



Using Accrual Data in GFS

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Outline

- How GFS Methodology developed
- How GFS Provides An Integrated Approach to Fiscal Analysis and Fiscal Transparency
- Why a choice between IPSAS and GFS is a false choice
- GFS & IPSAS: Relationships with the fiscal cycle
- GFS & IPSAS: Conceptual differences
- Challenges and Opportunities going forward
- Concluding remarks



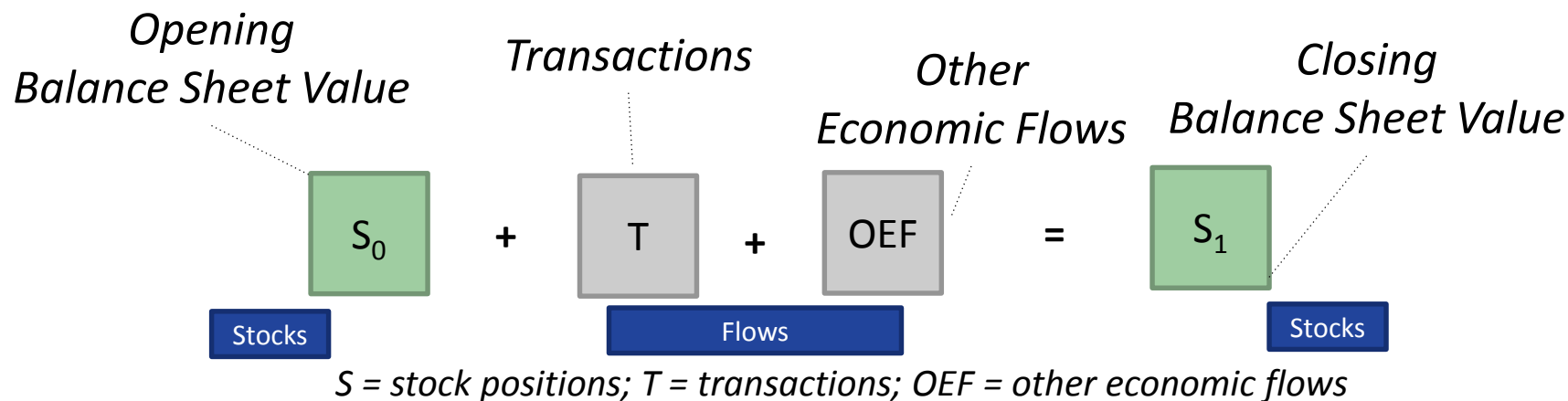
GFS Methodology developed out of Macroeconomic Analytical Needs

- Traditional fiscal reports became too limiting
- Complexities of fiscal activities increased
- The GFS methodology is a powerful tool for economic and fiscal analysis using **CASH** and **ACCRUAL** data
- Some of Fund's membership face challenges with implementing accrual accounting
- but the complementarities that have evolved between statistical reporting and accounting standards support the migration toward accrual accounting



GFS Provides An Integrated Approach to Fiscal Analysis and Fiscal Transparency

- GFS enhances fiscal transparency because it integrates flows and stock positions, thereby offering a complete picture...



... but also because it allows distinction between:

