



**The IPSAS framework:
enhancing transparency and credibility of
government financial reporting**

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IPSASB Public Member

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Government Finances are Important!

Government financial instruments – significant part of financial markets - 2013 *NYSE*:

- All equity trades \$205 trillion
- Mortgage backed securities \$54 trillion
- Mutual funds \$4.6 trillion
- US Government securities **\$1,100 trillion**

General Government expenditure accounts for more than 1/3 of GDP

The IPSASB

Independent Accounting Standards Setter facilitated by IFAC

Standards for Public Sector Entities

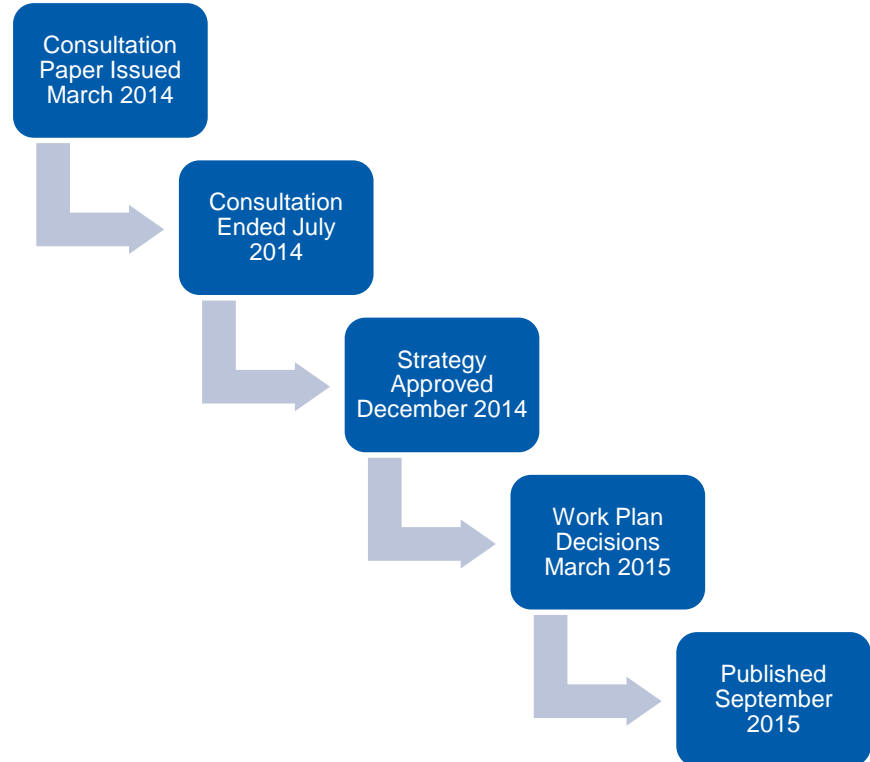
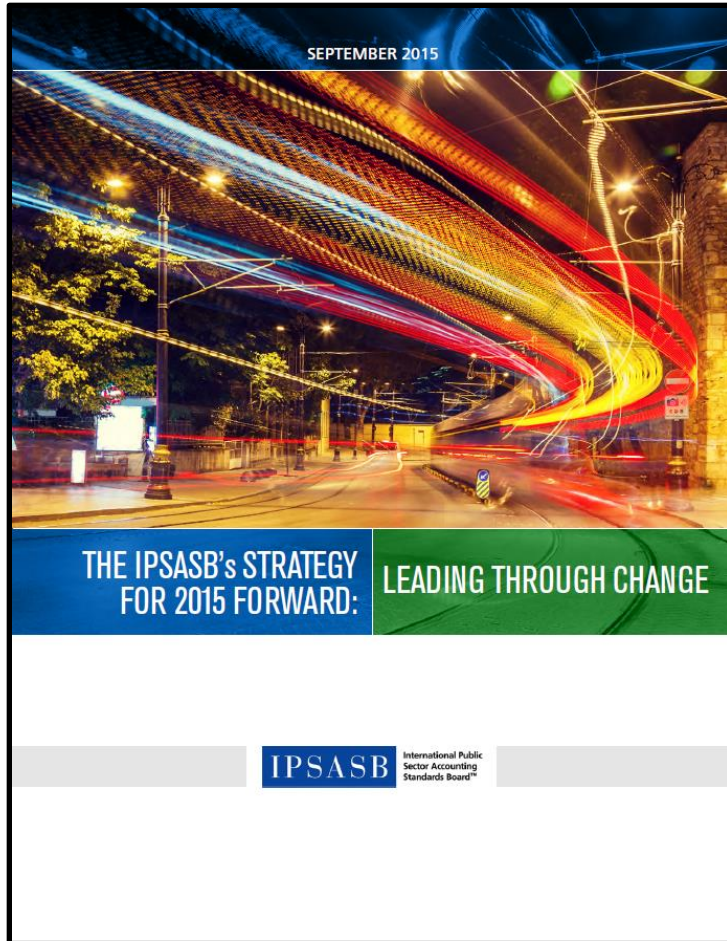
18 members

