

# STRATEGY AND WORK PROGRAM 2024-2028

~~CONSULTATION~~

~~Comment Deadline February 15, 2024~~

OCTOBER ~~2023~~2024

<b>Mission</b>	The International Public Sector Accounting Standards Board® (IPSASB®) serves the public interest by developing high-quality Accounting and Sustainability Standards and other publications for use by public sector entities around the world in the preparation of General Purpose Financial Reports (GPFRs).
<b>Outputs</b>	<p>The IPSASB Standards include:</p> <ul style="list-style-type: none"> <li>• International Public Sector Accounting Standards® (IPSAS) which set out requirements for accrual-based financial reporting in General Purpose Financial Statements (GPFSs);</li> <li>• International Public Sector <a href="#">Accounting Standards Board's</a> Sustainability Reporting Standards<sup>TM</sup> that will set out sustainability disclosure requirements, a new initiative that began in 2023; and</li> <li>• Cash Basis IPSAS.</li> </ul> <p>The IPSASB's non-authoritative guidance and other publications include:</p> <ul style="list-style-type: none"> <li>• The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities;</li> <li>• Recommended Practice Guidelines (RPGs) applicable to the preparation and presentation of GPFRs; and</li> <li>• Staff papers and other documents.</li> </ul>
<b>Impacts</b>	<p>The use of the IPSASB Standards:</p> <ul style="list-style-type: none"> <li>• Enhances transparency through increasing comparability and quality of information: <ul style="list-style-type: none"> <li>– To enable users to assess the current financial position of public sector entities; and</li> <li>– To evaluate the sustainability of public sector entities' activities and operations today and for future generations.</li> </ul> </li> <li>• Allows users to hold governments accountable by communicating the nature and amount of resources controlled and obligations assumed by public sector entities; and</li> <li>• Contribute better information for public sector decision makers to use in making judgments and delivering goods and services to users efficiently.</li> </ul>
<b>Strategic Input</b>	The IPSASB <a href="#">Consultative Advisory Group (CAG)</a> is a forum comprised of representatives from public and private sector organizations and individuals that are interested in, or affected by, the IPSASB's work, including those engaged in the preparation, audit, or evaluation of public sector financial and sustainability reports. Interaction with the CAG is a key element of the <a href="#">IPSASB's due process</a> .
<b>Oversight</b>	The IPSASB sets its standards in accordance with a transparent <a href="#">due process</a> . The IPSASB's governance and standard-setting activities are overseen by the <a href="#">Public Interest Committee (PIC)</a> .
<b>Structures &amp; Processes</b>	The structures and processes that support the IPSASB are facilitated by the <a href="#">International Federation of Accountants (IFAC)</a> .
<b>Funding</b>	<p>The IPSASB receives ongoing financial support from IFAC, the Asian Development Bank, the Chartered Professional Accountants of Canada, the New Zealand External Reporting Board, the government of Canada and in-kind support from its 17 volunteer board members from around the world, its technical advisors and official observers.</p> <p>The IPSASB received financial support from the Association of Chartered Certified Accountants to support the initial development of an international public sector sustainability reporting standard. The IPSASB continues to seek support for the development of International Public Sector Sustainability Reporting Standards and requires additional resources to be able to scale up its efforts and move with pace.</p>



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# CHAIR'S MESSAGE

Having achieved so much despite the major challenges we ~~have~~ all faced during the 2019-2023 Strategy period, the IPSASB ~~has~~ reached an inflection point. ~~Building on these hard-won achievements~~ ~~The next Strategy period could not have come at a more opportune time.~~ ~~The achievements the~~ IPSASB, ~~with your help, will need to~~ ~~has~~ set a course that balances the following factors:

- **Maturity of the IPSAS suite.** During the 2019-2023 Strategy period the IPSASB published a number of major pronouncements addressing key gaps in its literature while addressing major changes in international financial reporting.
- **Growing constituent base.** By 2030 it is projected that more than 70% of jurisdictions will apply accrual accounting in the public sector.<sup>1</sup> These new users will increase the demands on the IPSASB's resources.
- **Inspiring Implementation.** Our global outreach program is essential in supporting the adoption and implementation of IPSAS. Our success comes through our partnerships with other organizations to develop tools needed by those on the journey to accrual, such as [Pathways to Accrual](#), to meet the implementation needs of the expanding user base.
- **Sustainability Reporting Standards.** Our stakeholders have been clear that the IPSASB should lead the development of International Public Sector Sustainability Reporting Standards. The IPSASB has heard this message and started the development of ~~these important standards~~ ~~its first Sustainability Reporting Standard on Climate-related Disclosures.~~



IAN CARRUTHERS  
IPSASB Chair

To address these significant changes in the landscape in which IPSASB works, the Board ~~proposes to will~~ rebalance its financial reporting resources. A maturing IPSAS suite of standards, will allow the IPSASB to shift the focus of its Financial Reporting Work Program. The previous focus on the development of new standards ~~can will~~ now shift towards the maintenance of an increasingly complete suite of standards.

This ~~proposed~~ rebalancing of the IPSASB's financial reporting resources will allow the Board to begin to undertake post implementation reviews and to launch an Application Panel, both of which will support not only existing IPSAS users but the much larger group of stakeholders expected to be using the IPSASB Standards by 2030.

