

Agenda Item 4: Public Sector Specific Financial Instruments

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IPSASB Meeting

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Ottawa, Canada

Objective of Session

- Approve project brief on Public Sector Specific Financial Instruments

Accounting for Public Sector Specific Financial Instruments: Section 1 (1)

- Objective: develop requirements and guidance on accounting for public sector specific financial instruments, not in scope of IPSAS 28-30
- A number of issues identified do not meet the definitions of a financial instrument, financial liability and/or financial asset in IPSAS 28
- IPSASB decision made to prioritize IFRS convergence and development of IPSAS 28-30, however some issues previously identified;
 - Monetary gold
 - IMF special drawing rights and reserve position in the IMF
 - Currency issued by the entity

Accounting for Public Sector Specific Financial Instruments: Section 1 (2)

- Existing IPSAS address two public sector specific financial instrument issues, which fit the definitions in IPSAS 28
 - Concessionary loans
 - Financial guarantees in non-exchange transactions

Project Rationale and Objectives: Section 2 (1)

- Public sector specific issues
- Some issues relevant to a limited number of entities, but likely to be material
- Gap in literature
- Issues Identified
 - Monetary gold
 - IMF SDRs and IMF reserve position
 - Currency and coin in circulation
 - Statutory receivables and payables
 - Concessionary loans and financial guarantees issued in non-exchange transactions

Project Rationale and Objectives: Section 2 (2)

- Objectives
 - Consultation Paper
 - Exposure Draft
 - IPSAS and/or Application Guidance
- Link to IFAC and IPSASB Strategic Plans
 - Public sector critical project
 - Commitment to development, implementation & adoption of international standards
 - Enhanced focus on public sector financial reporting

Key Issues: Section 3 (1)

- **Key Issue 1: Approach to project**
 - Is additional guidance needed for issues mainly applicable to central banks, some of which apply IFRS (and might be considered a GBE)?
 - If these issues can be dealt with under current IFRS, is there need for further guidance?
- **Key Issue 2: Appropriate scope**
 - Are there further issues to be added or should the scope be reduced?
- **Key Issue 3: Additional IPSAS or application guidance or both**
 - What should the final output aim be?

Key Issues: Section 3 (2)

- Key Issue 4: Concessionary loans and financial guarantee contracts
 - There issues are covered by IPSAS 28-30, applicable from January 1, 2013, should these issues be re-opened?

Implications for Specific Person or Group: Section 4

- IASB
 - IFRS 7, *Financial Instruments: Disclosures*; IAS 32, *Financial Instruments: Presentation*; IAS 39, *Financial Instruments: Recognition and Measurement*
 - IASB has ongoing project to update current standards for classification and measurement, Impairment and hedge accounting
- Other IPSASB Standards, Projects
 - IPSAS 28, IPSAS 29 and IPSAS 30
 - Conceptual Framework: Elements & Recognition, Measurement Phases
 - Government Business Enterprise Project
- Other-Government Finance Statistics
 - Approaches in GFSM

Timetable: Section 5

Project Milestones	Expected Completion
Project Brief	December 2013
Consultation Paper Approval	December 2014
Exposure Draft Approval	December 2015/March 2016
IPSAS Approval	Late 2016/Early 2017

Factors Related to Complexity and Length: Section 6 (1)

- Wide range of issues and practices in regards to financial instruments accounting in the public sector
- Limited scope of application for some of the issues identified
- Lack of existing accounting guidance or guidelines addressing many of the public sector financial instruments issues identified
- Continuing development and modification of financial instruments accounting standards by the IASB
- Technical complexity of some of the issues identified

Factors Related to Complexity and Length: Section 6 (2)

- Task Based Group/Task Force
 - Technical complexity of some issues
 - Limited number of entities for which some issues are applicable
 - Lack of literature
- Propose to add 1 to 2 individuals with experience/expertise related to the following
 - Accounting issues common to central banks
 - Accounting for SDRs and reserve position in the IMF

Important Sources of Information: Section 7

- Government Finance Statistics Manual 2001 (under revision)
- System of National Accounts 2008
- European System of Accounts
- Accounting Standards Board (South Africa). Standard of Generally Recognized Accounting Practice: Statutory Receivables (GRAP 108)
- The Financial Statements of various national governments and central banks/reserve banks