10 international organizations - formal observers; including IMF, World Bank, EU, OECD

6.5 staff - mainly based in Toronto

Funding by IFAC (approx 50 percent) and various voluntary contributions from Governments and Observers

Strategy and Work Plan Consultation



IPSASB Strategy

Strengthening public financial management and knowledge globally through increasing adoption of accrual-based IPSASs



What is within the scope of the IPSAS framework

- **General Purpose Financial Reports of public sector entities**
- **Useful to users for accountability and decision-making purposes**
- **Consolidated financial statements**
- **Full accrual accounting information**
 - Financial position
 - Financial performance
 - Cash flows
- **Information that enhances, complements and supplements the financial statements**
 - i.e. budget information, service performance, sustainability of public finances, ...

IPSASs 2015 - Complete suite of “high-quality” public sector accounting standards

- **Conceptual Framework**
- **38 IPSASs (accrual basis)**
 - **All relevant IFRSs converged**
 - **Public sector specific standards**
 - Impairment of Non-Cash-Generating Assets
 - Disclosure of Financial Information about the GGS (Financial Statistics)
 - Revenue from Non-Exchange Transactions (Transfers and Taxes)
 - Presentation of Budget Information in Financial Statements
 - Service Concession Arrangements: Grantor
 - First Time Adoption of Accrual Basis IPSASs
- **3 Recommended Practice Guidelines (RPGs)**
- **1 Cash basis standard**

Public Sector Conceptual Framework (1)

Purpose:

- Establishes the concepts that are to be applied in developing IPSASs
- Provides guidance for preparers of general purpose financial reports (GPFRs) of public sector entities where no IPSAS exists