With the existing financial reporting resources spoken for, sourcing additional funding is key to the timely development of International Public Sector Sustainability Reporting Standards. Sufficient funding was received to begin the Climate-Related Disclosures project, however, additional sources of funding ~~will be~~ ~~are~~ ~~still~~ needed to drive forward other key potential sustainability projects highlighted by our stakeholders.

This exciting new phase of the IPSASB's work ~~will build~~ ~~s~~ on the hard work of the Board and its staff to implement the ~~current previous 5-year~~ strategy, as well as the input from you our stakeholders. This has increased the completeness of the IPSAS suite and enabled us to extend our work into public sector sustainability reporting. We at the IPSASB, look forward to ~~hearing your feedback on our proposals working with you~~ as we ~~shape implement~~ the 2024-2028 Strategy and Work Program.



Ian Carruthers

<sup>1</sup> <https://www.ifac.org/knowledge-gateway/supporting-international-standards/discussion/international-public-sector-financial-accountability-index-2020>

# OUR ~~PROPOSED~~ STRATEGY

The ~~proposed~~ Strategic Objective for 2024–2028 reflects the shift in the balance of public sector financial reporting needs from IPSAS development towards maintenance, as a result of the continuing momentum in global IPSAS adoption and implementation<sup>2</sup>, and the development of International Public Sector Sustainability Reporting Standards.

## Strengthening Public Financial Management<sup>3</sup> (PFM) and sustainable development<sup>4</sup> globally through increasing adoption and implementation of accrual IPSAS and International Public Sector Sustainability Reporting Standards.

The IPSASB will deliver its Strategic Objective in two ways:

- **Delivering Global Standards.** Developing and maintaining public sector financial and sustainability reporting standards.
- **Inspiring Adoption and Implementation.** Raising awareness of the IPSASB Standards and the benefits of their implementation.

**FIGURE 1.** Delivering on the Strategic Objective.

The IPSASB ~~proposes to will~~ deliver on its Strategic Objective through four key areas, all of which have a public sector interest focus:



<sup>2</sup> The IPSASB differentiates between 'adoption'—the political/legislative decision to adopt an accounting framework, and 'implementation'—the act of transitioning to that framework. The ultimate outcome of an adoption decision and an implementation process is the production of accrual reporting, for example, GPFs, which provide users with accrual financial information for accountability and decision-making purposes.

<sup>3</sup> Public Financial Management (PFM), in its broadest sense, is the system by which financial resources are planned, directed, and controlled, both externally to and internally within the public sector entity, to enable and influence the efficient and effective delivery of public service outcomes.

<sup>4</sup> Sustainable development meets the needs of the present without compromising the ability of future generations to meet their needs.

# DELIVERING GLOBAL STANDARDS



## 1. Public Sector Financial Reporting Standards

DEVELOPMENT



MAINTENANCE

As the global public sector financial reporting standard setter, the IPSASB continues to focus its efforts on addressing key public sector specific reporting issues.

As a result of the significant number of pronouncements issued during the 2019-2023 Strategy period, the IPSAS suite is now more complete with few remaining significant gaps to fill. The IPSASB has reviewed the list of Potential Future Major Financial Reporting Standard Setting Projects in [Appendix A](#) using the project prioritization criteria in [Appendix B](#) and decided not to propose the addition of any new major projects at this point. Instead, the IPSASB is proposing to ~~rebalance-allocate resources from~~ its Financial Reporting Work Program to increase the focus on the maintenance of ~~the existing IPSAS-suite~~. The IPSASB will deliver its work on public sector financial reporting standards through the following key actions.



### ADDRESSING CONSTITUENTS' NEEDS

- Monitoring emerging issues and broader user needs and their impacts on financial statements.
- Maintaining and improving high-quality financial reporting standards by evaluating the effects of applying specific IPSAS and better understanding the challenges faced by constituents when trying to apply the requirements.
- Utilizing the [Conceptual Framework](#) as a basis for developing public sector relevant solutions to address reporting issues.

~~Monitoring emerging issues and broader user needs and their impacts on financial statements.~~

### COLLABORATING INTERNATIONALLY

- Maintaining [alignment](#)<sup>5</sup> with IFRS® Accounting Standards is important for many reasons including:
  - *Common approach and language.* Global public sector financial reporting standards should have consistent principles and accounting outcomes when the economics of transactions are the same.
  - *Leveraging Resources.* When the transactions are the same in the public and private sector, it is appropriate and resource efficient for the IPSASB to build off proven private sector guidance to develop public sector relevant guidance.
  - *Mixed Group Consolidations.*<sup>6</sup> Different requirements are costly to those applying IPSAS when there is no public sector specific reason to develop different accounting requirements. Therefore, reducing unnecessary differences minimizes the cost of preparing consolidated financial statements.
- Reducing unnecessary differences with Government Finance Statistics (GFS)<sup>7</sup> is also integral to the IPSASB's work because it ensures that reliable and relevant entity based public sector accounting information is available for use in statistical reporting and models.

