



PO Box 1077
St Michaels, MD 21663
T. 410-745-8570
F. 410-745-8569

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Ms. Stephenie Fox
The Technical Director
International Public Sector Accounting Standards Board (IPSASB)
International Federation of Accountants
277 Wellington Street West, 6th Floor
Toronto, Ontario M5V 3H2 CANADA

Dear Ms. Fox:

1. The International Consortium on Governmental Financial Management (ICGFM) welcomes the opportunity to respond to the Strategy Consultation for 2015-2019 distributed by the IPSASB on March 31. We are pleased that the IPSASB is soliciting input on their strategy going forward.
2. Working globally with governments, organizations, and individuals, ICGFM is dedicated to improving public financial management by providing opportunities for professional development and information exchange. ICGFM conducts two major international conferences each year and publishes an international journal twice each year. Services are provided to its membership through an international network. ICGFM represents a broad array of financial management practitioners (accountants, auditors, comptrollers, information technology specialists, treasurers, and others) working in all levels of government (local/municipal, state/provincial, and national). Since a significant number of our members work within government and audit institutions around the world, our response to this consultative paper is one from an international perspective.
3. Our responses to the questions on the specific matters are as follows:
 - a. **Question 1.** Do you agree with the IPSASB's tentative view on its strategic objective for the period from 2015 forward? If not, how should it be revised? **Response.** The strategic objective is fine for those countries in a position to adopt accrual accounting. However, it does not meet the needs of those developing countries or countries in

transition that will only be able to meet cash and budgetary reporting standards. Nor does it recognize the need to continue to work closely with the International Monetary Fund in the development of their Government Financial System (GFS) standards. We would recommend that the strategic objective be modified as follows: “Strengthening public financial management and knowledge globally through increasing adoption of ~~accrual-based~~ IPSASs by:

- a) Enhancing cash and budgetary reporting standards;
 - b) Developing high-quality accrual-based financial reporting standards;
 - c) Harmonizing with the GFS to maximum extent possible;
 - d) Developing other publications for the public sector; and
 - e) Raising awareness of the IPSASs and the benefits of their adoption.”
- b. **Question 2.** Do you think that the two outcomes identified are appropriate for achieving the strategic objective? If not, what outcomes do you think are more appropriate? **Response.** The two outcomes are fine as presented except we would like to see the first output revised to recognize the importance of the GFS. In addition, the following outcome should be added: “Enhance control over cash and budgetary resources in order to maintain fiscal discipline and to hold government officials accountable for their actions.”
- c. **Question 3.** Do you think that the outputs identified will assist in achieving the outcomes? If not, what outputs do you think the IPSASB should focus on? **Response.** In line with the proposed changes above in the strategic objective and the outcomes, we would suggest the following changes to the outputs:
- a) Enhanced cash and budgetary reporting standards;
 - b) ~~Developing~~ High-quality accrual-based financial and statistical reporting standards as well as ~~and~~ other publications for the public sector; and
 - c) ~~Undertaking~~ Presentations, speeches and other outreach activities in order to engage with stakeholders.
- d. **Question 4.** What changes to feedback mechanisms should the IPSASB make to ensure it is fully informed about the views of its stakeholders? **Response.** In the past, a Consultative Advisory Group (CAG) was established but never consulted (to the best of our knowledge). To take advantage of the expertise within this group, we highly recommend that the suggestions from the CAG be fully considered prior to the publication of any exposure drafts.
- e. **Question 5.** Do you agree with the five key factors the IPSASB considers in deciding to initiate a project and assessing its priority? Are there other factors you think should be considered? **Response.** The five key factors are adequate and no other factors are suggested.
- f. **Question 6.** Do you think the Cash Basis IPSAS is a valuable resource in strengthening public finance management and knowledge globally by increasing the adoption of accrual-based IPSASs? **Response.** The Cash Basis IPSAS is an extremely valuable resource that provides guidance for developing countries and countries in transition. Once these countries have implemented the required Part 1 of the Cash Basis IPSAS, they are in a position to implement the optional Part 2. Implementation of standards addressed in the Cash Basis IPSAS provides the financial foundation so that the developing countries and countries in transition are in a position to transition to the

accrual-based IPSASs whenever they have the capacity and software to accomplish the more complex accrual-based standards.

- g. **Question 7.** Of the three options identified in relation to the Cash Basis IPSAS, which would you recommend the IPSASB select? Please provide the rationale for your recommendation. **Response.** We would recommend that the first option (issue an ED to revise the existing Cash Basis IPSAS) be selected. The recommendations of the Task Force in 2010 are still applicable today and should be considered for inclusion in the proposed revision along with any other pertinent issues (e.g. third-party payments and consolidated whole-of-government financial statements) that have surfaced.
- h. **Question 8.** Considering the various factors and constraints, which projects should the IPSASB prioritize and why? Where possible please explain your views on the description and scope of the project. **Response.** Many countries around the world continue to have difficulties complying with the Cash Basis IPSAS let alone be concerned with implementing the accrual-based IPSASs. Our highest priority would be to revise the cash reporting standard to make it more meaningful and cost beneficial in the decision making process for the adoptees. As far as the accrual-based IPSASs are concerned, our highest priority would be a review of IPSAS 22 to assure that the accounting by governments are as closely aligned with the Government Financial Systems Manual (GFSM) as possible. Most governments with which we work are more concerned about compliance with the GFSM than they are in complying with the IPSAS. Thus, all other accrual-based IPSASs are beneficial but not of the highest concern to many countries.

4. We appreciate the opportunity to respond to this Strategy Consultation and would be pleased to discuss this letter with you at your convenience. If you have questions concerning this letter, please contact Dr. Jesse Hughes, CPA, CIA, CGFM at jhughes@odu.edu or 757.223.1805.

Sincerely,



ICGFM Accounting Standards Committee

Jesse W. Hughes, Chair

Iheanyi Anyahara

Anthony Bennett

Steve Glauber

Kennedy Musonda

Hassan Ouda

Anne Owuor

Michael Parry

Maru Tjihumino

Andrew Wynne

Cc: Manuel Pietra
President, ICGFM