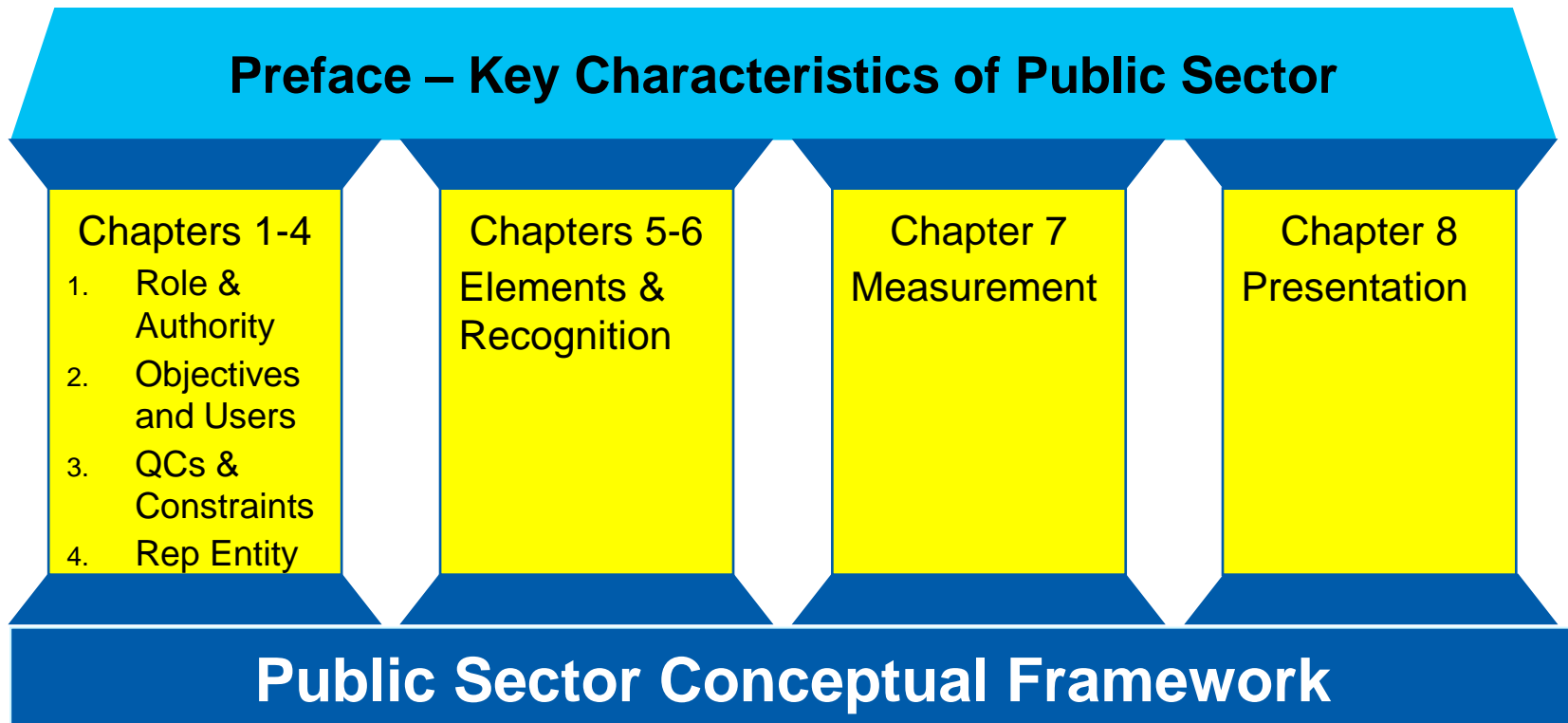
Project initiated in 2006; accelerated in 2010

Completion September 2014

High impact on approved/new IPSASs

- e.g. Measurement requirements, Social Benefits, Combinations, ...

Public Sector Conceptual Framework (2)



IPSASB Work Plan

Current Projects

- Public Sector Combinations
- Applicability of IPSASs
- Social Benefits
- Public Sector Specific Financial Instruments
- Financial Instruments Update (IPSASs 28-29)
- Emissions Trading Schemes

New Projects (Work Program 2015-19)


- Revenue (Non & Exchange)
- Non-Exchange Expenses
- Heritage Assets
- Consequentials from Chapters 1-4 of Conceptual Framework
- Employee Benefits – limited scope update IPSAS 25
- Leases revision (IPSAS 13)
- Cash Basis IPSAS Review
- Public Sector Measurement
- Infrastructure Assets

“High-quality” standards means rigorous Due Process...

Open and transparent: meetings and materials public



Consultative process: 4-6 months response period for Consultation Papers and Exposure Drafts



Consult on proposed accounting treatment for feedback from stakeholders



All responses posted on website



IPSASB must approve all public documents with 2/3 vote of members

...and Governance – New Framework

Public Interest Committee

- World Bank Group (Chair)
- International Monetary Fund
- Organisation for Economic Co-operation and Development
- International Organization of Supreme Audit Institutions
- Meetings March and September 2015