<sup>5</sup> The term 'alignment' refers to the IPSASB's formal processes to assess the applicability of IFRS Accounting Standards and GFS requirements when developing pronouncements

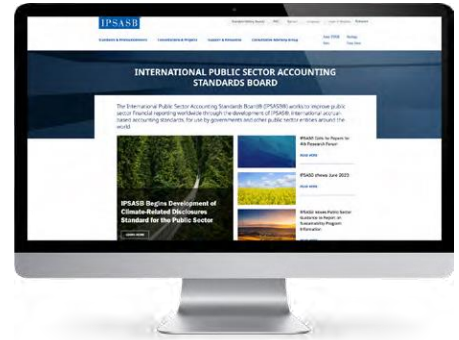
which faithfully represent the economic substance of transactions in the public sector. Through these processes the IPSASB reduces unnecessary differences with these sources of guidance when they can also be applied in the public sector context.

<sup>6</sup> Mixed group consolidations are when the public sector consolidates entities it controls which apply private sector accounting standards such as IFRS Accounting Standards.

<sup>7</sup> The IPSASB considers opportunities to reduce unnecessary differences with GFS in all projects to develop standards and guidance. For further details please see the IPSASB's [Process for Considering GFS Reporting Guidelines during the Development of IPSASs](#).

## CLARIFYING PRINCIPLES

- As the IPSAS suite matures the IPSASB needs to focus a greater proportion of its resources on supporting the application of its standards. Establishing the following activities during the coming Strategy period will help support consistent application of IPSAS:
  - **Application Panel.** This panel will assess application challenges identified by constituents and identify issues where principles are unclear, or understandability of the principles could be enhanced to achieve consistent application of IPSAS. This panel will develop recommendations for the IPSASB's consideration at its quarterly meetings.
  - **Post Implementation Reviews.** Taking into account feedback from constituents, this process will evaluate whether individual IPSAS are achieving the reporting requirements as intended by the IPSASB when they were originally developed and will assist the IPSASB in determining whether amendments to existing guidance are necessary.
- The greater focus on maintenance will help address the different capacities of stakeholders at various levels of accrual adoption and application of PFM.





## 2. Public Sector Sustainability Reporting Standards

DEVELOPMENT

MAINTENANCE

The IPSASB decided to begin developing International Public Sector Sustainability Reporting Standards in June 2023.

The 2024-2028 Strategy period will be a critical time as IPSASB undertakes the development of its first sustainability reporting standards. Implementing the structures and processes necessary to support the Board in the development of sustainability reporting standards will be essential. The IPSASB will deliver International Public Sector Sustainability Reporting Standards through the following key actions.



### ADDRESSING CONSTITUENTS' NEEDS

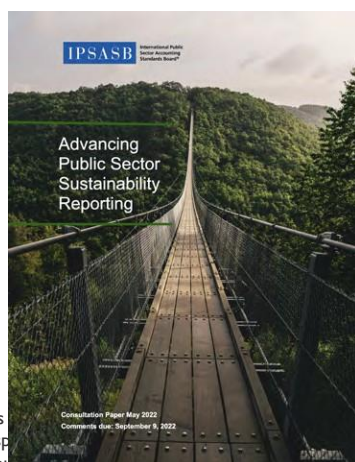
- Developing high-quality International Public Sector Sustainability Reporting Standards based on the feedback received from constituents to the Consultation Paper – [Advancing Public Sector Sustainability Reporting](#).
- Utilizing the IPSASB's Conceptual Framework and its key public sector concepts as a basis for addressing public sector issues, and connectivity with IPSAS financial reporting.
- Monitoring emerging issues, as part of the development of International Public Sector Sustainability Reporting Standards.

### COLLABORATING INTERNATIONALLY

- Drawing on relevant guidance from IFRS® Sustainability Disclosure Standards, GRI Standards and international statistical guidance<sup>8</sup> will be critical for many reasons including:
  - *Maximizing Commonality of Approach.* International Public Sector Sustainability Reporting Standards should have consistent principles and disclosures when users' information needs are the same in the public and the private sector.
  - *Leveraging Resources.* When sustainability issues are the same in the public and private sector, it is appropriate and resource efficient for the IPSASB to build off the private sector standards and to develop guidance that is consistent.
  - *Delivering guidance quickly.* Given the urgency and demand for public sector sustainability reporting, drawing from existing and developing international standards when appropriate will allow the efficient development of public sector standards which is important as the guidance is needed now.
- Reducing unnecessary differences with statistical sustainability metrics and considering other international sustainability commitments and goals will be important to support the effective delivery of International Public Sector Sustainability Reporting Standards.

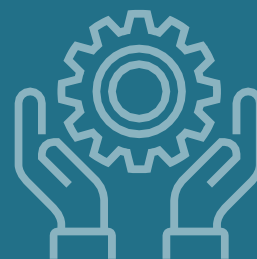
### CLARIFYING PRINCIPLES

- The IPSASB has decided to develop International Public Sector Sustainability Reporting Standards, and the need to move swiftly with their development makes it essential for the IPSASB to have continuous engagement with public sector users to ensure their needs are addressed. Implementation [guidance and application](#) issues will inevitably arise in this relatively new area of reporting, and it will be critical that these are addressed in a timely manner when they do.



<sup>8</sup> As the IPSASB develops a climate-related disclosures standard, it will assess the applicability of other relevant international sustainability standards, including IFRS Sustainability Disclosure Standards, GRI Standards and other statistical metrics, with the aim to reduce unnecessary fragmentation when developing guidance in its public sector sustainability standards.

