

## IPSASB update

**Ian Carruthers**

IPSASB Chair

Financial Reporting Advisory Board  
London  
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# The IPSAS Board and its outputs

- Independent Standard Setting Board for Public Sector entities
- Toronto-based – Secretariat of 8
- Remunerated Chair (75% WTE)
- 17 other volunteer board members from around world
- Independent governance (PIC) and advisory arrangements (CAG)
- 35 IPSASs (accrual basis) covering main areas of government activity, 1 cash basis standard as ‘stepping stone’ to accrual
- 3 Recommended Practice Guidelines (RPGs)
- Public Sector Conceptual Framework

# Overview of IPSASs

**“IPSASs are high quality global financial reporting standards for application by public sector entities”**

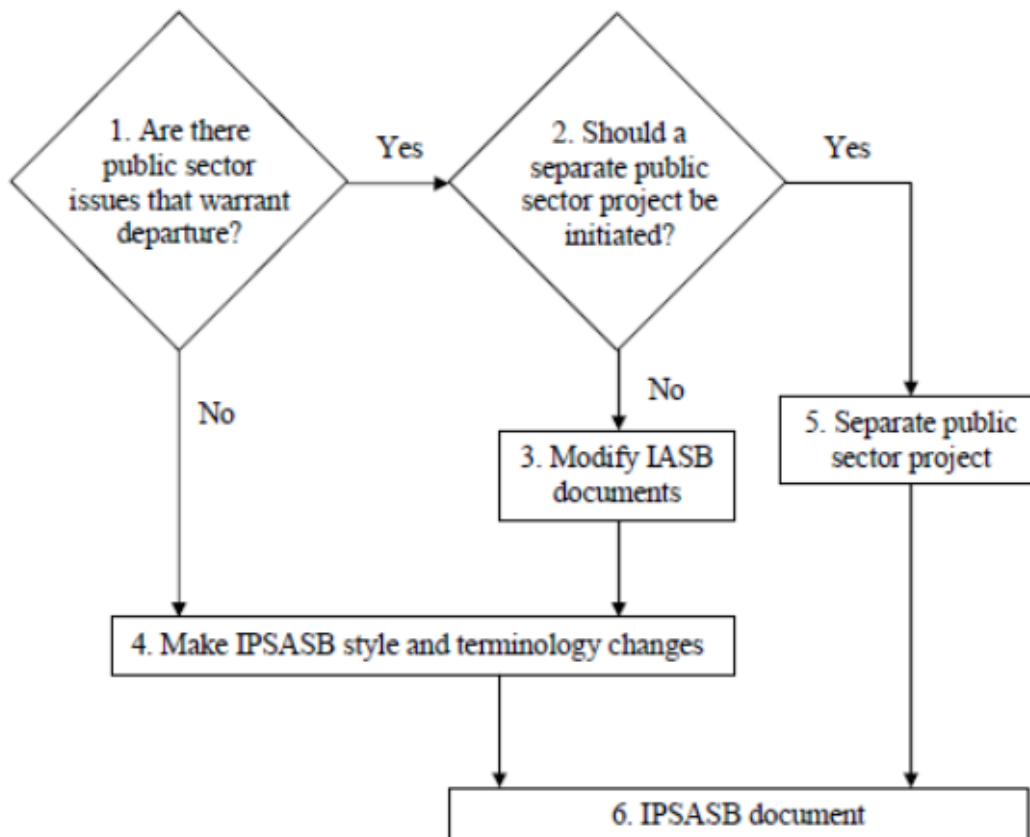
- IPSASs deal with transactions and events in general purpose financial statements
- IPSASs set out principle-based requirements for:
  - recognition
  - measurement
  - presentation
- IPSASs on the accrual basis are based on IFRSs where appropriate but interpreted / adapted as necessary for the public sector context
- IPSASs on unique public sector topics (e.g. Taxation) developed from scratch