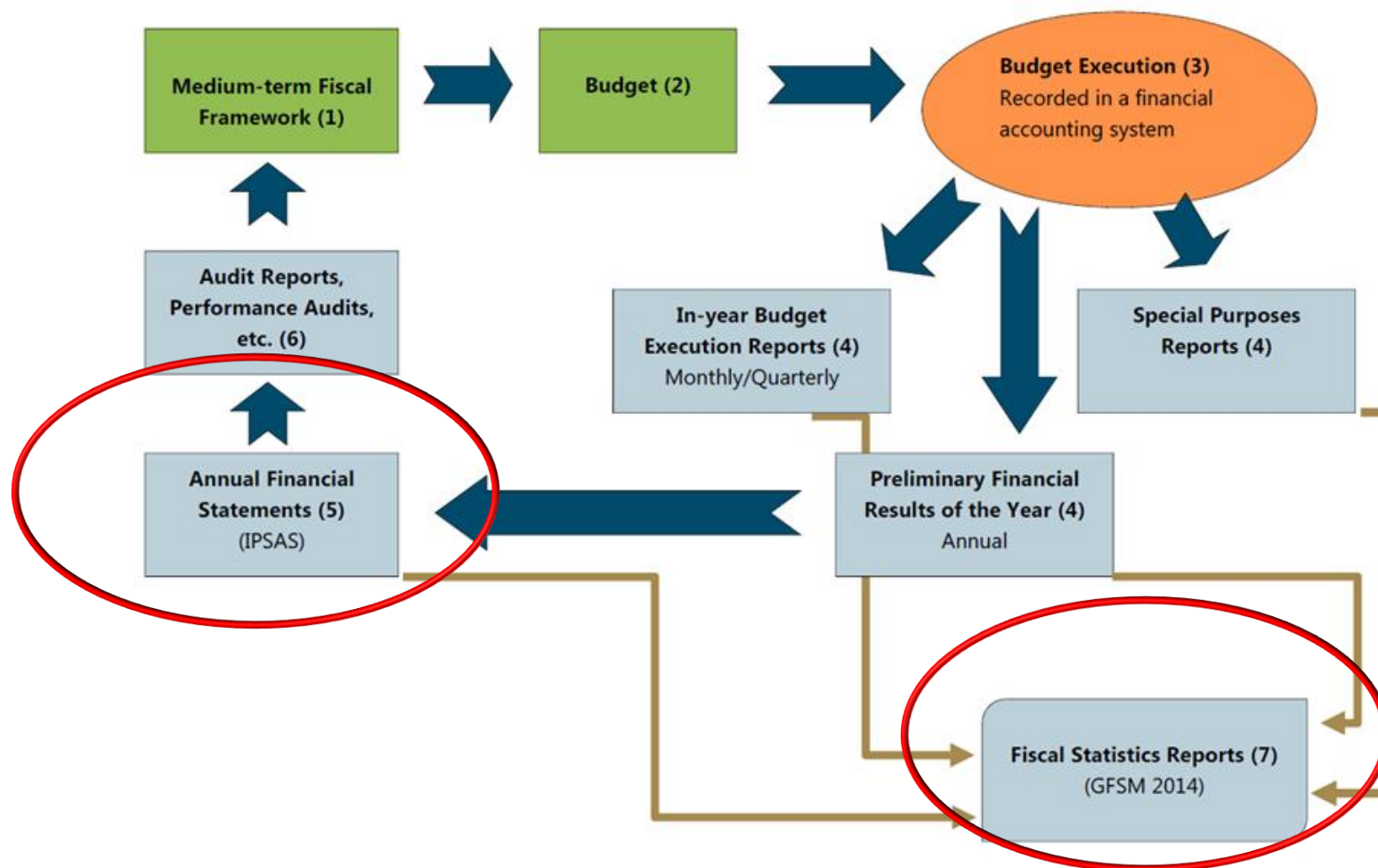
- transactions (*under direct control of fiscal authorities*)
- other economic flows (*impact of internal or external shocks*)



No need to choose between the systems
IPSASs and GFS are complementary
Accounting records are an important source for high
quality statistics



GFS and the fiscal cycle





GFS & IPSAS: Conceptual differences

- **Impact:** different objectives do result in some fundamental differences in how and what information is reported
- ✓ **GFS:** Economic analyses
 - Analyze financial/economic impact of fiscal policy options
 - Evaluate economic impact on other sectors of the economy
 - Compare outcomes nationally and internationally
- ✓ **IPSAS:** General purpose financial statements useful for
 - Evaluating financial performance/financial position
 - Managerial accountability and oversight
 - Inform decision making by users of general purpose info

But both systems often require reforms – IMF supports these initiatives through our Capacity Development initiatives



Some challenges remain

- Often requires a more comprehensive public financial management reforms.
- Reforms may take time and resources
- Need for reporting reforms must often be balanced against other demands on member's resources
- Country specific challenges may exist
-but an increased demand for better fiscal data could support reforms



Opportunities to collaborate / Looking forward

- IPSAS 2019-2023 Forward Strategy – increasing use of accrual accounting in compiling GFS
 - possible implications for STA/FAD/IPSAS CD program
 - Difficulties/challenges for countries in making a transition.....
- The IMF membership covers the full spectrum of accounting:

<i>Cash accounting</i>	<i>Modified cash</i>	<i>Modified accrual</i>	<i>Accrual accounting</i>
Among 100 regular reporting countries 15 report both cash and accrual based GFS			

- How best to increase the number of countries?



Concluding Remarks

- **Remember, we live in a dynamic world – change happens**
 - Linking GFS implementation and IPSAS-based reforms provides value
- **Consultative process continues**
 - Staff mutually involved in various working groups
 - IMF is represented as observer on IPSAS Board
 - IPSASB is represented on the GFS Advisory Committee