

# Structured Approach to Modernizing Government Financial Reporting

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Accounting Standards Committee, ICGFM  
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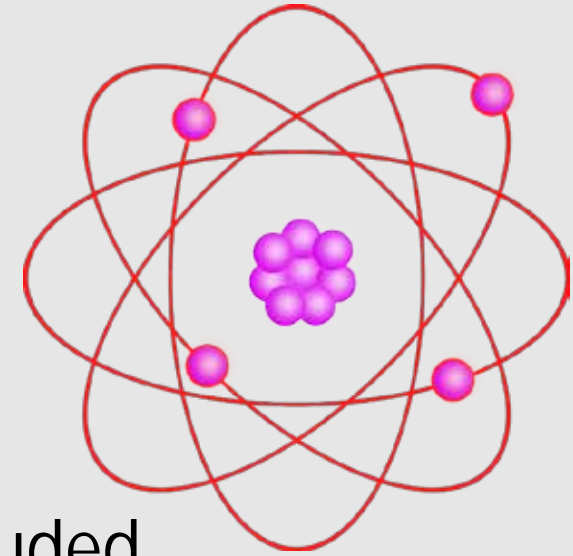


# Initial Effort by ICGFM to Aid in IPSAS and GFS Implementation (2013)

- IPSAS Compilation Guide
- Certificate Program
- Challenges:
  - Ø Lack of Capacity and Software in Developing Countries and Countries in Transition
  - Ø Clear identification of government entities:
    - ü Budgetary Entities
    - ü Extra-Budgetary Entities
    - ü Public Corporations vs SOEs



# New Structured Approach to Modernising Government Financial Management Reporting



Recognises two dimensions:

**Dimension 1:** Progressive expansion of entities included within Government financial reports, and

**Dimension 2:** Move from cash to accrual

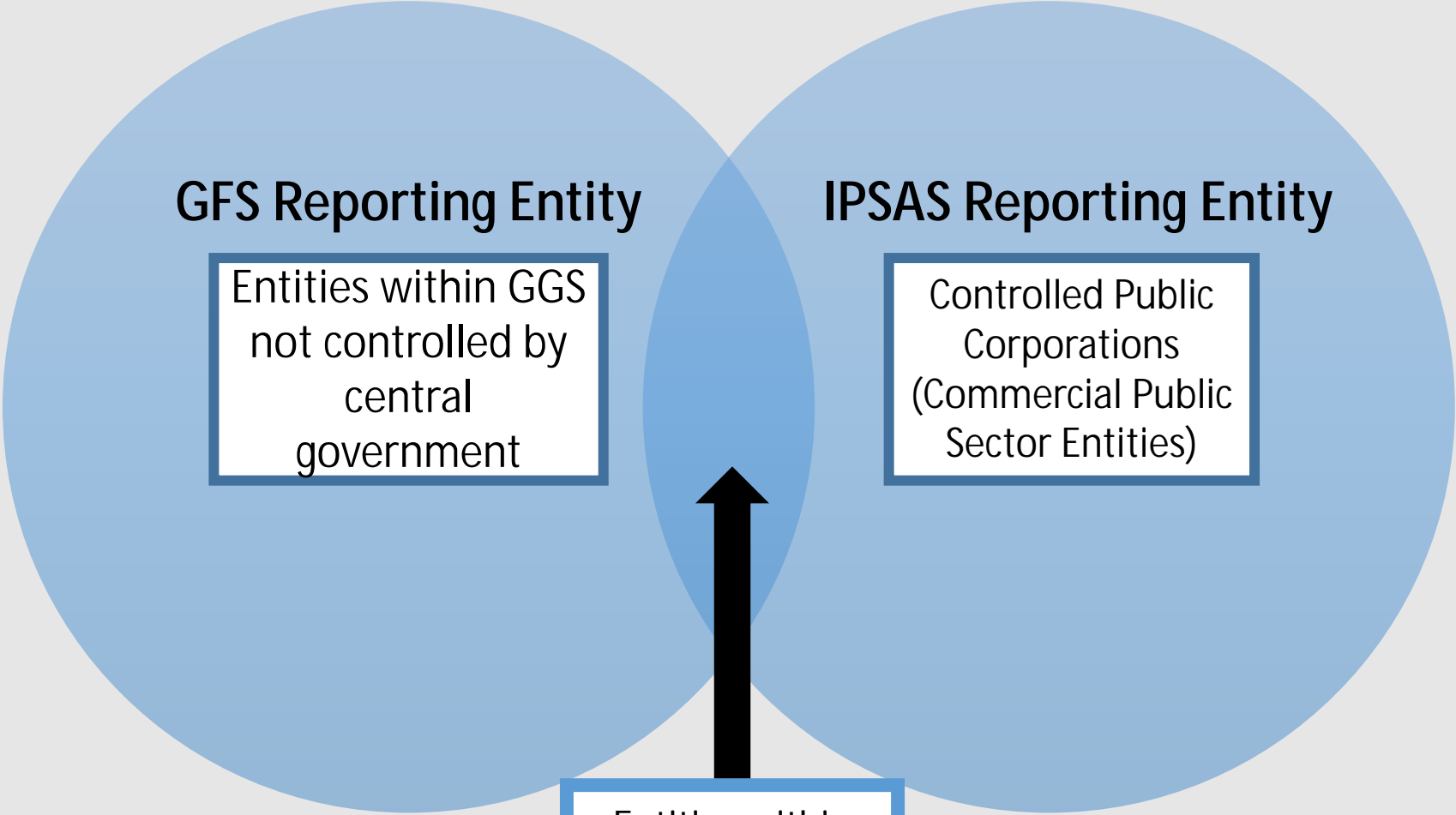
Uses **Platform** approach to measure progress

