

IPSAS Briefing

Stephenie Fox
IPSASB Technical Director

March 2015
Santiago, Chile

WHY WE'RE HERE

Credible and transparent financial reporting has the potential to improve decision-making in the public sector, facilitate holding governments more accountable to their citizens and enhance global fiscal stability and sustainability.

OBJECTIVE OF IPSASB

- Serve the public interest
- Strengthen PFM through increasing adoption of accrual IPSASs by:
 - developing high quality accounting standards for use by public sector entities globally
 - Developing other publications
 - Raising awareness

Who is IPSAS Board?

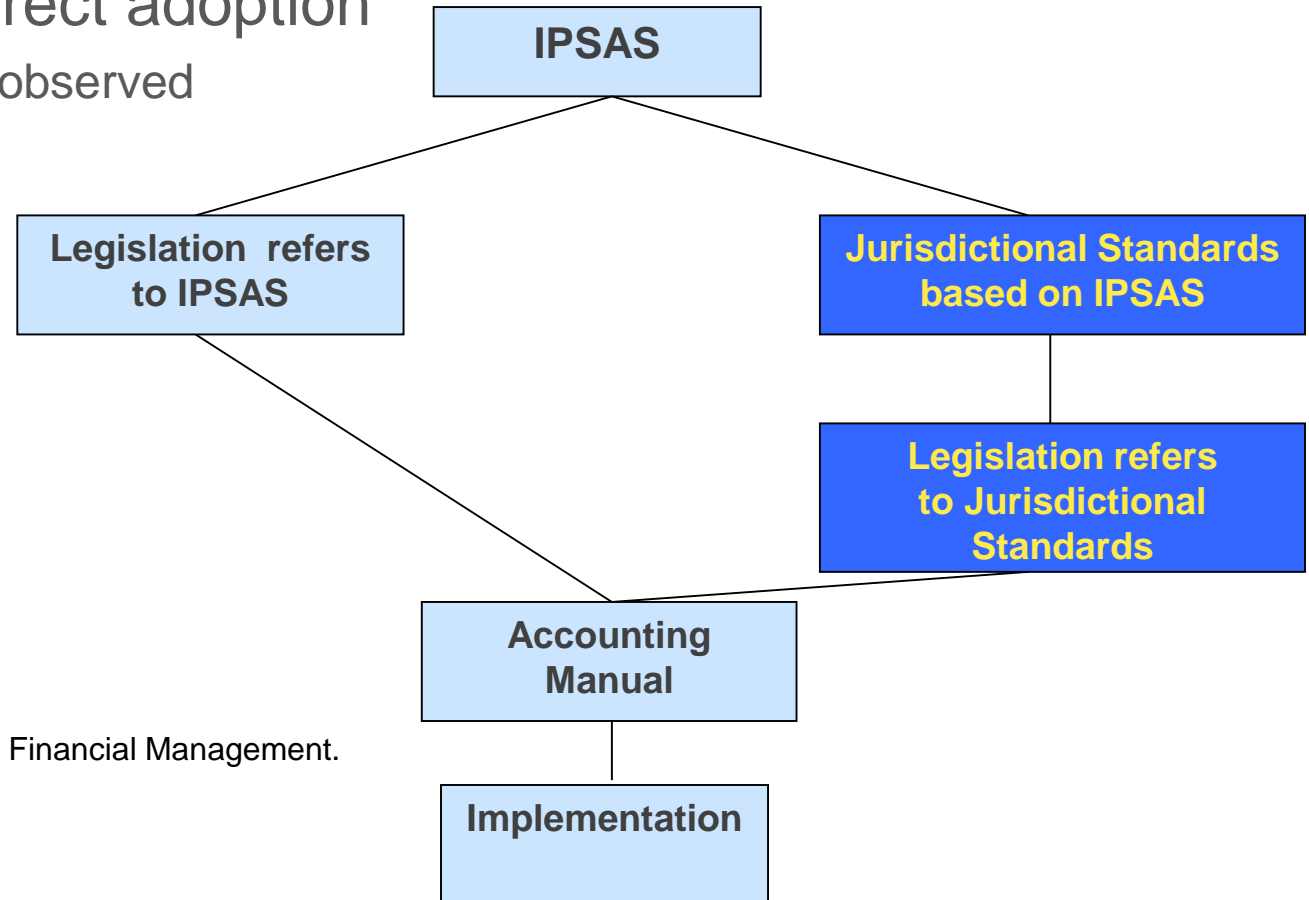
- Independent Accounting Standards Setter under IFAC
- Setting standards for Public Sector Entities except Government Business Enterprises (GBE)
- 18 members
- 10 international organizations with formal observers status, including IMF, World Bank, EU
- 8 staff, mainly based in Toronto/Canada
- Funding by IFAC (approx 50 percent) and various Voluntary Contributions from Governments and Observers