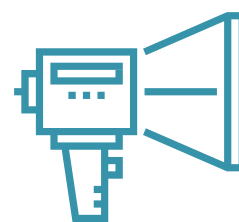
# INSPIRING ADOPTION AND IMPLEMENTATION



## 1. Promoting Adoption and Implementation

Groups involved in promoting IPSAS adoption and supporting implementation.

The PFM reform landscape within individual jurisdictions is complex, and the transition to accrual requires financial resources to develop a program of changes across a number of different areas, including professional skills and capacity, systems, internal control processes, and requirements for reporting transactions. This involves a number of different groups, with different skills and expertise, at various, and to differing degrees throughout the adoption and implementation.



**FIGURE 2.** Groups and skills needed to support IPSAS adoption and implementation.

Activity	IPSASB	Governments	IFAC Members	Consultants/ Contractors	Supranational & Regional Organizations	Auditors
Promoting adoption	✓	✓	✓	✓	✓	✓
Supporting Implementation						
Financial Support		✓			✓	
Capacity Development		✓	✓	✓ *	✓ *	
Technical Guidance	✓	✓	✓ *			✓
Practical Guidance		✓	✓ *	✓	✓ *	✓ *
Continuing Professional Development		✓	✓			

\*Not a primary role, but potential for influence and involvement.

## How the IPSASB promotes adoption and supports the implementation of IPSAS:

Better accrual accounting and sustainability reporting are in the public interest as they enable transparency, accountability and provide better information for decision-making. The IPSASB will continue to promote the IPSASB Standards for financial reporting and start to promote sustainability reporting standards through the following key actions.

### RAISING AWARENESS

- Influencing others working in the wider PFM space to consider the needs of jurisdictions implementing IPSASB Standards and to ensure their consistent application.
- Participating in outreach programs, with a focus on speaking at global conferences and attending key regional meetings, in support of the work of adopters and implementers.
- Issuing Education Material, such as staff Questions and Answers (Q & A) publications highlighting aspects of the IPSASB Standards which are relevant to implementation, such as the recent Q & A on Accounting for Contingencies and Financial Guarantees.

~~• Participating in outreach programs, with a focus on speaking at global conferences and attending key regional meetings, in support of the work of adopters and implementers.~~

~~• Influencing others working in the wider PFM space to consider the needs of jurisdictions implementing IPSASB Standards and to ensure their consistent application.~~

### BUILDING ALLIANCES

- Partnering with IFAC and other global organizations to support the development of resources that strengthen PFM and support the implementation of international standards, such as Pathways to Accrual, IPSAS Train the Trainer, and the digital handbook—eIS.
- Building on strategic regional relationships developed through regional roundtables supporting key consultations and other outreach events.

### SUPPORTING JURISDICTIONAL AND REGIONAL INITIATIVES

- Developing ‘publication materials’<sup>9</sup> for all significant IPSASB Standards and pronouncements.
- Publishing annual Handbooks, which are a one-stop-shop for all the IPSASB’s pronouncements.
- Partnering with jurisdiction-level and regional organizations to support education, capacity building, and implementation solutions for the IPSASB Standards.

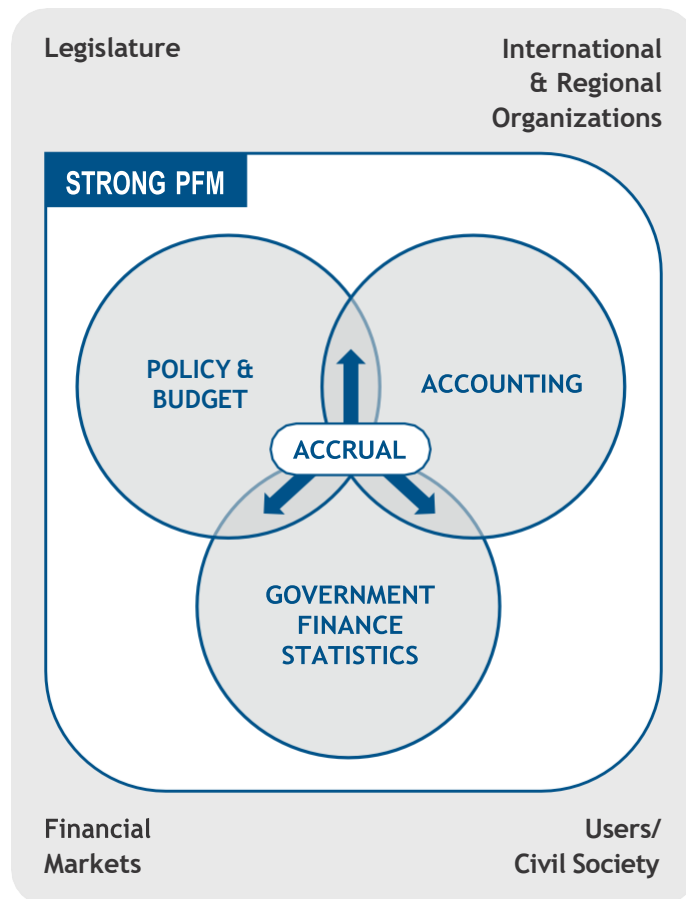
<sup>9</sup> Develop implementation support, such as ‘At-a-Glance’ summaries and webinars, for all major new standards to facilitate their rollout so that preparers and users can understand their likely impact, and support implementation through the use of educational material.