# Public Sector Conceptual Framework

## Preface - Characteristics of the Public Sector that influence Public Sector Accounting



# IFRS convergence – ‘Rules of the road’



## Accounting Maturity per MS by level of Government

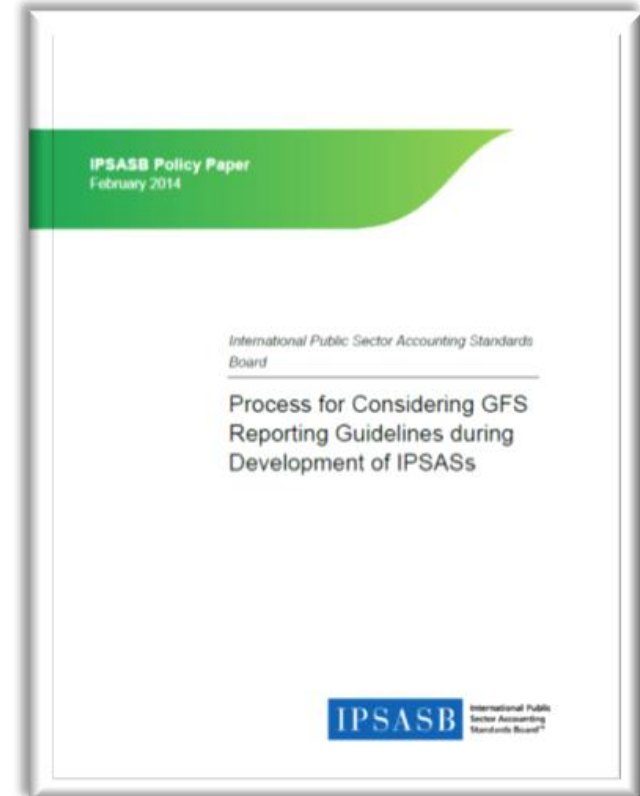
## Proximity to IPSAS

Source: PwC Study on  
behalf of Eurostat, 2014

	Central	State	Local	Social Fund
<b>Austria</b>	73%	12%	12%	61%
<b>Belgium</b>	67%	67%	73%	60%
<b>Bulgaria</b>	56%	-	56%	63%
<b>Croatia</b>	34%	-	34%	55%
<b>Cyprus</b>	14%	-	75%	17%
<b>Czech Republic</b>	75%	-	75%	77%
<b>Denmark</b>	72%	-	65%	58%
<b>Estonia</b>	92%	-	92%	86%
<b>Finland</b>	72%	-	90%	92%
<b>France</b>	89%	-	84%	92%
<b>Germany</b>	22%	29%	58%	42%
<b>Greece</b>	12%	-	12%	12%
<b>Hungary</b>	66%	-	66%	55%
<b>Ireland</b>	54%	-	71%	57%
<b>Italy</b>	31%	-	30%	14%
<b>Latvia</b>	73%	-	73%	55%
<b>Lithuania</b>	88%	-	88%	72%
<b>Luxembourg</b>	19%	-	31%	15%
<b>Malta</b>	22%	-	94%	-
<b>Netherlands</b>	31%	-	58%	78%
<b>Poland</b>	66%	-	66%	68%
<b>Portugal</b>	55%	-	80%	70%
<b>Romania</b>	63%	-	63%	38%
<b>Slovakia</b>	75%	-	75%	34%
<b>Slovenia</b>	62%	-	62%	19%
<b>Spain</b>	70%	61%	68%	58%
<b>Sweden</b>	81%	-	81%	71%
<b>UK</b>	96%	-	95%	-

