



MALAYSIAN INSTITUTE  
OF ACCOUNTANTS

30 May 2014

Ms Stephenie Fox  
Technical Director  
International Public Sector Accounting Standards Board  
International Federation of Accountants  
277 Wellington Street West  
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CANADA

Dear Stephenie

### **IPSASB STRATEGY CONSULTATION**

The Accountant General Office of Malaysia ("AG Office") and the Malaysian Institute of Accountants ("MIA") are pleased to provide comments on the International Public Sector Accounting Standards Board ("IPSASB") Strategy Consultation.

We generally agree with the IPSASB's strategy, its strategic objective and its work program for the period 2015 – 2019. We agree with the Questions for Respondents raised in the consultation paper except as set out below.

#### **Question for Respondent 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?

We agree on the outputs identified in the consultation paper. We propose the IPSASB to establish an equivalent interpretation committee as established by the IFRS Foundation to review on a timely basis widespread accounting issues in public sector that have arisen within the context of current IPSASs and to provide authoritative guidance on those issues.

#### **Question for Respondent 4**

What changes to feedback mechanisms should the IPSASB make to ensure it is fully informed about the views of its stakeholders?

We note that the IPSASB gets feedback through its standards development processes and outreach activities. However, we wish to clarify what the outreach activities entail. We believe the outreach activities should be properly planned and structured to achieve the outcomes stated in the consultation paper. Further, it would be beneficial for constituents to understand the outreach activities the IPSASB undertakes so that they can provide feedback through appropriate channels.

As discussed in our comments to Question for Respondent 3 above, the establishment of an interpretation committee could also be another channel of getting feedback on the current IPSASs.

#### **Question for Respondent 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?

The financial statements of the Government of Malaysia for the year ended 31 December 2015 will be prepared using the Malaysian Public Sector Accounting Standards ("MPSASs"). MPSASs are drawn primarily from the accrual-based IPSASs. Malaysia is making the final preparations to move to accrual accounting in 2015. The transition to accrual accounting started in 2011. Six years earlier, the Government of Malaysia adopted the Cash Basis IPSAS to attain better financial management. Adopting cash basis IPSAS was beneficial for Malaysia as it enhanced discipline around our procedures and it was a positive transitional step.

As such, we believe that the Cash Basis IPSAS is a valuable resource in strengthening public finance management and knowledge globally leading to the adoption of accrual-based IPSASs.

#### **Question for Respondent 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?

Following our comments in question 6 above, we recommend option (b), as the Cash Basis IPSAS provides benefits for the transitioning entities. The outreach activities should include promotion of adoption and application of Cash Basis IPSAS.

### Question for Respondent 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.

We believe the IPSASB should prioritise those projects to address public sector specific issues and those to maintain existing IPSASs. These projects should then be assessed in details using the five key factors identified on page 15 of the consultation paper as well as considering the time and resources required to undertake the projects.

In relation to those projects to address public sector specific issues, we propose the following projects to be undertaken as they are more critical than others:

- a) Non-exchange expenses – this has been highlighted in the consultation paper, *The Future Governance of the IPSASB* issued by the IPSASB Governance Review Group as one of the public sector issue that should be addressed by the IPSASB; and
- b) Trust funds – when Malaysia moves to accrual accounting, we determine the accounting treatment for trust funds as there is no guidance available. Guidance on the appropriate accounting treatment is warranted to provide guidance (as international best practice) as well as to ensure consistent treatment among jurisdictions.

As for those projects to maintain existing IPSASs, we propose those projects to be undertaken between 2015 and 2019 as these projects would only involve some amendments to the current IPSASs. However, certain projects such as construction contracts, leases and revenue would require more time due to major revision of the equivalent IFRS.

We hope our comment would contribute to the IPSASB deliberation in finalising its strategy for the period 2015 – 2019. If you have any queries or require clarification of this submission, please contact Rasmimi Ramli at +603 2279 9200 or by email at [rasmimi@mia.org.my](mailto:rasmimi@mia.org.my).

Yours sincerely,



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