## 2. Advocating Benefits of Financial and Sustainability Reporting Information

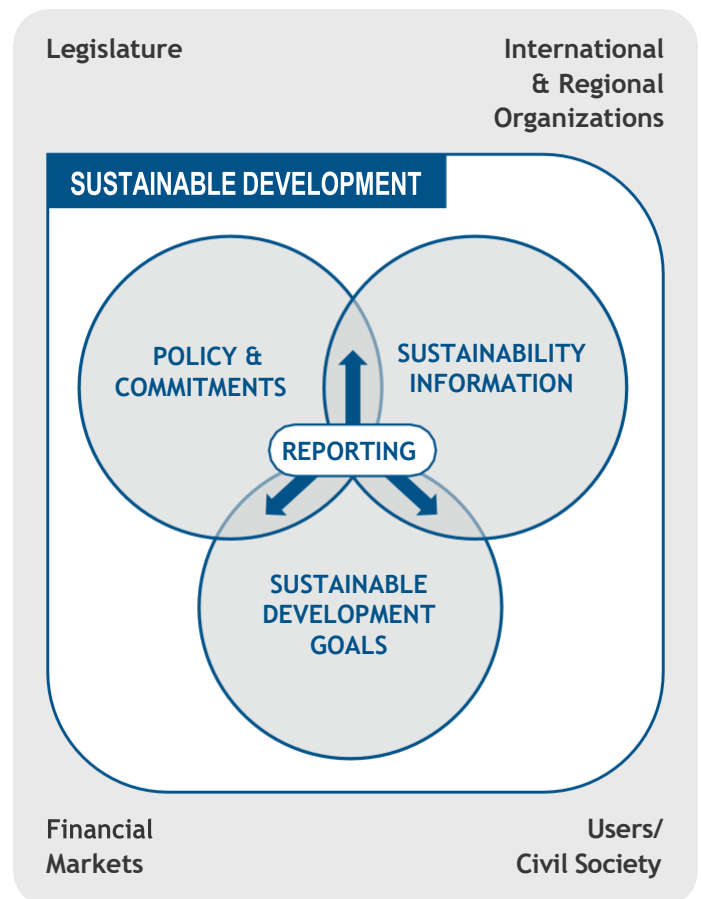
The IPSASB's view is that maximizing the use of accrual accounting information provides the foundation for strong PFM. Maximizing the use of sustainability reporting information provides the foundation for strong sustainable development.



**FIGURE 3.** Accrual Information as Foundation for Strong PFM.



**FIGURE 4.** More Sustainable Development through Using Sustainability Reporting Information.



**In furthering its Strategic Objective, the IPSASB will:**

Continue to work with other professional groups, jurisdictional, regional and international bodies and sponsoring organizations to help increase the understanding of how accrual IPSAS can strengthen PFM by improving transparency, accountability and decision-making.

Foster new relationships to broaden its sustainability expertise, while maintaining existing public sector relationships, to advance the understanding of how International Public Sector Sustainability Reporting Standards can help support the needs of the present without compromising those of future generations.



## RAISING AWARENESS

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- Participating in joint events with international organizations supporting improvements in PFM.
- Commenting on guidance and thought leadership papers during their development and participating in relevant working groups on accrual and sustainability reporting information.
- Participating in training and other 'internal' events for the staff of relevant organizations to raise awareness and disseminate knowledge of the IPSASB Standards.

## BUILDING ALLIANCES

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- Working with the Government Finance Statistics (GFS) community to reduce unnecessary differences between IPSAS and GFS to facilitate the use of IPSAS data for GFS purposes, and in turn its use in supporting budgetary and macroeconomic policy decisions.
- Maintaining on-going dialogues with other international, regional and jurisdictional sustainability standard setters and sustainability experts, including participation in their work as appropriate.
- Maintaining dialogues with jurisdictional and regional standard setters contemplating the potential use of the IPSASB Standards in their reporting frameworks.

## SUPPORTING REGIONAL AND INTERNATIONAL INITIATIVES

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- Participating and supporting in the annual meeting of the Working Party on Financial Management and Reporting held by Organization for Economic Co-operation and Development (OECD).
- Engaging and participating in activities with the International Organization of Supreme Audit Institutions (INTOSAI).
- Participating in other international and regional organization-sponsored events relating to financial and sustainability reporting.