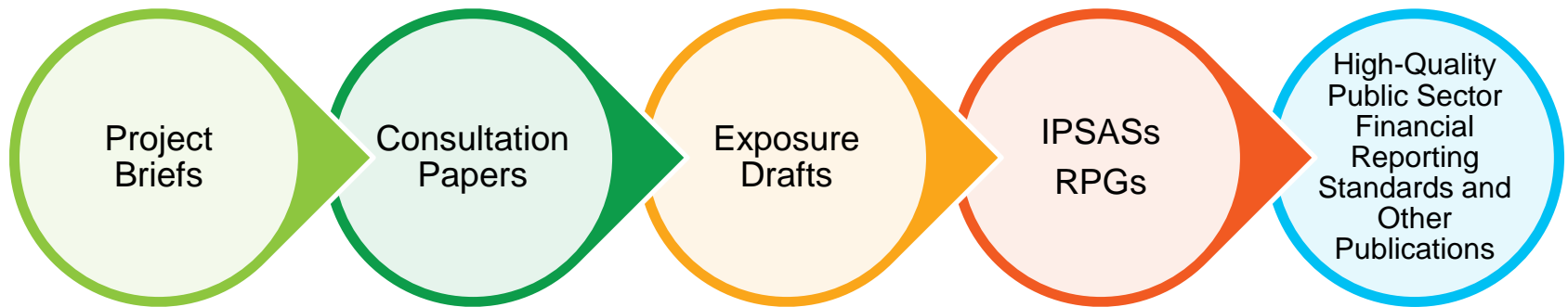
# Addressing GFS (ESA) differences

## Process for Considering Differences between IPSASs and GFS Reporting Guidelines



# IPSASB: Rigorous standard-setting process

Stakeholder Input



Due Process – PIC and CAG



# IPSASs development - Phases 1 – 3

## **Phase 1: 1997 - 2001**

- IFAC PSC starts IPSAS development programme
- First 21 IPSASs based on IASB equivalents, interpreted as necessary

## **Phase 2: 2002 - 2009**

- Development of first public sector specific IPSASs (22 - 24)
- IFRS convergence (IPSASs 25 – 32)
- Start of Conceptual Framework project

## **Phase 3: 2010 - 2015**

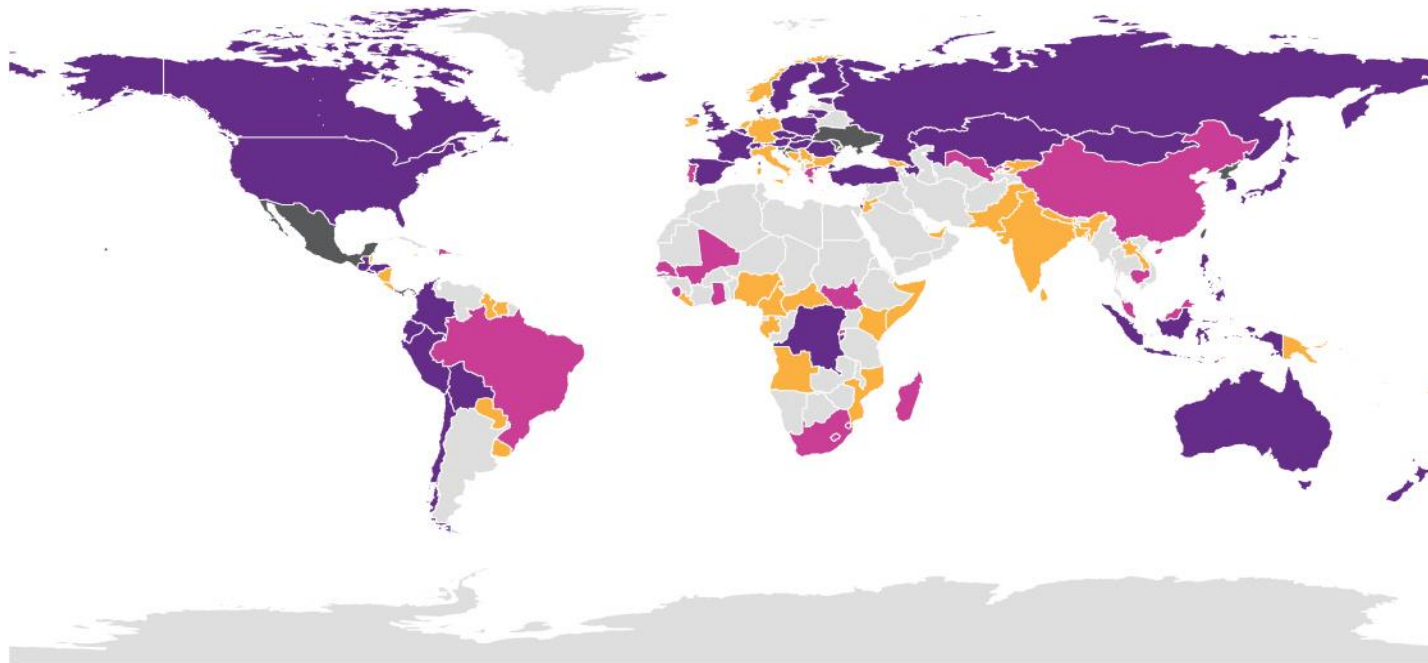
- Conceptual Framework completed 2014
- First Time Adoption & IFRS convergence maintained (IPSASs 33-38)
- First public work plan consultation

# Current IPSASB work programme: 2016 onwards

Project	Public sector specific	IFRS convergence
Social Benefits	✓	
Revenue & Non-Exchange Expenditure	✓	✓
Financial Instruments	✓	✓
Leases	✓	✓
Public Sector Measurement	✓	
Heritage	✓	
Infrastructure Assets	✓	