# Proposed Structured Approach to Full Accrual

		Dimension 1: Reporting Entity				
		A. Government budget entities	B. Government budget entities + extra budget entities within GGS	C. GGS at Central Government Level	D. All of GGS (IPSAS 22-optional)	E. IPSAS Consolidation
Platforms						
Dimension 2: Basis of accounting	1. Cash Basis	Platform 1				
	2. Cash + Financial Assets & Liabilities			Platform 2		
	3. As 2 including Tangible Assets except Historic & Infrastructure				Platform 3	
	4. Full IPSAS and GFS Accrual					Platform 4

# Dimension 1: The consolidation entity





**GFS Reporting Entity**

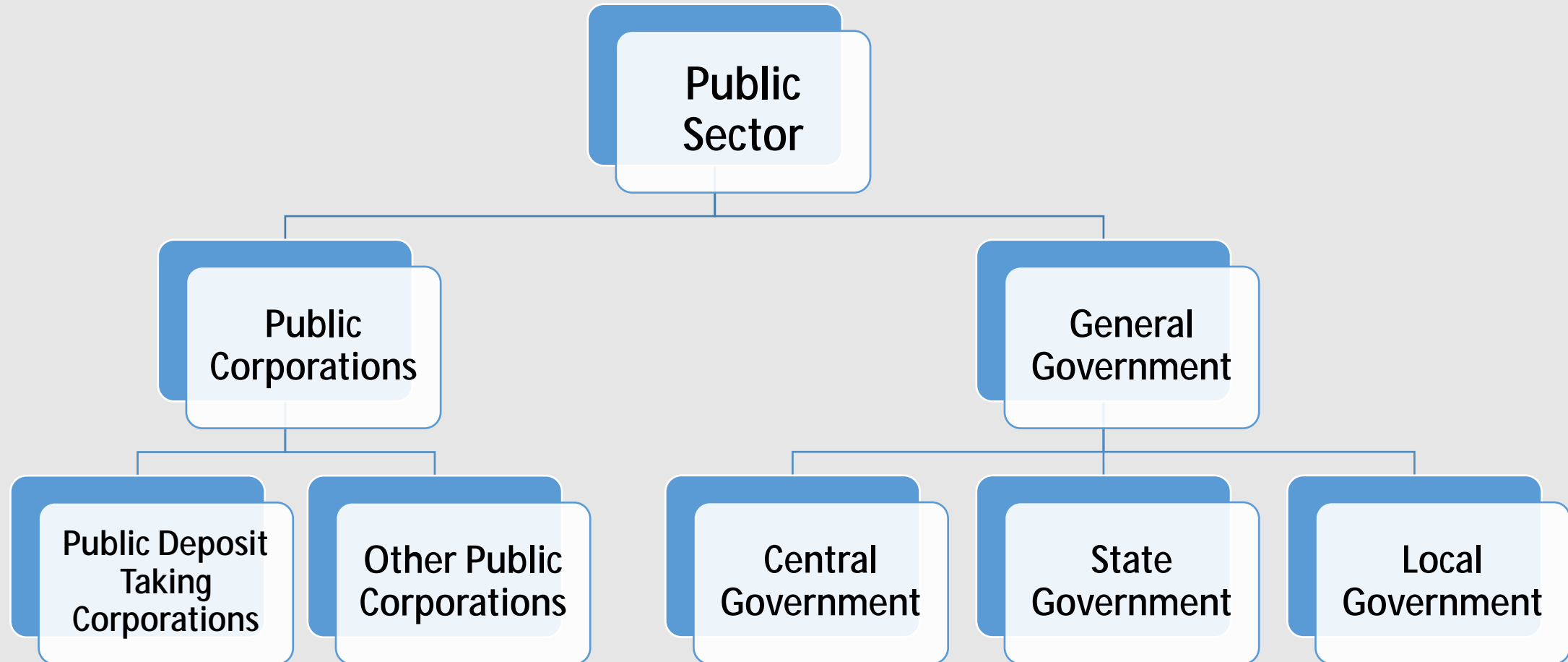
Entities within GGS  
not controlled by  
central  
government

**IPSAS Reporting Entity**

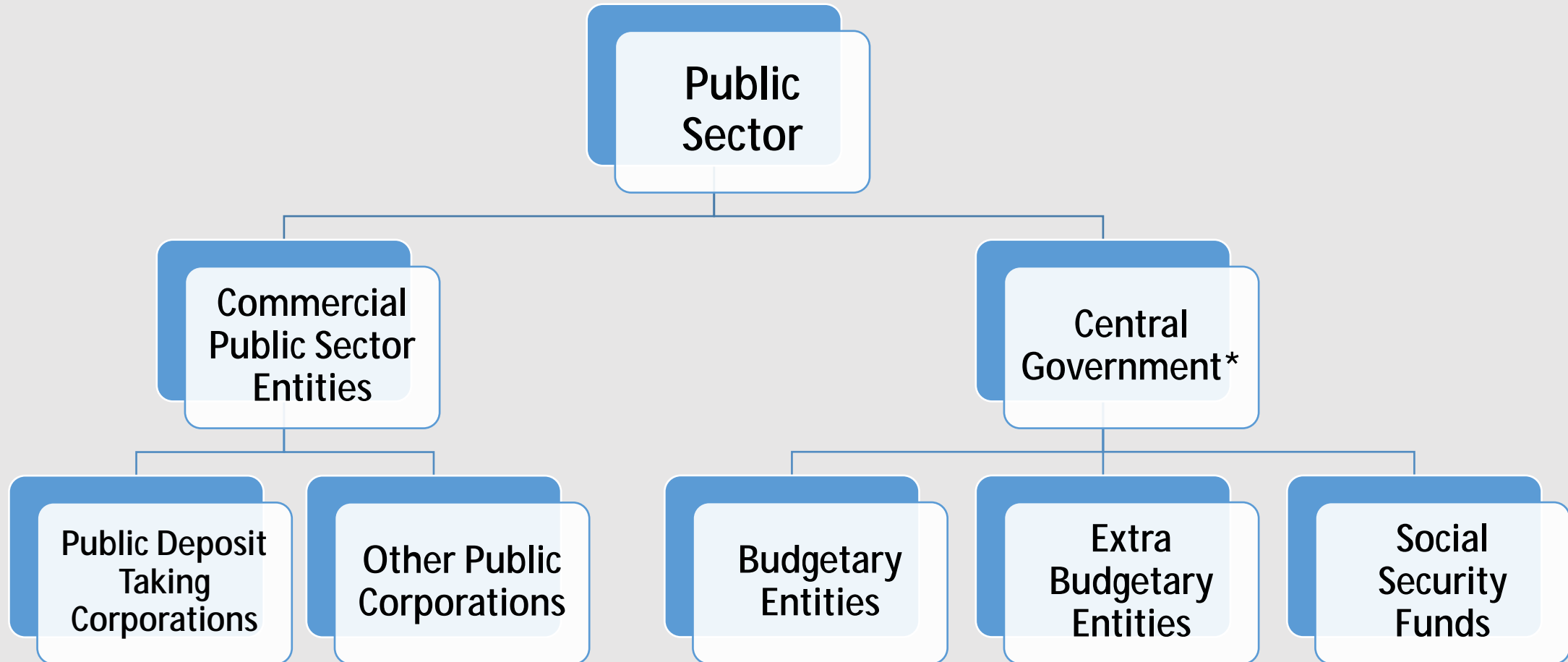
Controlled Public  
Corporations  
(Commercial Public  
Sector Entities)

