ACCOUNTING STANDARDS BOARD
40 Church Square
Pretoria
0002
Tel.011 697 0660
www.asb.co.za

The International Public Sector Accounting Standards Board

70 York Street, Suite 710

Toronto, ON M5J 1S9

Canada

Submission via website

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Dear Ross

COMMENT ON LINKAGES BETWEEN IPSAS STANDARDS AND THE GOVERNMENT FINANCE STATISTICS MANUAL 2014 (AMENDMENTS TO IPSAS 22)

We thank you for the opportunity to comment on the amendments to IPSAS 22 *Disclosure of Financial Information about the General Government Sector* as proposed in *Linkages Between IPSAS Standards and the Government Finance Statistics Manual 2014 (Amendments to IPSAS 22)* (ED 94).

The comments outlined in this response have been developed by the Secretariat of the ASB and not the Board.

Our responses to the specific matters for comment are outlined in Annexure A.

Should you have any questions regarding the comment outlined in this letter, please feel free to contact me.

Yours sincerely

Elizna van der Westhuizen

Head of Technical

Annexure A

SPECIFIC MATTERS FOR COMMENT

Specific matter for comment 1:

The IPSASB decided to propose non-authoritative guidance to strengthen the linkages between IPSAS Standards-based accounting data and GFSM 2014 reporting in IPSAS 22 (see paragraphs IPSAS 22.BC18–BC24? Do you agree with the proposed non-authoritative amendments to IPSAS 22? If not, please explain your reasons.

Support for guidance

We support the objective of developing non-authoritative guidance to strengthen the linkages between IPSAS Standards-based accounting data and Government Finance Statistics Manual 2014 (GFSM 2014) reporting, to improve the quality of statistical information used for macroeconomic decision-making. Compilers face challenges in bridging accounting and statistical frameworks, especially where recognition and presentation requirements differ. The proposed guidance responds to this gap by identifying areas of alignment, divergence and providing clarification where additional data is needed for GFSM 2014 reporting.

Type and placement of IPSASB guidance

The following understanding is obtained from paragraphs BC18 and BC30:

The non-authoritative guidance aims to assess how IPSAS Standards-based accounting data can be utilised for GFSM 2014 reporting to improve the quality of the statistical information. The statistical community, particularly national statistical offices, would likely benefit from the guidance to ensure that where IPSAS Standards-based accounting data is available, it is utilised from the accounting system for GFSM 2014 reporting.

We agree this guidance supports preparers of statistical information. However, we question the extent to which it could be used by preparers of financial statements and note the "benefits to preparers" described in the ED are primarily benefits for preparing statistical information using accounting data, rather than benefits for preparing financial statements themselves. We also note that statisticians are identified as secondary users of general purpose financial reports in the *Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities*, paragraph 2.6. Based on the above, we question whether this guidance is appropriately placed within IPSAS 22.

Given the IPSASB's new focus on developing materials outside of IPSAS, such as IPSASB Explains and other initiatives, it may be better to include this guidance outside of IPSAS. This approach would include benefits such as, among others:

- providing more flexibility to link the guidance to these materials;
- making the guidance more easily accessible and useful to statisticians;
- enabling easier update of the material as changes are made to GFSM and IPSAS (see "opportunity cost of resources" below); and
- allowing flexibility for providing more detailed guidance in certain areas, as may be needed (see response to SMC 2 below).

We therefore recommend that the guidance be placed as a separate non-authoritative publication by the IPSASB.

Opportunity cost of resources

As GFSM 2014 is currently being amended, we recommend the IPSASB consider whether it has the capacity to assess the impact of the upcoming GFSM amendments on the guidance and to determine how to incorporate those changes. In light of the work the IPSASB intends to undertake as part of its work programme, there may be other projects of higher priority.

To further support the recommendation above, by issuing the contents of ED 94 as a separate non-authoritative publication, amendments will be easier to effect as it will not need to follow the IPSASB's due process for amending IPSAS Standards.

Specific matter for comment 2:

The IPSASB decided to propose the non-authoritative guidance on measurement at the measurement basis level (see paragraph IPSAS 22.BC30? Do you agree with the proposed non-authoritative amendments to IPSAS 22? If not, please explain your reasons.

The guidance provided at a measurement basis level does not provide a detailed understanding of how the measurement techniques in IPSAS compare to the valuation techniques in GFSM 2014. We question whether the guidance is meaningful at this level. As the guidance is a high-level comparison, it further supports the format of a separate non-authoritative publication. We recommend that the IPSASB consider including more detail in the separate publication.