Revised Cash Basis IPSAS and IPSASB Strategy and Work Plan Consultation 2019-2023

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Miami, USA
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International Public Sector Accounting Standards Board (IPSASB)

Revised Cash Basis IPSAS

Strategy and Work Plan Consultation 2019-2023
The IPSASB

- Independent Accounting Standard Setter within International Federation of Accountants (IFAC) since 1997
- Standards for public sector entities
- 9 staff, located in Toronto, Canada
- 10 international organizations with formal status as observers, including IMF, World Bank, EC, Eurostat and United Nations
- Funding from IFAC (50%) and voluntary contributions from Governments and Observers
IPSASB members 2018

North America

Latin America/Caribbean

Europe

Africa/Middle East

Asia

Australasia/Oceania
## The IPSASB Outputs

<table>
<thead>
<tr>
<th>Category</th>
<th>IPSASB</th>
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<tr>
<td>Authoritative Standards</td>
<td>35 accrual based IPSAS</td>
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<td>Non-Authoritative Guidance</td>
<td>3 RPG</td>
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<td>Conceptual Framework</td>
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<td>Other</td>
<td>Staff publications</td>
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IPSAS Adoption and Implementation

• IPSAS Adopters
  – Over 80 Countries
  – United Nations
  – OECD
  – NATO
  – African Union
  – European Commission
  – Commonwealth Secretariat
Revise Cash Basis IPSAS

First Issued January 2003 (updated 2006 & 2007)
- Part 1 – Requirements
- Part 2 – Encouraged Additional Disclosures

2008 Task Force
- Implementation Issues
Revised Cash Basis IPSAS

Decision - Strategy & Work Plan 2015 Forward

• Limited Scope Project – Focused on Implementation Issues

ED 61, Amendments to Financial Reporting under the Cash Basis IPSAS of Accounting

• Issued February 2016
• IPSASB View: ‘Cash Basis IPSAS-Not an Endpoint – Step on Path to Accrual’
• ED 61 Proposed Relocation of the Following from Part 1 to Part 2:
  • Requirement to Consolidate Controlled Entities
  • Requirement to Disclose External Assistance Information
  • Requirement to Disclose Third Party Payments Information

The Proposals in ED 61 were supported and the Revised Cash Basis IPSAS (2017) was approved in December 2017 and was issued in January 2018

• New Cash Basis IPSAS 2017 – will be included in the 2018 Handbook
• Nothing Further on the Current Work Plan or Proposed for the 2019-2023 Work Plan
Proposed Strategy Consultation - Development Process

- Dialogue with National Standard Setters
- Advice from the Consultative Advisory Group (CAG)
- Advice from the Public Interest Committee (PIC)
- Broad Engagement with International Organizations
- Various outreach activities
Outreach Approach – Consultation Period

Regional Roundtable Discussions – Part of Formal Due Process

- Latin America – Hosted by the Brazilian Federal Accounting Council, National Treasury and Accounting Foundation in Brasilia – April 25, 2018
- Africa – Hosted by the African Union in Addis Ababa – May 4, 2018
- Europe – Hosted by Accountancy Europe in Brussels – March 28, 2018
- South East Asia – Hosted by the Asian Development Bank in Manila – May 29, 2018

IPSASB Members, Technical Advisors, Staff Outreach

- Support awareness of the ongoing consultation and encourage constituents to share their views, e.g. INTOSAI FAAS Annual Meeting, Discussions with the Japanese Ministry of Finance

Local/Regional Events

- UK Roundtable – April 13 – Organized by the Consultative Committee of Accountancy Bodies
Developing the next IPSASB Strategy and Work Plan

Multi-year Strategy (2019-2023), Work Plan to implement/operationalize Strategy

- Stakeholder outreach 2017
- Public consultation 2018
- CAG input
- PIC advice
This Strategic Objective will be delivered through two main areas of activity:

- Developing IPSAS and other high-quality financial reporting guidance for the public sector; and
- Raising awareness of IPSAS and the benefits of their adoption.