Entities within  
GGS controlled  
by central  
government

# General Government Sector (GGS) for IMF



# IPSAS Central Government Reporting Entity



\*Same structure would apply to state and local governments



# Dimension 2: From cash to accrual

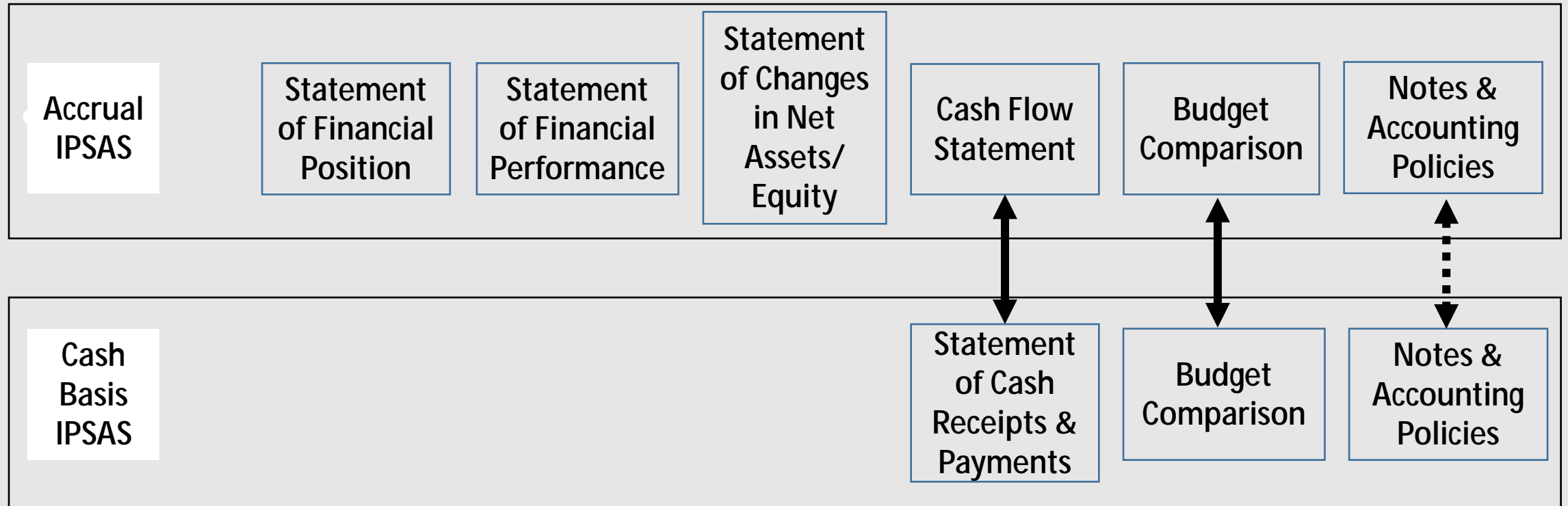


# IPSASB Simplification of Cash Basis IPSAS (2017)

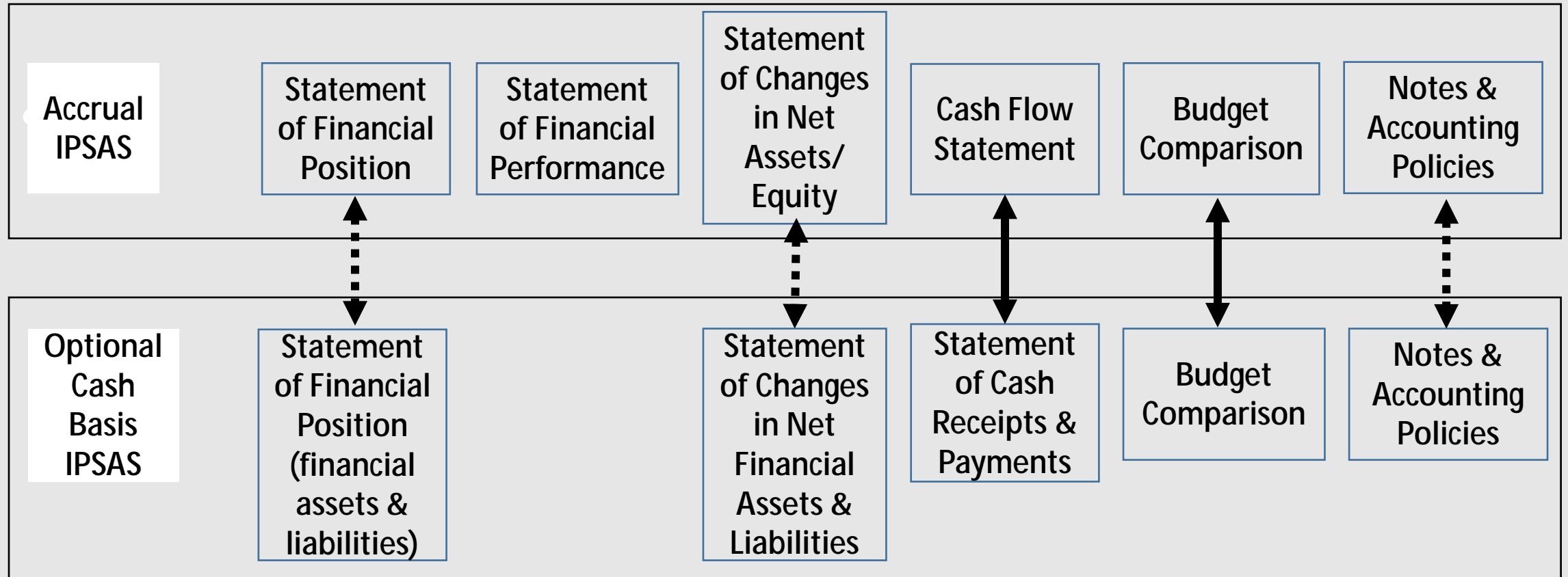
- Change Reporting of Third Party Payments from Required to Optional
- Change Preparing Whole of Government Consolidated Statements from Required to Optional
- Change Reporting of Assistance Received from Required to Optional
- Financial Statements Required:
  - Cash Receipts and Payments Statement
  - Budget to Actual Comparative Statement
  - Notes and Disclosures



