



**INTERNATIONAL FEDERATION
OF ACCOUNTANTS**

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DATE: 23 FEBRUARY, 2004
MEMO TO: MEMBERS OF THE IFAC PUBLIC SECTOR COMMITTEE
FROM: PAUL SUTCLIFFE
SUBJECT: **GFS, ESA, IPSAS HARMONIZATION**

ACTION REQUIRED

The Committee is asked to:

- **review** the attached materials and consider its response to the Recommendations of Working Group 1.

AGENDA MATERIAL:

	Pages
11.2 Mandate of OECD Task Force on Harmonisation (TFHPSA) and Agenda for February 04 Meetings of Task Force and Working Groups 1 and 2	11.3 - 11.7
11.3 Working Group 1 Report	2 nd distribution
11.4 Matrix of Differences IPSAS/GPS/ESA95	2 nd distribution

BACKGROUND

GFS, ESA 95, IPSAS Convergence

A meeting of the OECD Task Force on Harmonisation of Public Sector Accounting Standards (TFHPSA) and Working Groups 1 and 2 of the Task Force took place on February 6, 7, 9, 10, and 11. Working Group 1 deals with GFS, ESA 95, SNA and IPSAS Harmonization. Working Group 2 deals with proposals for revision of the System of National Accounts (SNA). Both Working Groups report to the Task Force. The Task Force oversees and co-ordinates the activities and recommendations of each of the working groups and forms a link to other components of the SNA review process.

Philippe Adhémar (the PSC Chair) is a member of the Task Force and Ian Mackintosh is Chair of Working Group 1. The Mandate of the Task Force and agendas for the February meetings of the Task Force and Working Groups are included for your information. Copies of the papers prepared for consideration at that meeting are available for members on request – please note the papers are all working drafts rather than final papers.

A report from Working Group 1 including recommendations for actions the PSC should initiate to enhance harmonisation between accounting and statistical bases is being finalized and will be included in the second distribution of Agenda materials. A matrix which identifies differences between the IPSASs, GFS and ESA 95, and identifies potential items for change or reconciliation was considered by Working Group 1 at its meeting on February 7 and 8, 2004. This matrix is being updated and will also be included in the second distribution of Agenda materials. Ian Mackintosh will be in attendance to discuss Working Group 1 materials with the PSC.

The PSC's response to the recommendations made by the Working Group may have significant implications for the PSC's work program over the medium term and long terms. It may require the development of an ITC or other PSC paper as the first step in any proposed response to particular recommendations of the Working Group. The matrix of differences may well form the basis of such a paper. At this meeting it is intended that Members consider the Working Group Report and strategy it should adopt in responding to matters raised in that report.

INTERNATIONAL TASK FORCE on HARMONIZATION of PUBLIC ACCOUNTS

MANDATE

The objective of the ITFHPA is to study the feasibility of harmonization between the different international government accounting and statistical standards. These include the 1993 System of National Accounts (SNA), the 1995 European System of Accounts (ESA), the Government Finance Statistics Manuel (GFSM2001), the International Accounting Standards (IAS) / International Financial Reporting Standards (IFRS), and the International Public Sector Accounting Standards (IPSAS). IPSAS are based on IAS / IFRS and future references will be made to IPSAS only, except in cases where there is any divergence between them.

Specifically, the ITFHPA is mandated:

- *To identify differences that exist between the various standards in the treatment of specific transactions, assets and liabilities.*
- *To identify areas where harmonization between the various standards is considered feasible and desirable, and to take action to affect the necessary amendments.*
- *To identify areas where harmonization between the various standards is not considered feasible or desirable, and to assess the implications of remaining differences between the standards.*
- *To make recommendations to the Inter-Secretariat Working Group on National Accounts (ISWGNA), for amending the SNA*

The ITFHPA consists of a Steering Group, the Task Force itself, and two Working Groups.

The Steering Group of the Task Force consists of representatives of the relevant international organizations and associations engaged in this work and individual countries that have demonstrated major efforts in this field. At present the Steering group is composed of:

- The IMF, the OECD, the International Federation of Accountants-Public Sector Committee (IFAC-PSC), Eurostat, the European Central Bank (ECB), and the International Accounting Standards Board (IASB)
- Australia and the United Kingdom. Additional countries may join the Steering Group in accordance with the above criteria.

The Task Force itself consists of senior statisticians and senior accounting policy officials from all interested countries, as well as representatives of international organizations.

Working Group I of the Task Force will focus on harmonization issues between GFSM 2001 and IPSAS. (Issues identified as relevant to the other Working Group or other fora will be referred to the Task Force for further action as required).

Working Group II of the Task Force will focus on harmonization issues between GFSM 2001 and SNA/ESA. (Issues identified as relevant to the other Working Group or other fora will be referred to the Task Force for further action as required).

The ITFHPA is chaired by the IMF. Working Group I of the Task Force is chaired by IFAC-PSC. Working Group II is chaired by the OECD. The OECD provides the Secretariat for the Task Force and its component groups.

