

Feb 13, 2024

Mr. Ross Smith
Program and Technical Director
International Public Sector Accounting Standards Board
International Federation of Accountants
277 Wellington Street West
Toronto, Ontario, Canada M5V 3H2

Comments on Consultation Paper “Strategy and Work Program 2024-2028”

Dear Mr. Smith,

The Japanese Institute of Certified Public Accountants (hereafter “JICPA”) highly respects the International Public Sector Accounting Standards Board (hereafter “IPSASB”) for its continuous effort to serve the public interest. We are also pleased to comment on Consultation Paper “Strategy and Work Program 2024-2028” (hereafter “CP”).

Specific Matter for Comment 1

The IPSASB proposes to update its strategic objective to reflect the shift in the balance of public sector financial reporting needs towards the maintenance of IPSAS and the development of International Public Sector Sustainability Reporting Standards.

a) Do you agree with the strategic objective?

Strengthening Public Financial Management and sustainable development globally through increasing adoption and implementation of accrual IPSAS and International Public Sector Sustainability Reporting Standards.

b) Do you agree with the IPSASB’s proposal to deliver its Strategic Objective through two main activities (Delivering Global Standards and Inspiring Implementation)?

If you do not agree, please explain your reasoning and your proposed alternatives.

Comment:

We agree, except for the following points.

While it is mentioned in the current strategy that its objective is to be delivered by developing and maintaining “other high-quality financial reporting guidance,” there is no mention of “high-quality” in the CP’s new strategic objective. We therefore suggest that it should be changed to “Developing and maintaining high-quality public sector financial and sustainability reporting standards.”

Also, as the proposed strategic objective mentions “adoption and implementation of accrual IPSAS and International Public Sector Sustainability Reporting Standards,” the word “adoption” should be added to the main activities. As the adoption of IPSAS and International Public Sector Sustainability Reporting Standards in each jurisdiction is a prerequisite for their implementation, IPSASB’s main activities should also include both “adoption” and “implementation.”

Specific Matter for Comment 2

The IPSASB proposes to add maintenance activities to its Work Program, including a process to assess IPSAS application challenges and to undertake post implementation reviews. Therefore, at this time, the IPSASB is not proposing to add new major financial reporting standard setting projects.

Do you agree with the proposal to add maintenance activities? If you do not agree, please explain why, including any proposed alternatives.

Comment:

We agree; however, we request the clarification of differences between the improvements to IPSAS currently underway by IPSASB and the above-mentioned maintenance activities in the CP.

Specific Matter for Comment 3

The IPSASB’s Potential Future Financial Reporting Projects, see Appendix A, include projects for the development of new IPSAS and the maintenance of existing IPSAS.

1. Are there other major financial reporting projects the IPSASB should consider adding to its Potential Future Financial Reporting Standard Setting Projects list?
2. Are there other IPSAS that the IPSASB should consider as a potential project for its maintenance program?
3. If the IPSASB’s proposal to implement a PIR process is supported, what IPSAS are of the highest priority in your jurisdiction?

For each potential financial reporting project identified, please explain why you believe this has international relevance that requires a standard setting solution such that the IPSASB should consider it, and elaborate on the nature of the issue you think should be explored.

Comment:

1. We suggest that an initial coin offering (ICO) project should be added to the list. We believe it is necessary to examine whether municipal governments will face any accounting issues different from those faced by private companies if they use crypto-assets to raise funds.

Among the potential future major financial reporting projects, priority should be given to

Accounting for Tax Expenditures and Better Communication in Financial Reporting. This is because these two projects are dealing with issues specific to the public sector, while issues in the other projects can be handled by referring to IFRS or IAS. Therefore, we believe the higher priority should be given to these projects.

2. We have not identified any other particular IPSAS to be considered as a potential project for the maintenance program.

Specific Matter for Comment 4

Upon completion of the three pre-committed sustainability reporting standard projects, what are the key public sector sustainability reporting issues the IPSASB should consider adding to its Work Program?

When answering please provide your rationale as to why the IPSASB should undertake such a project(s).

Comment:

We believe that, next to climate change information, biodiversity, human rights, and human capital are the issues that are most required to be disclosed. Among these issues, IPSASB should place the highest priority on human rights.

In the face of growing calls for for-profit corporations to take action for human rights, it is considered urgent to disclose human rights information in public sector sustainability reporting as human rights are greatly influenced by legal systems and policies developed by the government.

Yours sincerely,

Kaneko Yasushi

Executive Board Member - Public Sector Accounting and Audit Practice

The Japanese Institute of Certified Public Accountants