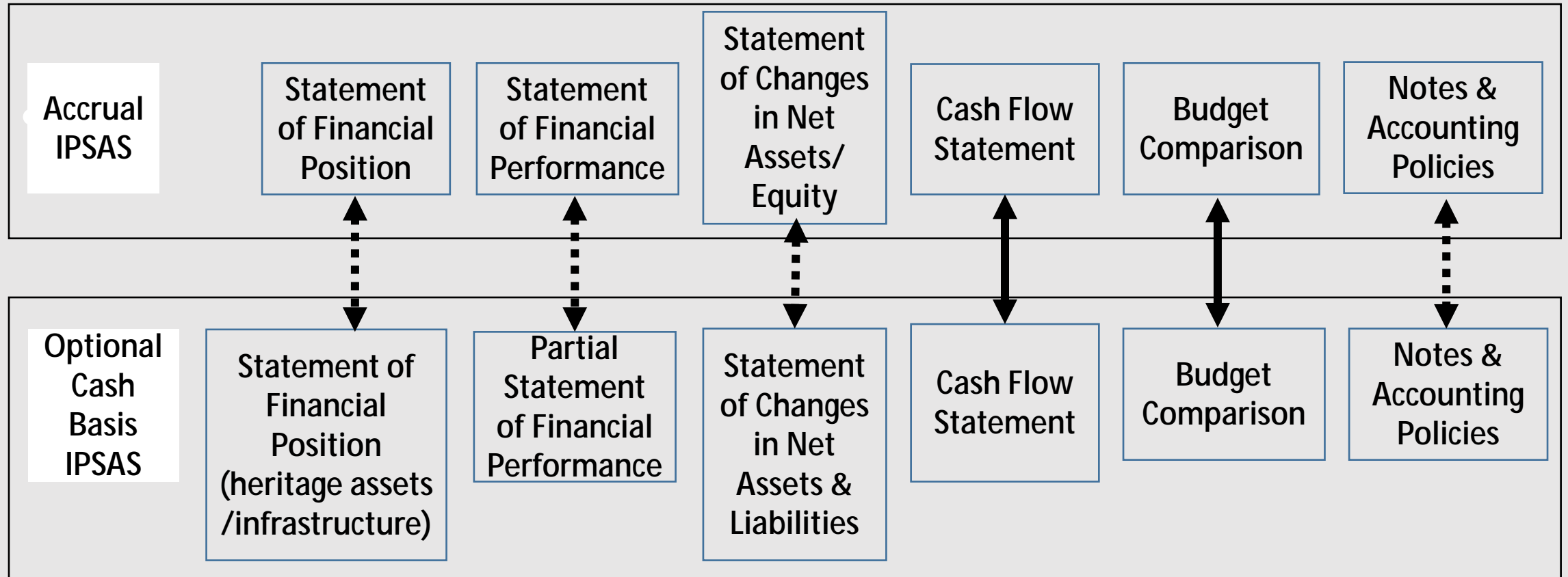
# Cash Basis as Sub-set of Accrual IPSASs (Platform 1)