Meetings of the Task Force and the Working Groups will take place in conjunction with relevant OECD meetings of senior accounting policy and statistics officials.

TFHPSA WORKING GROUP I: GFS – IPSAS – ESA 95 Harmonization**February 6-7, 2004 _**

64-66, Avenue d'Iena (4th floor)

Paris Office, IMF, 75116 Paris

Agenda

Date and time	Topic	Documents	Discussion Leader
Friday 6			
9.15 a.m.	Coffee		
9.30 a.m.	Opening remarks		Ian Mackintosh
9.40	Review of minutes of October 2003 meeting	Minutes October 2003	Jean-Pierre Dupuis
9.50 a.m.	Review of Matrix 1	Matrix 1	Ian Mackintosh and Robert Keys
10.45 a.m.	Coffee break		
11.00 a.m.	Review of Matrix 1 (continued)	Matrix 1	
13 p.m.	Lunch		
2:30 p.m.	Review of Matrix 1 (continued)	Matrix 1	
Saturday 7			
9.15 a.m.	Coffee		
9.30 a.m.	Review of Matrix 1 (continued)	Matrix 1	Ian Mackintosh and Robert Keys
10.30 a.m.	Coffee break		
10.45 a.m.	Review of Matrix 1 (continued)	Matrix 1	
12:45 p.m.	Lunch		
1:45 p.m.	Summary of Issues to be addressed by PSC, GFS, Eurostat, Working Group 2. Responsibilities for preparing reports to each group and to TFHPSA. (Role of OECD Secretariat, Working Group 1 members, etc.)		Ian Mackintosh and Jean-Pierre Dupuis
2:45 p.m.	Coffee break		
3:00 p.m.	Matters to be raised at OECD Accruals Symposium Future Role of the Working Group. Authors for preparation of a Paper based on Matrix 1 Other matters		Ian Mackintosh
5:00 p.m.	Meeting close		Ian Mackintosh

TFHPSA WORKING GROUP II: INPUT TO SNA REVIEW

February 9-10, 2004
OECD, La Muette, room 6

Agenda

Note: It might be necessary for Working Group II to meet 2 hours at the beginning of Wednesday morning for discussing one remaining item of its agenda.

Date and time	Topic	Documents	Discussion Leader
Monday 9			
9.15 a.m.	Coffee		
9.30 a.m.	Opening remarks		Jean-Pierre Dupuis
9.45 a.m.	Capital injections, super-dividends, and reinvested earnings	Paper by P. de Rougemont	Philippe de Rougemont
10.45 a.m.	Coffee break		
11.00 a.m.	Capital injections etc (continued)		
13 p.m.	Lunch		
2:30 p.m.	Attendance to the OECD Accruals Symposium		
Tuesday 10			
9.15 a.m.	Coffee		
9.30 a.m.	Public-private sectors delineation Or Privatisations and restructuring agencies, including securitisation	Paper by J. Pitzer Paper by Denis Besnard	Betty Gruber Denis Besnard
10.30 a.m.	Coffee break		
10.45 a.m.	Public-private sectors delineation or Privatisation (continued)		
11:45	Tax revenue, uncollectible taxes, and tax credits	Paper by Jean-Pierre Dupuis	Jean-Pierre Dupuis
12:45 p.m.	Lunch		
1:45 p.m.	Tax revenue, uncollectible taxes, and tax credits (continued)	Paper by Jean-Pierre Dupuis	Jean-Pierre Dupuis
2:45 p.m.	Coffee break		
3:00 p.m.	Provisions, contingent assets, constructive obligations, including state guarantees	Paper by Jeff Golland	Jeff Golland
5:00 p.m. to 6:00 p.m.	Other issues: - military expenditure, - employer pension schemes, - BOOT schemes and Public-Private Partnerships	Various short papers (OECD, IMF, Eurostat)	J-P Dupuis, P. de Rougemont, Denis Besnard
Wednesday 11 9 am to 10:45 am	Summary of discussion and strategy for the future		Jean-Pierre Dupuis

TASK FORCE ON HARMONIZATION OF PUBLIC SECTOR ACCOUNTING (TFHPSA)

February 11, 2004
OECD, La Murette, room 6

Agenda

Note: Due to time constraints for Working Group II on the previous days, it might be necessary to start the TFHPSA plenary meeting Wednesday at 11:00.

Time	Topic	Documents	Discussion Leader
9.15 a.m.	Coffee		
9.30 a.m.	Introductory Remarks		Lucie Laliberte
9.45 a.m.	Strategy for TFHPSA	Strategy Paper	Lucie Laliberte
10.45 a.m.	Coffee break		
11.00 a.m.	Working Group I	Working Group I Report and Matrix I	Ian Mackintosh
1.00 p.m.	Lunch		
2.00 p.m.	Working Group II	Working Group II Report	Jean-Pierre Dupuis
4.00 p.m.	Coffee break		
4.15 p.m.	Work Program for 2004 and 2005-6		Lucie Laliberte