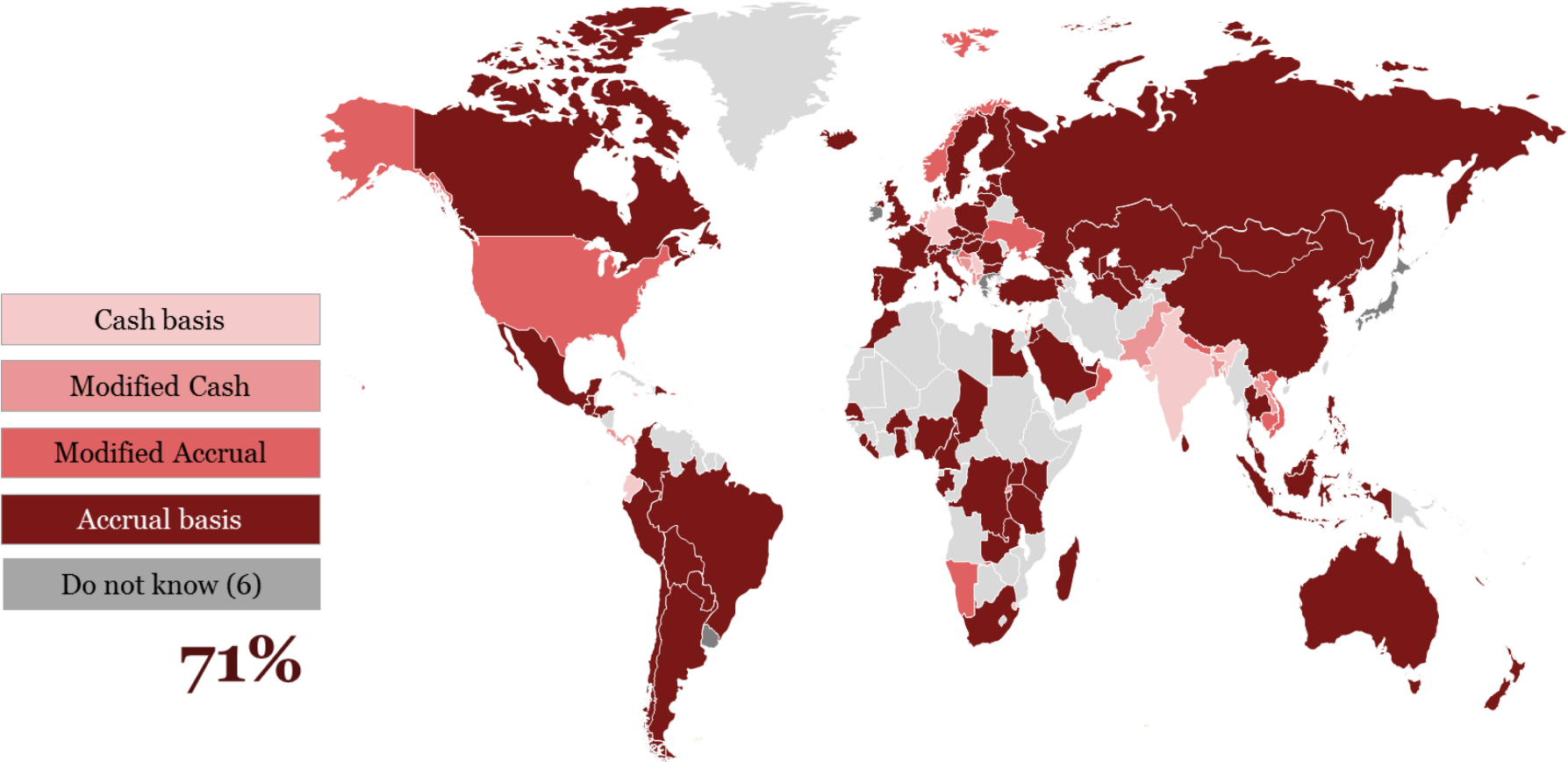
# Globally 38% of Governments currently on accrual

## Current Financial Reporting Basis for the Federal / Central Government



# Accrual implementation - Future plans

But the trend towards accrual accounting is clear.....