Strengthening Public Financial Management (PFM) globally through increasing adoption of accrual-based IPSAS.
Proposed Strategic Themes 2019-2023

**Theme A:** Setting standards on public sector specific issues

**Theme B:** Maintaining IFRS convergence through increasing adoption of accrual-based IPSAS

**Theme C:** Developing guidance to meet users’ broader financial reporting needs

**Theme D:** Promoting IPSAS adoption and Implementation

**Theme E:** Advocating the benefits of accrual in strengthening PFM
Criteria for Assessing Projects To Propose for Future Work Plan

- Consequences
- Urgency
- Prevalence
- Technical & Resource Considerations
## Projects Proposed for Addition to the Work Plan 2019-2023

### 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 C – Developing guidance to meet users’ broader financial reporting needs

- No proposed projects related to Theme C
- IPSASB will monitor developments in the broader narrative reporting area
  - Specifically, monitor progress related to Integrated Reporting <IR>, the Corporate Reporting Dialogue and the IASB’s project on Better Communication in Financial Reporting.
Theme D—Promoting IPSAS adoption and implementation

- PFM reform landscape within individual jurisdictions is complex, and the IPSASB’s role is more limited than other groups

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<tr>
<th>Type of Support</th>
<th>Entity Staff</th>
<th>Consultants / Contractors</th>
<th>Supranational &amp; Regional Organizations</th>
<th>IPSASB</th>
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- Promotion
  - Active outreach – Chair, Members, TAs, CAG

- Technical Guidance
  - ‘At a Glance’ summaries
  - Webinars
  - Q&A

- Update - *Study 14: Transition to the Accrual Basis of Accounting: Guidance for Public Sector Entities*
Current State of IPSAS Adoption – 38% of Governments Currently on Accrual

Source: IFAC – The International Public Sector Financial Accountability Index
Trend toward accrual accounting is clear…….

Source: PWC Global Survey on Accounting and Reporting by Central Governments (2nd edition) – July 2015
In order to maximize the benefits of accrual-based information, it should be used for as many purposes as possible:

- Policy & Budget
- Statistics
- Accounting
- Accrual
- Users/Civil Society
- Public Sector Entities
- International & Regional Organizations
- Financial Markets
- Legislature
Theme E–Advocating the Benefits of Accrual in Strengthening PFM

- Build relationships with key international organisations and donors – IMF, World Bank, IMF, regional development banks, etc
- Raise awareness among other potential advocates – INTOSAI, capital markets, ratings agencies, civil society groups
- Participate in key events and engage in the work of others in the PFM space
- Encourage development of accrual impact evidence base – key role of the academic community
- Influence guidance development by other professional groups, e.g. Government Finance Statistics (GFS)
## Current and Future Projects – Timeline

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### Current Projects
- Social Benefits
- Financial Instruments (IPSAS 29 Update)
- Leases
- Revenue - (Exchange - Replace IPSAS 9 and 11, Non-Exchange - IPSAS 23 Update)
- Non-Exchange Expenses - Collective and Individual Services
- Public Sector Measurement - Principles of Measurement
- Public Sector Specific Financial Instruments
- Revenue - Grants and Other Transfers
- Non-Exchange Expenses - Grants and Other Transfers
- Public Sector Measurement - Consequential Amendments
- Infrastructure Assets
- Heritage

### Future Projects
- New Project 1
- New Project 2
- New Project 3
- New Project 4
- New Project 5
- Additional project(s) following Mid-period Work Plan Consultation
Where to Submit a Comment

Exposure Drafts and Consultation Papers

IPSASB Proposed Strategy and Work Plan 2019-2023

Published: Feb 02, 2018

Comments due by: Jun 15, 2018

IPSASB Proposed Strategy and Work Plan 2019-2023


The draft Strategy emphasizes the importance of International Public Sector Accounting reforms and proposes the following strategic objective:

- Strengthening Public Financial Management (PFM) globally through increasing adoption
  - Delivered through two main areas of activity, both of which have a public interest
    - Developing IPSAS and other high-quality financial reporting guidance for the public sector
    - Raising awareness of IPSAS and the benefits of accrual adoption.

This Consultation provides an opportunity for constituents to comment on the IPSASB’s plan priorities for the period 2019-2023. Please submit your responses by June 15, 2018.
Thank you!

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