# Optional Cash Basis (Platform 2)



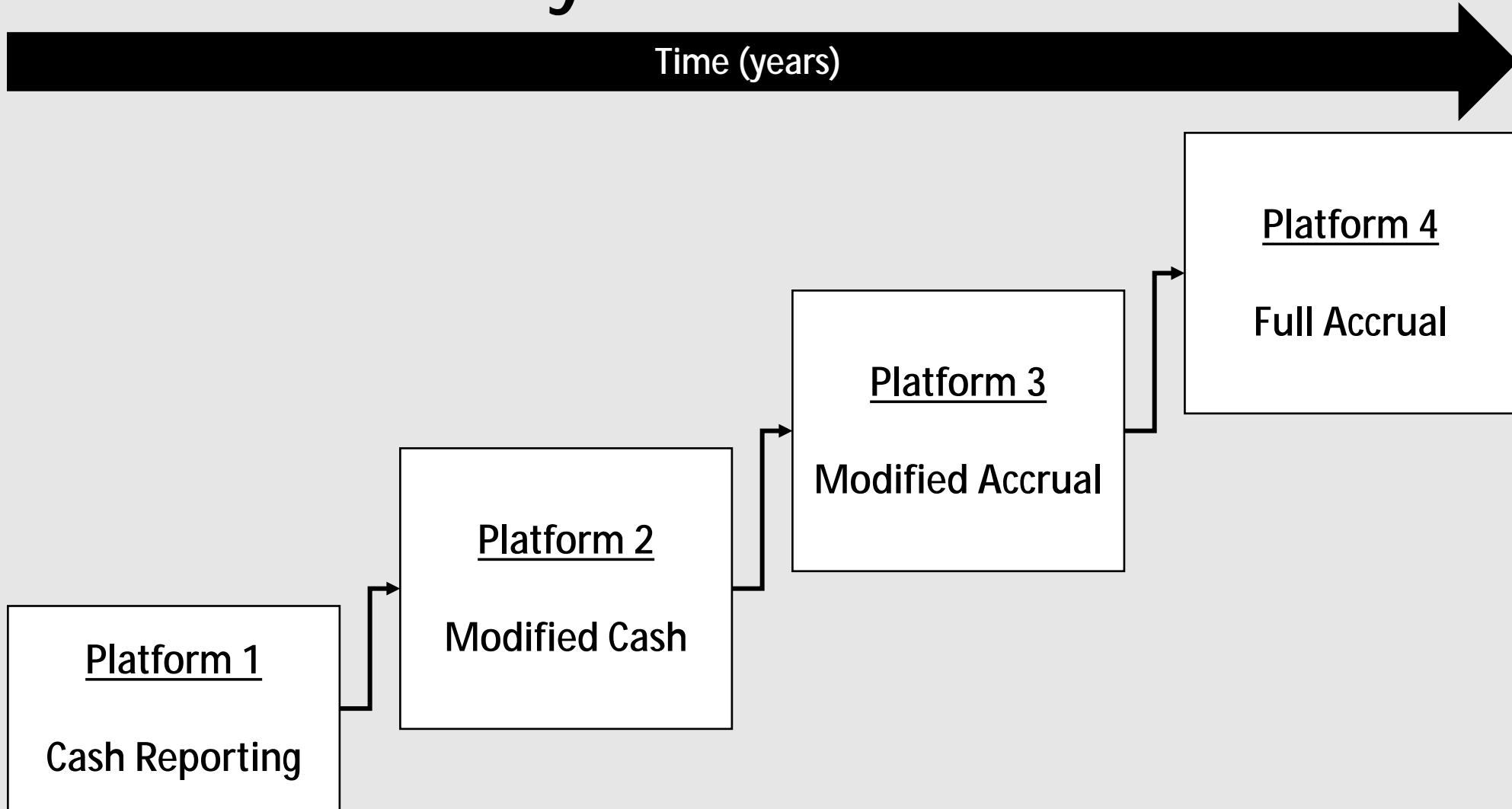
# Optional Cash Basis (Platform 3)



# Combining two dimensions as platforms



# Possible Country X Platforms



## Platform 1 Cash Reporting

- Cash Basis IPSAS – Part 1
- Reporting entity – Government budget entities



## Platform 2 Modified Cash Reporting

- Cash Basis IPSAS (Part 1 + selected sections in Part 2 on financial assets & liabilities)
- Reporting entity – GGS at central government level

**Platform 3**  
**Modified Accrual Reporting**

- Cash Basis IPSAS (Part 1 + most of Part 2 to include tangible assets (except heritage & infrastructure) & liabilities)
- Reporting entity - GGS

Platform 4  
Full Accrual Reporting

- IPSAS compliant accrual reporting
- Reporting entities in accordance with both IPSAS and GFS

# ICGFM Certificate Program

- Certificate for each of the four Platform levels achieved:
  - Ø Budgetary Units
  - Ø Extra-budgetary Units
  - Ø Public Corporations
- Certificate based on desk review of financial statements issued
- Fee for review based on GDP classification