Source: PWC Global Survey on Accounting and Reporting by Central Governments (2<sup>nd</sup> edition)

# 2019-2023 Strategy and Work Plan: Proposed Strategic Objective

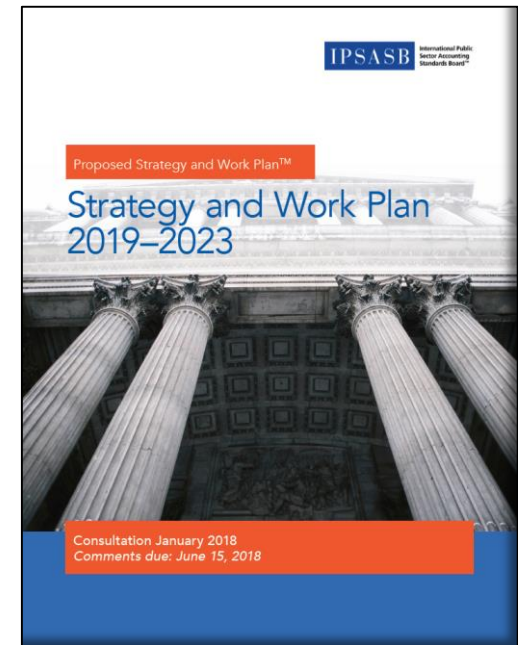
Strengthening Public Financial Management (PFM) globally through increasing adoption of accrual-based IPSAS.



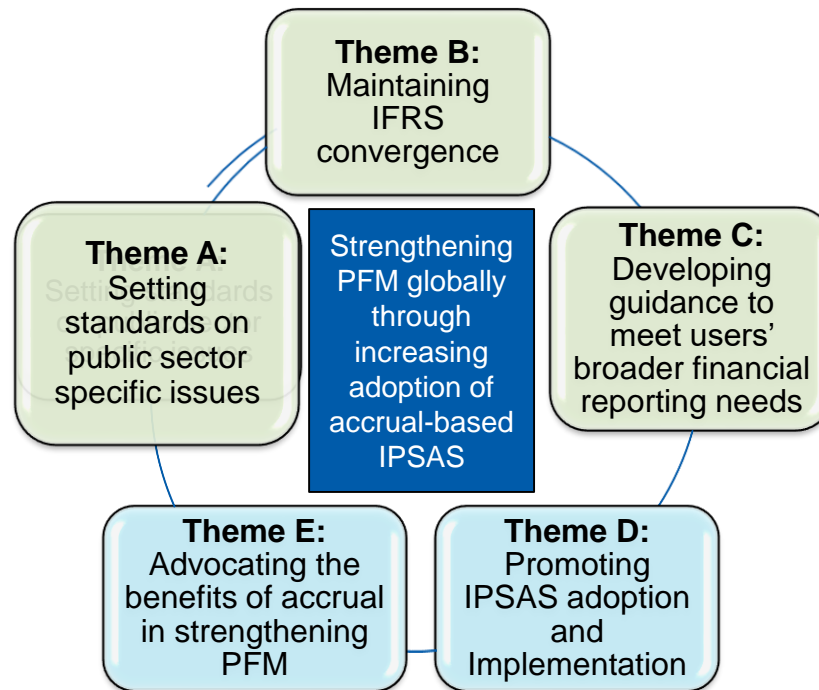
This Strategic Objective will be delivered through two main areas of activity both of which have a public interest focus:

Developing IPSAS and other high-quality financial reporting guidance for the public sector; and

Raising awareness of IPSAS and the benefits of their adoption.



# 2019-23 Strategy and Work Plan: 5 Strategic Themes



# Strategy and Work Plan: Proposed Projects

## Theme A: Public Sector Specific

Natural Resources

Discount Rates

Differential Reporting

Limited Review of the Conceptual Framework

Accounting for Tax Expenditures

Military Assets

Intangible Assets – Public Sector Specific

Sovereign Powers & Impact on Financial Reporting

IPSAS 22, Disclosure GGS

Asset Retirement Obligations

## Theme B: IFRS Convergence

Update of IPSAS 18, Segment Reporting

IASB 'catch up' (narrow scope projects)

