

Swiss Comment to

Strategy and Work Program 2024-2028

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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 Strategy and Work Program 2024-2028 of the IPSAS-Board.

2. General Remarks

The SRS-CSPCP is aware that today the IPSAS already cover many gaps in the principles. But there are in some cases difficulties in their application. The SRS-CSPCP therefore agrees that in future the IPSAB should no longer focus on delivering new standards but on the application of the existing IPSAS. It welcomes the fact that users of IPSAS will be involved to reach this goal. This should certainly help to even better adapt the wording of the standards to the public sector.

3. 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.

a) The SRS-CSPCP agrees with the IPSASB's strategy of contributing to the improvement in the Public Financial Management (PFM). But it would like to emphasise that PFM is ensured not only by the introduction and the implementation of accounting and sustainability standards, but also by various other measures (for example, through alignment with financial statistics, better harmonisation with budgeting, etc.). Thus, the SRS-CSPCP recommends amending the definition of the strategic objective by mentioning «support in the strengthening of PFM»....

b) The main objective of the IPSASB's strategy should in the view of the SRS-CSPCP be to promote the application of IPSAS. However, both the continuation of projects already underway and the maintenance activities are also central. The two objectives stated by the IPSASB (Delivering Global Standards, Inspiring Implementation) are not mutually exclusive and can certainly be pursued together.

4. 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.

As already mentioned under General Remarks, the SRS-CSPCP agrees that in future the IPSASB should no longer focus on delivering new standards, but on the maintenance of existing ones. However, when needed, the development of new standards should not be hindered. The SRS-CSPCP invites the IPSASB to provide a better explanation of the expression «Post Implementation Review». Indeed, in certain languages the expression « review » is associated with an audit. In order to avoid misunderstandings, the IPSASB should state that it does not intend to audit how the IPSAS are implemented in the various countries, but that it would like to know for which IPSAS implementation problems exist.

5. 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.

To 1) As indicated in its response to *Specific Matter for Comment 2*, the SRS-CSPCP agrees in certain circumstances that new IPSAS projects be delivered. It thinks e.g. of IAS 34 Interim Financial Reporting. However, this project could also be dealt with as Maintenance Activity under IPSAS 1 or IPSAS 24. In addition, the SRS-CSPCP wishes that the project of Tax Expenditure be included in the work program. The SRS-CSPCP is of the opinion that this topic is important for transparent and comparable accounting. Under *Specific Matter for Comment 1* the IPSASB states that its standards aim at strengthening PFM. This would undoubtedly be the case if a standard on this very topic would be elaborated. But this topic does not concern only tax reliefs, but in general foregone receipts and how these decisions are presented in the accounts. Of the IPSASB's four criteria for inclusion of a new project (Feasibility, Prevalence, Consequences, Urgency), in the opinion of the SRS-CSPSP only the criterion of Feasibility is potentially not fulfilled. But it fully justified in terms of prevalence, consequences and urgency. The SRS-CSPCP is aware that a project on Tax Expenditures is challenging.

To 2) The SRS-CSPCP would like IPSAS 18 be removed from the list of Maintenance Projects. It is of the opinion that this standard can be deleted. In addition, IPSAS 22, IPSAS 24 and the RPGs should not be treated as Maintenance Projects at this stage, but they should be submitted to a Post Implementation Review (PIR) beforehand. The SRS-CSPCP wishes that IPSAS 21 be included in the list of Maintenance Projects. The following matters should be considered:

- a) Reconciliation of IPSAS 21 with the new IPSAS 46 Measurement and integration of the new concept of Current Operational Values (COV) into IPSAS 21.
- b) The implementation of IPSAS 21 requires many discretionary judgments. An Application Guidance could be drawn up/improved for the following fields:
 - b1) Difference between Cash generating v. Non-cash generating: clearer criteria as to when an asset falls under the scope of IPSAS 21 (distinction from IPSAS 26)
 - b2) IPSAS 21 p 27 f: judgement whether the Service performance of an asset is worse, or in future will be worse, than expected: clearer details on which basis can be adduced as expected value,

- c) Determination of the recoverable service amount: review of the relevance of the methods. The service unit approach is rather a theoretical construction, which is not widely used in practice.

To 3) The SRS-CSPCP wishes that the following Standards be submitted to a PIR: IPSAS 22, IPSAS 24, IPSAS 32 as well as the RPGs. Of these, IPSAS 32 is the most important. The reasoning is as follows: as IPSAS 32 was developed before IPSAS 43 existed, to distinguish between a Right to Use Asset and an asset (e.g. fixed asset), which was constructed, developed or purchased by or from a third party, and is used to supply the service, is difficult. Therefore, the Implementation Guidance (IG) and the Illustrated Examples (IE) should be amplified. In addition, the expression «control» per IPSAS 32.9b should be coordinated with the rules in the Conceptual Framework and the more recent IPSAS.

IPSAS 22, IPSAS 24 and the RPGs are from the perspective of the SRS-CSPCP less urgent.

The SRS-CSPCP also wishes that in the scope of the next annual Improvements the definition of Reporting Entity in RPG 1 be consistent with the definition in the Conceptual Framework.

6. 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).

As the IPSASB has already commenced work on Climate Related Disclosures, the SRS-CSPCP suggests as second project to deal with the non-financial disclosure of natural resources. This topic is very important in many countries. It still has time at a later date to develop a conceptual framework for Sustainability and possibly later to include in the conceptual framework the general requirements in these Standards.

Lausanne, January 30, 2024