Consultative Advisory Group

- Composition and remit being developed
- Operational in 2016

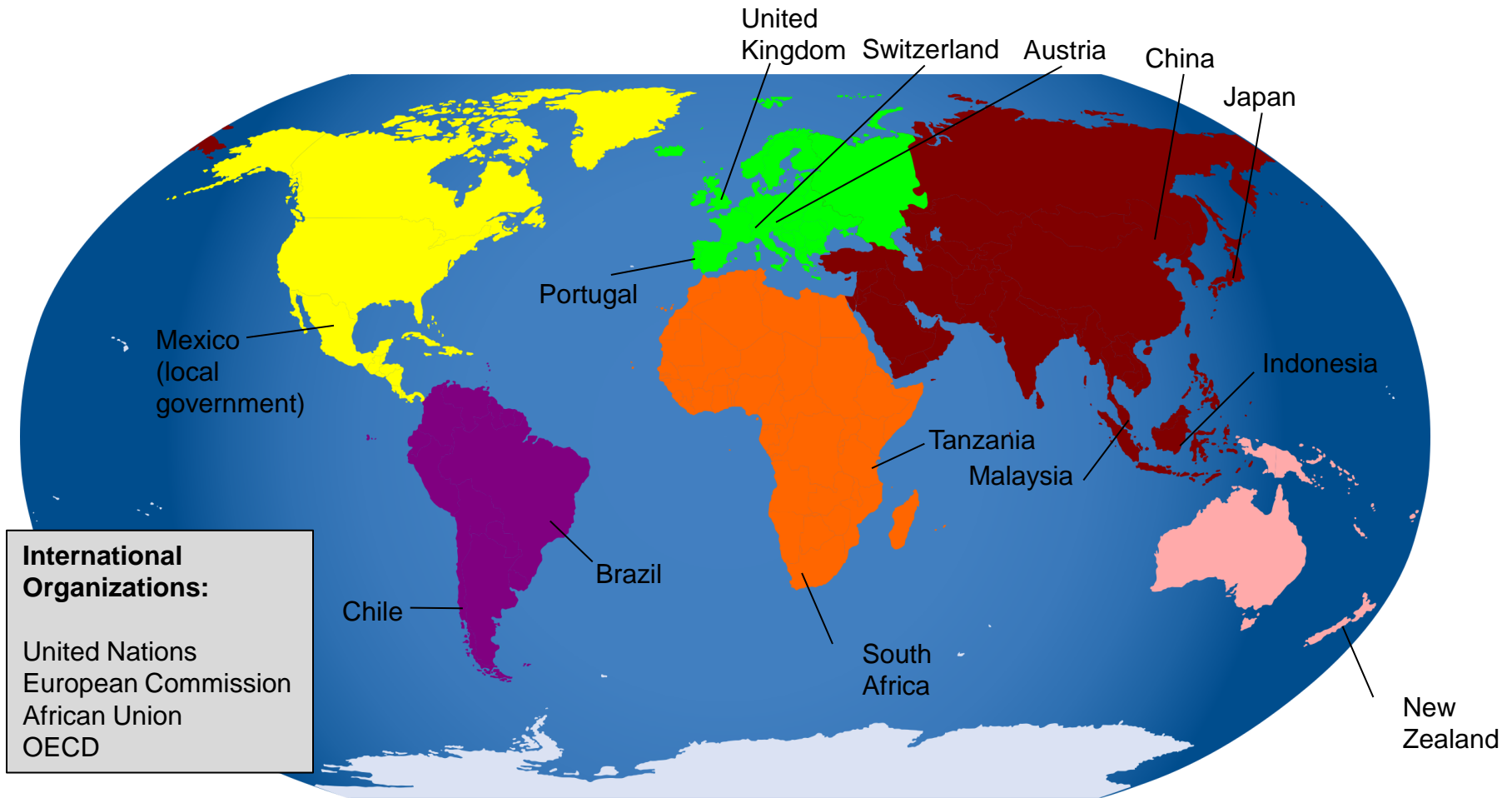
Compliance with “high-quality” standards means “high-quality” financial information

- **Relevant**
- **Faithful**
- **Understandable**
- **Timely**
- **Comparable**
- **Verifiable**

and

- **Internationally consistent**

Who Uses IPSASs?



Support for IPSAS Adoption

- **Study 14**, *Transition to the Accrual Basis of Accounting*
- **IPSAS 33**, *First-Time Adoption of Accrual Basis IPSASs*
- **Training course** & materials

Benefits from adopting IPSASs

- **Better basis for public financial management**
 - More comprehensive and accurate view of fiscal position and financial impact of public policies
 - Asset management
 - Debt management
 - Service management
- **Improved basic information for monitoring of fiscal stability and sustainability**
- **Positive relationship between fiscal transparency and market perception of government solvency**
- **Enhanced transparency and accountability of governments to resource providers and service recipients**

Questions Discussion & Further Information



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