IPSAS 1, Presentation of Financial Statements

IPSAS 20, Related Party Transactions

IFRS 5, Non Current Assets Held for Sale and Discontinued Operations

IFRS 6, Exploration for and Evaluation of Mineral Resources

IFRS 14, Regulatory Deferral Accounts

IFRS 17, Insurance Contracts

IAS 34, Interim Financial Reporting

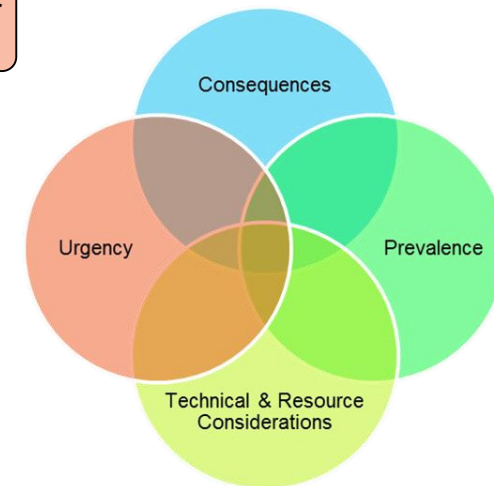
## Theme C: Broader Reporting

Revising RPG 1, Long-Term Sustainability of an Entity's Finances

IASB Initiative – Better Communication in Financial Reporting

Defining Public Sector Key Financial Performance Indicators

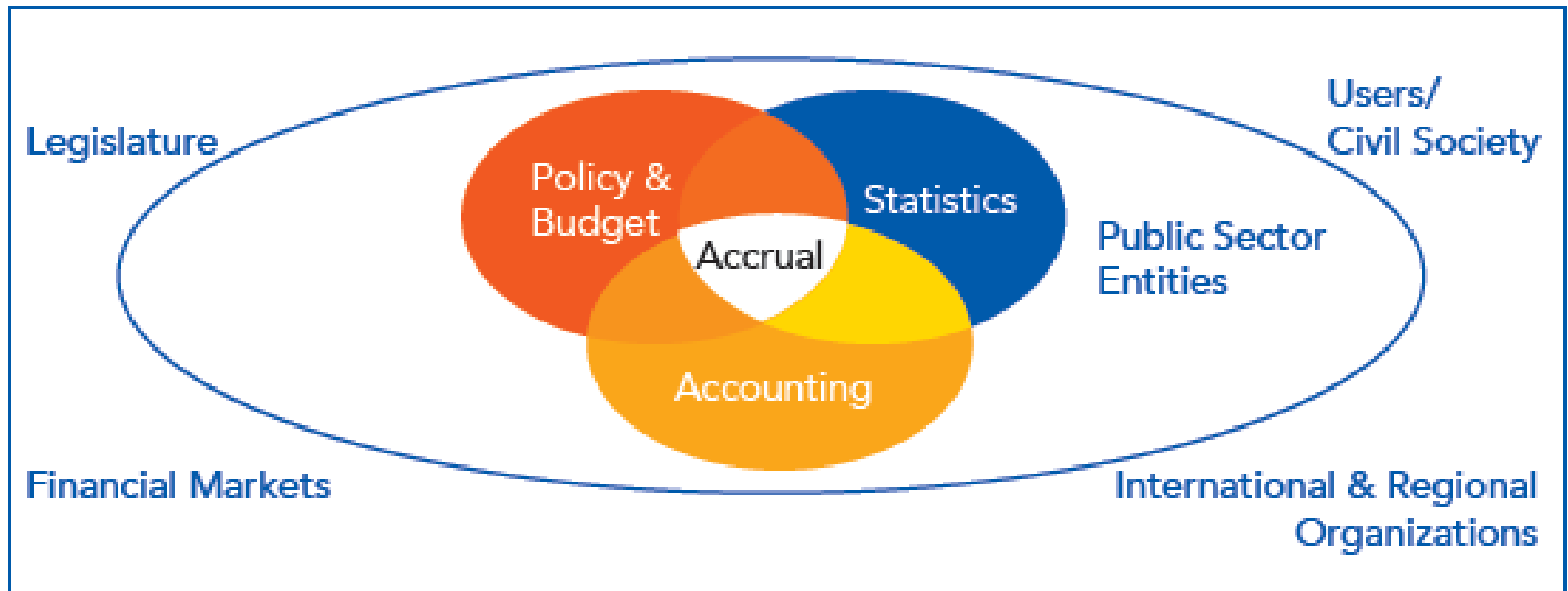
Public Sector Guidance for Cost Accounting