Rigorous Process

- All meetings and agenda materials are public
- Consultative process 4-6 months response period
- Issue exposure drafts of proposed accounting treatment for feedback from stakeholders
- All responses posted on website
- IPSASB must approve all public documents with 2/3 vote

Adoption of IPSASs

- Direct vs. indirect adoption
 - Same can be observed for IFRS



Source:
Bergmann, A: Public Sector Financial Management.
FT Prentice Hall, 2009.

IPSASB has created a full suite of standards

- 38 Standards approved (accrual basis) covering all main areas of government activity, 1 cash basis standard
- Substantial convergence at December 31, 2009 with IFRSs at December 31, 2008
 - All relevant IFRS converged
 - 2009 IFRS improvements incorporated at 1 January 2011
- Standards include sector specific standards
 - Disclosure of Information about the GGS (Financial Statistics)
 - Revenues from Non-Exchange Transactions (Transfers and Taxes)
 - Presentation of Budget Information
 - Service Concession Arrangements: Grantor

IPSASB has created a full suite of standards

- Adoption and implementation guidance
 - Study 14
 - Non-authoritative
 - Practically oriented («How to do it»)
 - Including hints for project management

Relevant issues and work program of the IPSASB

Relevant Issues

- Public sector specifics
- Conversion to accrual-based systems
- Output-orientation
- Intergenerational Equity
- Need for whole-of-government perspective
- Restructuring to increase efficiency
- Harmonization with GFS

Work Program of the IPSASB

- Service Perf Reporting
- PS Combinations
- GBEs
- PS Fin Instruments
- Social benefits
- Emissions trading
- Revenues – exchange and non-exchange
- Non-exchange expenses
- Cash basis review

Momentum in Adoption

- Increase in adoption and implementation
 - Over 40 Countries apply Accrual IPSAS; including South Africa, New Zealand, Switzerland, Russia, Israel, Slovakia, Brazil, Indonesia
 - Some apply it directly (e.g. Switzerland, Austria, Estonia, Lithuania, Chile)
 - Some others indirectly through National Standards (e.g. South Africa, Brazil, Indonesia, Malaysia, Spain, New Zealand)
 - Some apply it for lower levels of government, e.g. Prefecture of Tokyo, State of Geneva
 - Entire UN System, OECD, NATO, Interpol and EC
 - Eurostat: IPSAS indisputable reference for a EU framework

Conclusion

- IPSASs are a full suite of standards, designed for the public sector set by an independent, international standard setter
- They can implemented directly or indirectly through standards set at jurisdictional level
- Time and cost required for implementation are substantial – but returns are easily higher
 - Identification of assets; more actively managed
 - Better accountability and decision making
 - Lower debt levels and lower interest rates (e.g. State of Geneva -0.5%/Hiler 2012)

Questions Discussion & Further Information



- Visit our webpage <http://www.ipsasb.org/>
- Or contact us by e-mail:
Chair IPSASB: andreasbergmann@ipsasb.org
Technical Director: stepheniefox@ipsasb.org