



Agenda Item 6: Government Finance Statistics Update

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IPSASB Meeting

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Objective of Session & Material Presented (Covering Memo para 1)

- **Objective**
 - **Consider** the Issues Paper;
 - **Consider** the approach the Task Force has taken to issues management and allocation to the three Government Finance Statistics (GFS) Tracking Tables; and,
 - **Approve** the inclusion of the three tables as *GFS Tracking Tables* as agenda items for future IPSASB meetings

Objective of Session & Material Presented (Covering Memo para 1)

- **Material Presented**

Agenda Item 8	Covering Memorandum
Agenda Item 8.1	Issues Paper
Agenda Item 8.2	IPSASs and GFS Reporting Guidelines – Extracts from 2012 Consultation Paper
Agenda Item 8.3	IPSASB Policy Paper – Process for Considering GFS Reporting Guidelines during Development of IPSASs
Agenda Item 8.4	GFS Tracking Table 1 [Draft] – Potential differences that can be resolved now through adopting a GFS-aligned IPSAS option

Background (Issues Paper para 1-3)

- **2003** *Task Force on Harmonization of Public Sector Accounting*
- **2005** *IPSASs and Statistical Bases of Financial Reporting: An Analysis of Differences and Recommendations for Convergence – Research Report*
- **2011** *Task Force Alignment of IPSASs and Public Sector Statistical Reporting Guidance*
- **2012** Consultation Paper, *IPSASs and GFS Reporting Guidelines*
- **2014** IPSASB Policy Paper, *Process for Considering GFS Reporting Guidelines During Development of IPSASs*
- **2014** Further analysis on CP Table 2: Issues from 2005 Report – Resolution and Proposals for Consideration

Task Force Meeting in December 2014—Decisions (Issues Paper para 4-7)

- Three New Tables
 - **Table 1** – Potential differences that can be resolved now through adopting a GFS-aligned IPSAS option
 - **Table 2** – Differences currently needing to be managed that could be resolved in future through an existing IPSASB work-plan project
 - **Table 3** – Differences currently needing to be managed that:
 - i. Could potentially be resolved through a future IPSASB project
 - ii. Could potentially be resolved through a future SNA/GFS revision project
 - iii. Do not currently appear capable of resolution.

Task Force Meeting in December 2014—Decisions (Issues Paper para 4-7)

- Analysis of issues
 - Resource for the Board's future work; and,
 - Published on the IPSASB website.
- Inclusion of the three tables as an agenda item for future IPSASB meetings in the similar manner as the IFRS tracking table

Management of Differences (IPSAS and GFS) (Issues Paper para 9)

- Table 1 – Potential differences that can be resolved now through adopting a GFS-aligned IPSAS option
 - The reporting entity (1.A1)
 - Reporting component sectors of the public sector, particularly the general government sector (GGS) (1.A2)
 - Accounting for controlled entities (1.A3)
 - Outside equity interest (1.A4)
 - Borrowing costs (1.B1)
 - Time of recording of tax revenue (1.B2)
 - Investments in associates (Measurement) (1.C1)

Management of Differences (IPSAS and GFS) (Issues Paper para 9)

- Table 1 – Potential differences that can be resolved now through adopting a GFS-aligned IPSAS option
 - Measurement of investments in unquoted shares (entities that are not controlled or subject to significant influence) (1.C2)
 - Depreciation vs. consumption of fixed capital (1.C3)

Management of Differences (IPSAS and GFS) (Issues Paper para 10)

- Table 2 – Differences currently needing to be managed that could be resolved in future through an existing IPSASB work-plan project
 - Defence weapons (3.3);
 - Recognition and derecognition of financial instruments: Securitization undertaken by SPEs/SPVs (6.e)
 - Currency on issue/ seigniorage (6.2)
 - “Subscriptions” to international organizations (10.6)
 - IMF Special Drawing Rights (SDRs) (10.13)
 - Measurement of non cash-generating assets (10.7)
 - Transaction costs – Acquisition of Assets (10.9)

Management of Differences (IPSAS and GFS) (Issues Paper para 11)

- Table 3 – Differences currently needing to be managed that:
 - i. Could potentially be resolved through a future IPSASB project*
 - Determination of:(a) net worth/net assets/ equity (2.2);
 - Contributions from owners for commercial government operations (2.2b));
 - Distributions payable to owners as holders of equity instruments (2.3a));
 - Distributions receivable from controlled entities (2.3b));
 - Transaction costs – Disposing of Assets (5.2);
 - Inventory (Measurement) (5.5);
 - Financial Statements for the Reporting Entity – General (8.1).

Management of Differences (IPSAS and GFS) (Issues Paper para 11)

- Table 3 – Differences currently needing to be managed that:
 - ii. *Could potentially be resolved through a future SNA/GFS revision project*
 - Costs of intangibles (3.1);
 - Public private partnerships (3.4);
 - Decommissioning/restoration costs (4.2);
 - Low interest and interest free loans (5.4);
 - Biological assets (that is, living animals and plants) (5.8);
 - Extractive Industries (development and production) (5.10);
 - Lease liabilities (10.10)

Management of Differences (IPSAS and GFS) (Issues Paper para 11)

- Table 3 – Differences currently needing to be managed that:

iii. Do not currently appear capable of resolution

- Extractive Industries (exploration and evaluation) (3.2);
- Provisions arising from constructive obligations (4.1);
- Nonperforming loans (5.3)
- Extractive industries (exploration and evaluation) (5.9)
- Prior period adjustments/back casting: voluntary changes in accounting policies (10.14)

Management of Differences (IPSAS and GFS) (Issues Paper para 12)

- Issues removed from the Comparison Table:
 - Employee stock options (ESOs) (4.4)
 - Recognition and derecognition of financial instruments: Debt assumption (6.1a))
 - Recognition and derecognition of financial instruments: Debt cancellation (6.1b))
 - Recognition and derecognition of financial instruments: Debt defeasance (6.1d))

Next Steps (Issues Paper para 13)

- Table 1 – Update with IPSAS 34-38 and editorials revision
- Table 2 – Update with IPSASB work plan 2015-2016
- Table 3 – Update with decisions from Task Force
- All Tables – Agenda item for all IPSASB meetings from June 2015 onwards under the name *GFS Tracking Tables*

Action Requested

- (a) **Review** the approach the Task Force has taken to issues management and allocation to the three tables on *IPSASs and GFS Reporting Guidelines: Comparison of Recognition and Measurement Requirements*; and
- (b) **Approve** the inclusion of the three tables as *GFS Tracking Tables* as agenda items for all future IPSASB meetings.



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