# Theme E: Advocating the benefits of accrual in strengthening PFM

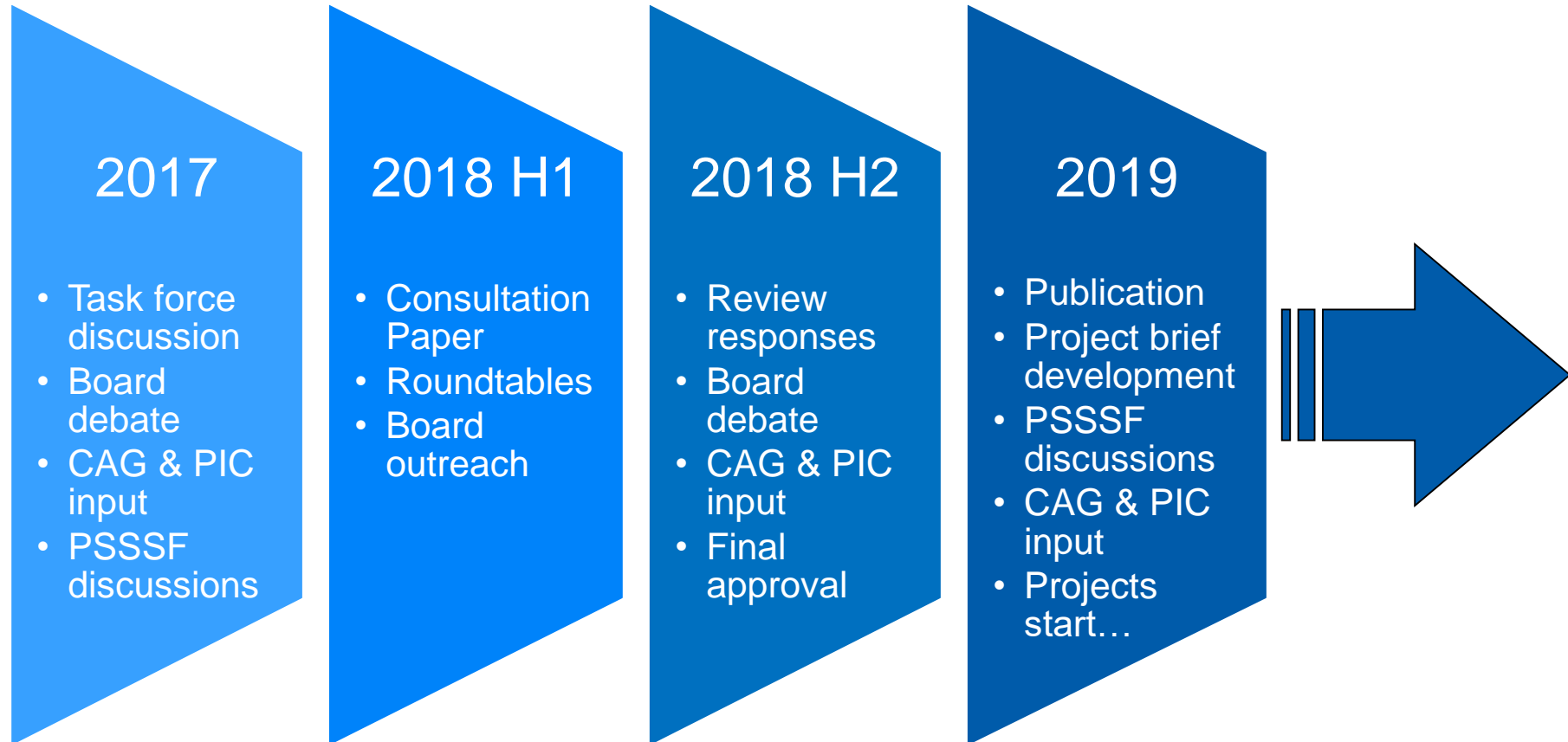
In order to maximize the benefits of accrual-based information, it should be used for as many purposes as possible:

## Uses/Users of accrual in PFM





# Delivering the Vision: New Strategy and Work Plan for 2019 onwards....



# Questions, discussion & further information



- Visit our webpage <http://www.ipsasb.org/>
- Or contact us by e-mail :  
IPSASB Chair: [iancarruthers@ipsasb.org](mailto:iancarruthers@ipsasb.org)  
Technical Director: [johnstanford@ipsasb.org](mailto:johnstanford@ipsasb.org)