DIFFERENTIAL REPORTING

IPSASB Meeting – September 2023
Eileen Zhou, Principal
Zurich, Switzerland
Objective of the Differential Reporting Initiative

- **Initiation**
  - Added project to work program
  
- **Research & Scoping**
  - Conducted various activities and held discussions

- **Analysis & Approach**
  - Considered advice and feedback to determine next steps

- ✓ Reflect on findings from research and scoping activities
- ✓ Acknowledge potential inconsistencies and challenges with a standard-setting approach (i.e., development of an international differential reporting model)
- ✓ Understand the public sector need
- ✓ Consider other options to address that need
The public sector user need:

- Resource and capacity limitations amplify challenges in navigating, understanding, and applying full IPSAS
- IPSAS Handbook continues to grow
- Existing resources are not sufficiently helping entities navigate, thereby understand and apply, IPSAS

Additional support navigating IPSAS:

- Provides relief in response to identified need
- Is consistent with IPSASB’s approach on past initiatives
- Is a non-standard-setting approach

Recommendation

Objective

- Facilitate the development of practical support material, to help public sector entities better access, understand, and apply IPSAS
Agenda Item 9.2.2

Output from the Differential Reporting Initiative

Objective
• Facilitate the development of practical support material, to help public sector entities better access, understand, and apply IPSAS

Content
• Consider **nature and types** of transactions and balances
• Apply **materiality**
• Refer to **relevant IPSAS and other resources**

Format
• Balance **impact, time to market, resource demand**
• Need **pragmatic, timely, effective** support
• Take a **balanced approach**

Navigating IPSAS
Output from the Differential Reporting Initiative

**Purpose and content**

Helps a public sector entity:
- Consider its *transactions* in the context of *materiality*;
- Identify *relevant IPSAS* for *common* transactions;
- Obtain a high-level understanding of applicable *accounting principles*; and
- Find other helpful *resources*.

**Execution**

- Developed by a *strategic partner organization*
- Ongoing involvement by:
  - IPSASB *Staff*
  - *User/Preparer Panel* of volunteers

**In the future**

- *Review*: Did it achieve objective?
- *Determine*: Improvements? Additions?

**Time to market**

<table>
<thead>
<tr>
<th></th>
<th>Format</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-2 years</td>
<td>Static PDF (first edition)</td>
</tr>
</tbody>
</table>
Output from the Differential Reporting Initiative

Summary

Navigating IPSAS

Can help public sector entities identify its **transactions**, apply **materiality**, and better understand and apply IPSAS **principles** to **common public sector transactions**.

Can be developed by a **strategic partner organization**, with support from **staff** and a potential **User/Preparer Panel**.

Intended to **meet objective** of Differential Reporting initiative and provide **pragmatic, timely, effective support** to meet public need.

Recommendation

- **Endorse** development of “Navigating IPSAS”
- **Empower** staff to source strategic partner organization to take on the work
- **Establish** a User/Preparer Panel comprised of volunteers
- **Communicate** intended approach and proposed output