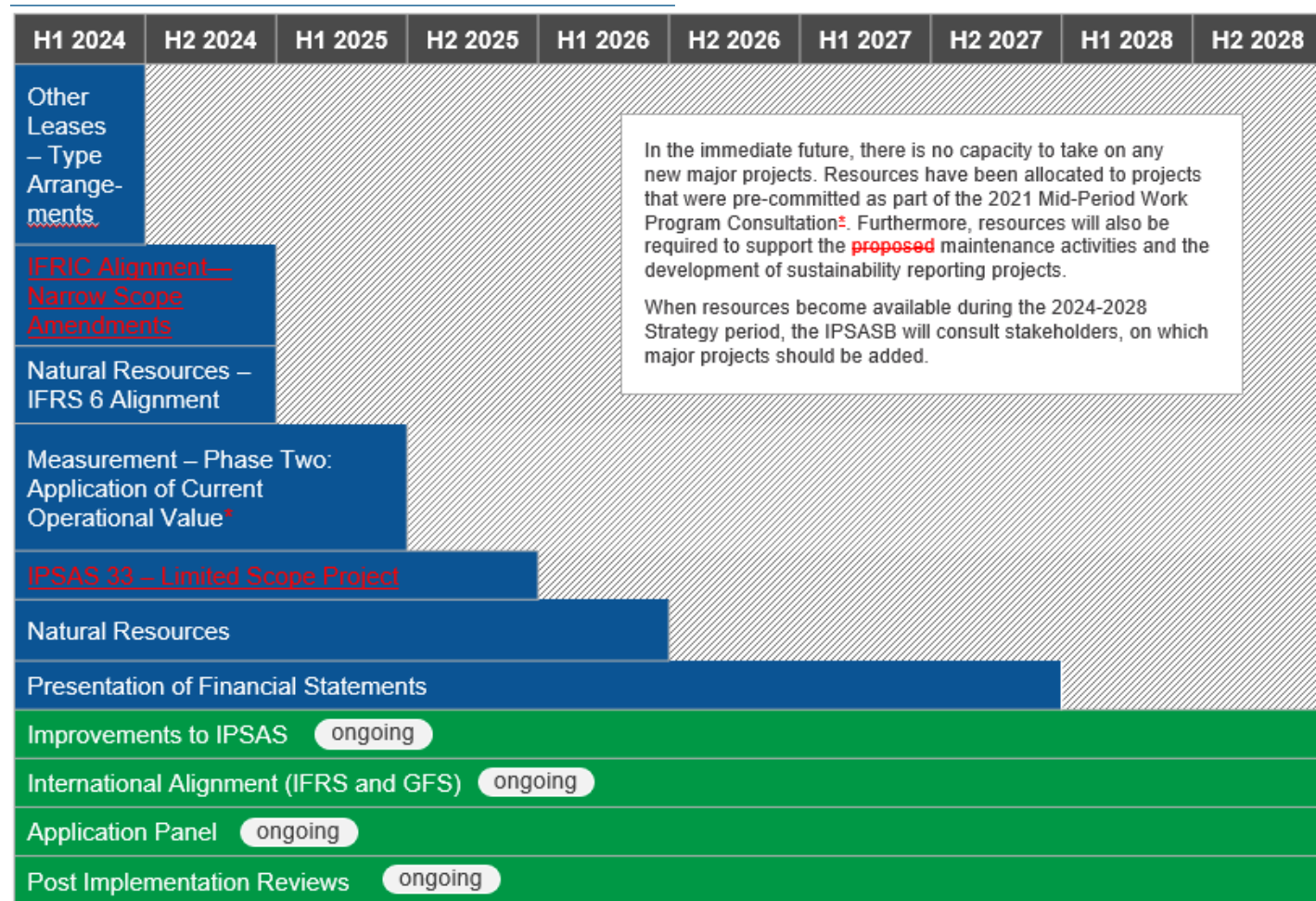
# ~~PROPOSED~~ 2024-2028 WORK PROGRAM

## 1. Financial Reporting Projects

The IPSASB's current available resources are fully allocated to ongoing projects and projects that were committed to as a result of the [IPSASB 2021 Mid-Period Work Program Consultation \(Mid-Period Consultation\)](#). Major Financial Reporting Standard Setting Projects initiated as a result of the [2021 Mid-Period Consultation](#) were started in 2022 and 2023 and are reflected on the Work Program. Figure 5 also reflects allocations of ~~the IPSASB's resources to work related to the proposed new initiatives set out under the~~ maintenance activities.

Figure 5 shows that there will not be capacity to take on any new major projects until part way through the 2024-2028 Strategy period. As resources become available, the IPSASB will consult stakeholders on which major project(s) should be added.

**FIGURE 5.** ~~Proposed The~~ 2024-2028 Financial Reporting Work Program.



■ Current Major Financial Reporting Standard Setting Projects  
■ ~~Proposed~~ Maintenance Activities

\* The Measurement – Phase Two: Application of Current Operational Value also consider the limited scope projects on IPSAS 21, *Impairment of Non-Cash Generating Assets*; IPSAS 31, *Intangible Assets* as both projects include measurement related issues. The IPSASB explored the development of an international Differential Reporting model for the

public sector in response to constituents' feedback to the 2021 Mid-Period Consultation. At the September 2023 meeting, after deliberating the findings from its research and scoping activities, the IPSASB concluded that a non-standard-setting solution would more effectively address the public sector need, thereby better helping public sector entities navigate, understand, and apply IPSAS. A formal feedback statement will be issued after the December 2023 meeting.

As discussed above, the IPSASB is not ~~proposing planning~~ to start any new major financial reporting standard setting projects. Instead it ~~is proposing to will~~ add maintenance activities to its Financial Reporting Work Program. This ~~would will~~ involve the establishment of an Application Panel, which will discuss challenges identified by constituents in the application of IPSAS and post implementation review process, which will consider whether there are significant questions about the clarity and suitability of the principles and guidance in an IPSAS.



Undertaking maintenance activities will allow the IPSASB to determine whether there is a need to develop or update an existing IPSAS. This ~~proposal~~ will allow the IPSASB to effectively utilize its resources to address the immediate needs of stakeholders.

During the 2024-2028 Strategy period, as projects committed to as part of the 2021 Mid Period Consultation are completed, and resources become available, the IPSASB intends to consult to evaluate stakeholders' greatest needs in order to determine what should be added to its future Work Program. See [Appendix A](#) for Potential Future Major Financial Reporting Standard Setting Projects to be consulted for addition to the IPSASB's future Financial Reporting Work Program when resources are available.



