

IASB Request for Views  
Agenda Consultation 2011

# **response to request for views**

30 November 2011

CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance. Our 14,000 members work throughout the public services, in national audit agencies, in major accountancy firms, and in other bodies where public money needs to be effectively and efficiently managed.

As the world's only professional accountancy body to specialise in public services, CIPFA's portfolio of qualifications are the foundation for a career in public finance. They include the benchmark professional qualification for public sector accountants as well as a postgraduate diploma for people already working in leadership positions. They are taught by our in-house CIPFA Education and Training Centre as well as other places of learning around the world.

We also champion high performance in public services, translating our experience and insight into clear advice and practical services. They include information and guidance, courses and conferences, property and asset management solutions, consultancy and interim people for a range of public sector clients.

Globally, CIPFA shows the way in public finance by standing up for sound public financial management and good governance. We work with donors, partner governments, accountancy bodies and the public sector around the world to advance public finance and support better public services.

Our ref: Responses/111130 SC0172

International Accounting Standards Board  
30 Cannon Street  
London EC4M 6XH

Submitted electronically to [www.ifrs.org](http://www.ifrs.org)

30 November 2011

Dear IASB secretariat

## **Request for Views**

### **Agenda Consultation 2011**

CIPFA is pleased to present its comments on the matters discussed in this consultation, which have been reviewed by CIPFA's Accounting and Auditing Standards Panel.

CIPFA is a professional accountancy body in the United Kingdom which specialises in the public services. In this context we are interested in the development of financial reporting standards both as they apply to the private sector and as they might be applied in or otherwise affect reporting in the public sector.

#### *Why the public sector is a relevant stakeholder in this discussion*

Before commenting on the consultation document we would like to reflect on comments which we have made in previous letters to the Board, where we have explained why the public sector is a relevant stakeholder in financial reporting standard setting, even where the initial focus of those standards is the for-profit company sector and related entities which the Board characterises as public interest entities.

In our response to the Board's 2008 exposure draft on Objectives and Qualitative Characteristics we highlighted the increasing use of International Financial Reporting Standards in government, and we have in several cases noted our concerns over the risks arising from developing significant components of the framework before considering non-profit issues.

More generally, CIPFA's responses to the Board on IFRS matters reflect our understanding that the public sector, not-for-profit and for-profit sectors are each very economically significant and transact enormous volumes of business with each other. Ideally standards would be developed in a sector neutral manner, so that differences in the application of standards to reporting entities in different sectors reflect systematic and properly understood differences in the economic characteristics of those entities, and also the differing requirements and priorities of the users of financial reporting in the sectors.

Against this background, we accept that the IASB will be primarily driven by the concerns of listed companies. We also support the work of the IPSASB and we are very appreciative of the work which the group of National Standard Setters has carried out in monitoring the IASB's development of the IASB Conceptual Framework and considering the wider implications for public sector and non-profit reporting. We have urged the IPSASB to maintain a close read across between its standards and IFRS where these relate to matters which are common to both sectors.

We are very pleased to note that the IASB and IPSASB have maintained a dialogue on standards matters, and that the boards' commitment to strengthening cooperation between standard setters was publicly reinforced in November 2011 in a Memorandum of Understanding between IFAC and the IASB.

*Comments on strategic direction*

We agree with the observation included in the Request for Views that many may want a stable platform before further substantial projects are undertaken. To mitigate the risk of inconsistent or incorrect application of IFRS, it is essential that the pace of change is reasonable.

Inasmuch as the IASB does pursue development, we suggest that the most important priority should attach to the Conceptual Framework.

We would also suggest that specific consideration should be given to carrying out development on Phase G of the Conceptual Framework, which before this consultation had been moved off the active agenda of the Board. In our view this would be beneficial, both for for-profit entities which are seeking a 'period of calm' and for not-for-profit entities who currently lack any IFRS or other international standards developed for them. We appreciate that standards have been developed with a for-profit focus for the reasons explained by the Board. However, we consider that many of these standards can be easily repurposed for use in the non-profit sector, provided that there is a clear statement of how standard setting in the not-for-profit sector should differently reflect the differing characteristics of the sector, while maintaining consistency of presentation in those areas where this is beneficial.

I hope this is a helpful contribution to the Board's development of its agenda.

Yours faithfully

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