Work Plan 2019-2023

Table of Content	Page
1. Introduction.....	3
2. General Remarks	3
3. Specific Matter for Comment 1	3
4. Specific Matter for Comment 2	3
5. Specific Matter for Comment 3	4
6. Specific Matter for Comment 4	4
7. Specific Matter for Comment 5	4
8. Specific Matter for Comment 6	5
9. Specific Matter for Comment 7	5

1. Introduction

The Swiss Public Sector Financial Reporting Advisory Committee (SRS-CSPCP) was established in 2008 by the Swiss Federal Ministry of Finance together with the cantonal Ministers of Finance. One of its aims is to provide the IPSAS Board with a consolidated statement for all three Swiss levels of government (municipalities, cantons and Confederation).

The SRS-CSPCP has discussed the CP Strategy and Work Plan 2019-2023 and comments as follows.

2. General Remarks

The SRS-CSPCP finds it in principle positive that the IPSAS Board is holding a consultation about its strategy and work plan for the next five years. But from a strategic perspective it is emphasized that the IPSAS Board's interest should be concentrated primarily on public sector accounting. In this area its competence is recognized and it enjoys a high degree of legitimacy.

3. Specific Matter for Comment 1

Do you agree with the IPSASB's proposed Strategic Objective 2019–2023? If you agree please provide any additional reasoning not already discussed in the document. If you do not agree please explain your reasoning and your proposed alternative.

Already in the consultation to its strategy and work plan 2015 – 2019 more or less the same strategic objectives were mentioned. The SRS-CSPCP sees no reason to question the strategy then accepted. However it notes with satisfaction that certain wishes expressed by the SRS-CSPCP have been adopted. The SRS-CSPCP is therefore in agreement with the strategic objectives of the IPSASB 2019-2023.

4. Specific Matter for Comment 2

Do you agree with the IPSASB's five proposed Strategic Themes for the 2019–2023 period? If you agree please provide any additional reasoning not already discussed in the document. If you do not agree please explain your reasoning, including any proposed alternatives.

In general the SRS-CSPCP supports the IPSASB's strategy, which states that Public Financial Management PFM should be strengthened with the provision of IPSAS standards. It notes however that many IPSAS standards accord greater prominence to the statement of financial position than to the statement of financial performance. The statement of financial performance is however the basis of financial management. The SRS-CSPCP therefore wishes that in future the statement of financial performance should be accorded greater importance. The SRS-CSPCP is in agreement with the five proposed themes, but is of the opinion that the drawing up of IPSAS standards that deal with public sector specific issues must enjoy absolute priority. As already stressed in the consultation response to the work plan 2015 – 2019, in this area the IPSASB has its greatest competences. Convergence with the IFRS is certainly also desirable, but because the available resources are scarce and must thus be employed economically, the IPSASB should primarily concentrate on Theme A (*Setting standards on public sector specific issues*).

5. Specific Matter for Comment 3

Do you agree with the criteria the IPSASB has used in deciding the proposed issues to add to its Work Plan 2019–2023? If you agree please provide any additional reasoning not already discussed in the document. If you do not agree please explain why, including any proposed alternatives.

The SRS-CSPCP finds that the IPSASB criteria for selecting the projects to be dealt with to be appropriate. The proposed selection criteria for prioritizing projects are useful in selecting the issues to be addressed. As the IPSAS Board has available limited resources (financial and personal) it is important that the resources are employed as efficiently as possible.

6. Specific Matter for Comment 4

Do you agree with the projects that the IPSASB proposes to prioritize for addition to the Work Plan 2019–2023 on Theme A: Setting standards on public sector specific issues (Natural Resources, Discount Rates, Differential Reporting and Conceptual Framework limited-scope Review)? If not please explain your reasoning, and any proposed alternatives.

The SRS-CSPCP agrees that the IPSASB undertakes the projects proposed. It has no further proposals.

- 1) Natural Resources: this theme concerns not only mineral resources, but is very widely defined; for example water also belongs to this area and therefore Switzerland would also be affected by such a standard
- 2) Discount Rates: an important issue, which also includes negative interest
- 3) Differential Reporting: already in the consultation response to the work plan 2015 – 2019 the SRS-CSPCP had spoken for the drawing up of IPSAS standards for smaller and larger public entities.

7. Specific Matter for Comment 5

Do you agree with the project that the IPSASB proposes to prioritize for addition to the Work Plan 2019–2023 on Theme B: Maintaining IFRS convergence (IPSAS 18, Segment Reporting)? If not please explain your reasoning and any proposed alternatives.

As already mentioned in the response under SMC 2, for the SRS-CSPCP also convergence with IFRS is desirable; but it should not be aimed for at any price. It is of the opinion that Segment Reporting does not enjoy high priority. It has however been noted that the existing standard is not consistently applicable. The SRS-CSPCP therefore proposes, instead of adapting IPSAS 18 to IFRS 8, revoking the existing standard (IPSAS 18) and later drawing up a new standard on Segment Reporting (possibly including financial statistics and COFOG) when appropriate resources are available in the IPSASB.

8. Specific Matter for Comment 6

Are there any projects in Appendix A that you believe should be added to the Work Plan 2019-2023 in place of a currently proposed project? If you believe that any Appendix A projects should be added, please explain your views on why the project should be included, which proposed project should not then be started and your reasoning.

The SRS-CSPCP is of the opinion that the IPSASB's work plan is already very substantial. If something really should be added to it, then a standard on *Tax expenditures*. This is a technically difficult subject, but such a standard would strengthen the *true and fair view* of accounting and would therefore contribute to indicating the true costs of the public policies concerned.

9. Specific Matter for Comment 7

The IPSASB views building relationships with those working in the PFM space and engaging in their work as critical to furthering the use of IPSAS in PFM reform projects. Therefore, under Themes D and E, the IPSASB will actively monitor the work of others and look for appropriate opportunities to engage and support that work.

– Do you agree with the IPSASB's proposed approach under these Themes? If so, are you aware of any ongoing initiatives which the IPSASB should monitor and look to engage with (please provide details).

– If you do not agree, please explain your reasoning along with any proposed alternatives, and how those might be resourced.

The SRS-CSPCP is in agreement with the IPSASB's view and notes that the procedure described above is already fact. The SRS-CSPCP would like to draw to the attention of the IPSASB that it could maintain contact with *Green Accounting* organizations (see *Global Reporting Initiative GRI*, which has already published standards on sustainability reporting).

Lausanne, June 11, 2018