## 2. Sustainability Reporting Projects

In December 2022, the IPSASB committed to start initial research and scoping for the development of International Public Sector Sustainability Reporting Standards on the following topics:

- Climate-Related Disclosures;
- General Requirements for Disclosure of Sustainability-Related Information; and
- Natural Resources – Non-Financial Disclosures.

In June 2023, the IPSASB secured sufficient resource commitments to commence the development of its first sustainability project, Climate-Related Disclosures. The IPSASB will consult with stakeholders to determine which sustainability reporting projects should be added to the Work Program during the 2024-2028 Strategy period when resources are available.



# APPENDIX A - POTENTIAL FUTURE FINANCIAL REPORTING PROJECTS

The process to develop this potential future financial reporting project list started with the 2019-2023 Strategy and Work Program Consultation project list, which was then updated to reflect:

- Progress on the Work Program (items from that 2019-2023 project list completed or already added to the current work program);
- Whether projects require a standard setting solution; and
- International relevance of the projects in the current environment and input received through IPSASB's outreach activities.

This is not an exhaustive list, and undertaking maintenance activities may lead the IPSASB to consider further updates to the list.

The potential future project list is divided into two categories:

- **Potential Future Major Financial Reporting Standard Setting Projects.** Potential projects to develop major new pronouncements where there is currently no IPSAS that specifically applies to such transactions.
  - Rate-regulated Activities (IFRS 14, Regulatory Deferral Accounts and future IFRS Accounting Standards);
  - IFRS 17, *Insurance Contracts*;
  - IAS 34, *Interim Financial Reporting*;
  - ~~Disclosure of Accounting for~~ Tax Expenditures-  
(~~Disclosure project~~); and
  - ~~Better Communication in Financial Reporting (Disclosure project); and~~
  - IFRS 19, *Subsidiaries without Public Accountability: Disclosures*.

- **Potential Future Maintenance Projects.** Activities to determine whether there are significant questions about the clarity and suitability of the principles and guidance in an IPSAS. Such work would include conducting post implementation reviews to help identify where further guidance is needed, and/or where amendments to existing guidance would be useful. The IPSAS below have been identified as possible early candidates:
  - IPSAS 2, *Cash Flow Statements*;
  - IPSAS 18, *Segment Reporting*;
  - IPSAS 20, *Related Party Transactions*;
  - IPSAS 22, *Disclosure of Financial Information about the General Government Sector*;
  - IPSAS 24, *Presentation of Budget Information in Financial Statements*;
  - IPSAS 40, *Public Sector Combinations*; and
  - Updates to Recommended Practice Guidelines.

In addition, academic research on specific issues to help the IPSASB consider whether there is a need to develop or update an IPSAS. This would be commissioned through the [Academic Advisory Group](#), for example, Discount Rates.

# Potential Future Major Financial Reporting Standard Setting Projects

## Rate-regulated Activities (IFRS 14, *Regulatory Deferral Accounts and future IFRS Accounting Standards*)

Rate regulation is the setting of customer prices for services or products often when an entity has a monopoly or dominant market position that gives it significant market power. In the public sector some controlled entities are subject to regulation, for example, government owned telecommunications entities. The International Accounting Standard Boards (IASB) expects to issue a standard in 2025, replacing IFRS 14 (interim standard), and is currently redeliberating proposals in the [Exposure Draft, \*Regulatory Assets and Regulatory Liabilities\*](#). The IPSASB will monitor the development of this standard.

## IFRS 17, *Insurance Contracts*

IFRS 17 provides guidance to account for all types of insurance contracts. This is a topic with potential public sector applicability in areas, such as export credit guarantees and in certain jurisdictions where public sector entities provide insurance coverage. In the public sector, IFRS 17 is likely to be limited to entities issuing insurance contracts or that operate schemes that could be considered a provision of insurance coverage. At this time these arrangements are not thought to be an issue globally relevant to public sector reporting entities. As the IPSASB does not have a specific IPSAS for insurance accounting, entities that are acting as insurers or issuing insurance contracts could use the hierarchy provided in IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors*, to develop accounting policies in line with the guidance in IFRS 17.

## IAS 34, *Interim Financial Reporting*

IAS 34 provides guidance on what should be included in interim reports. This topic would be most applicable to jurisdictions that have already adopted accrual-basis IPSASs and prepare interim reports. The IPSASB has not identified a significant and urgent global need for an IPSAS, aligned with IAS 34. The absence of an IPSAS based on IAS 34 does not prevent entities providing interim reports by apply IAS 34 through the standards hierarchy in IPSAS 3.

## ~~Disclosure Accounting for~~ Tax Expenditures (Potential Disclosure Project)

This project would develop proposals for disclosures on tax expenditures, to strengthen accountability and public financial management. IPSAS 23, *Revenue from Non-exchange Transactions (Taxes and Transfers)*, and its replacement IPSAS 47, *Revenue*, have requirements for accounting for tax expenses<sup>10</sup> and tax expenditures.<sup>11</sup> Tax expenditures are foregone revenue, not expenses, and do not give rise to inflows or outflows of resources. IPSAS 23/IPSAS 47 requires taxation revenue to be presented net of tax expenditures. Therefore, providing disclosures on ~~the forgone revenue as a result these of~~ tax expenditures ~~and can the forgone revenue may~~ be expected to provide useful information ~~useful~~ to users ~~for accountability purposes to include in disclosures~~.

## Better Communication in Financial Reporting (Potential Disclosure Project)

This project would consider the IASB's [Disclosure Initiative project](#) which helped to enable entities in the private sector make better judgements about which information is material and should be disclosed. This project would evaluate whether the guidance developed for the private sector is applicable to the public sector and whether it provides useful information to public sector users.

<sup>10</sup> Benefits paid through the tax system, for example health insurance contributions.

<sup>11</sup> Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others. It is the use of the tax system to encourage or discourage behaviors, for example allowing homeowners to deduct mortgage interest from gross income to reduce taxable income.

### IFRS 19, Subsidiaries without Public Accountability: Disclosures

The application of IFRS 19 results in reduced disclosure requirements for private sector entities that are a subsidiary, do not have public accountability and have an ultimate or intermediate parent that produces Consolidated Financial Statements. Although it has varied, but potentially limited, relevance across jurisdictions due to increased accountability requirements for individual public sector entities, the new IFRS may have potential public sector applicability when a public sector entity meets the scoping criteria in IFRS 19. In the absence of an equivalent IPSAS, such an entity could use the hierarchy provided in IPSAS 3 to develop accounting policies in line with the guidance in IFRS 19.



# Potential Future Maintenance Projects

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**IPSAS 2, *Cash Flow Statements*.** IPSAS 2 is primarily drawn from IAS 7, *Statement of Cash Flows*, however, some of the amendments to IAS 7 were not incorporated because they related to consequential amendments not incorporated in IPSAS 1, *Presentation of Financial Statements*. Future work could be considered after the completion of the committed project to replace IPSAS 1.

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**IPSAS 18, *Segment Reporting*.** IPSAS 18 is primarily drawn from IAS 14, *Segment Reporting*. The IASB replaced IAS 14 with IFRS 8, *Operating Segments* in November 2006. Some preparers and IPSASB partners engaged in IPSAS implementation have raised concerns on the usefulness of the reporting requirements in IPSAS 18.

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**IPSAS 20, *Related Party Disclosures*.** IPSAS 20 is based on a superseded version of IAS 24, *Related Party Disclosures*. It therefore does not incorporate the simplified definition of 'related party' and the partial exemption from the disclosure requirements for some government related entities.

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**IPSAS 22, *Disclosure of Financial Information about the General Government Sector*.** IPSAS 22 was issued in December 2006 and prescribes disclosure requirements for governments that elect to present information about the general government sector (GGS) in their consolidated financial statements. Updates to 2008 SNAs (System of National Accounts) are expected to be completed in 2025, and the IPSAS 1 project is expected to make consequential amendments to IPSAS 22. Future work could be considered after the IPSAS 1 replacement project has been completed.

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**IPSAS 24, *Presentation of Budget Information in Financial Statements*.** IPSAS 24 is a public sector specific IPSAS that requires a comparison of budget amounts and the actual amounts arising from the execution of the budget to be included in the financial statements of entities when entities make their approved budget publicly available. Future work could be considered after the completion of the committed project to replace IPSAS 1.

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**IPSAS 40, *Public Sector Combinations*.** The IASB initiated a project on [Business Combinations under Common Control](#) in November 2020 to consider how to fill the gap in its literature regarding business combinations involving companies controlled by the same party. The IPSASB will monitor the IASB project, and consider whether any changes in principles or guidance in IPSAS 40 should be made in the light of the development of the planned new IFRS Accounting Standard.

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**Updates to Recommended Practice Guidelines (RPGs).** The IPSASB has committed to reconsider the status of RPGs as non-mandatory guidance, considering the applicability of RPG 1 and RPG 3 to the sustainability work stream. During the 2022 Public Sector Standard Setting Forum jurisdictional accounting standard setters presented projects that were relevant in their jurisdiction that may be related to guidance in IPSAS RPGs ([Disclosures on Risk Concentration](#) and [Service Performance Reporting](#)). Future work by the IPSASB could consider updating relevant RPGs, and in doing so should take account of developments by jurisdictional standard setter-setting bodies and/or its work to develop guidance related to sustainability reporting that may overlap/intersect with RPGs.

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# APPENDIX B – PROJECT PRIORITIZATION CRITERIA

Delivering public sector financial and sustainability reporting standards is central to the IPSASB's role as a standard setter. To ensure its Work Program is relevant and focused on the appropriate activities, the IPSASB applies specific criteria to help it identify the projects which are most relevant globally when adding items to its Work Program.

## CRITERIA FOR PROJECT PRIORITIZATION

The IPSASB will evaluate potential projects against the following criteria when conducting its work program consultation in the 2024-2028 strategic period. Applying these criteria helps the IPSASB assess which projects would provide the most significant public interest benefits when considering the needs of users of financial and sustainability reports:



### PREVALENCE

Whether the issue is widespread globally amongst public sector entities.



### CONSEQUENCES

Whether the issue impairs the ability of the GPFs and GPFRs to provide useful information for accountability and decision-making.



### URGENCY

Whether the issue has recently gained prominence and therefore requires consideration in the near term.



### FEASIBILITY

Whether a technically sound solution to the issue can be developed within a reasonable time period and current resource constraints without impacting adversely on the completion of other projects.

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