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LINKAGES BETWEEN IPSAS STANDARDS AND THE GOVERNMENT FINANCE STATISTICS MANUAL 2014

ED 94 CONSULTATION RESPONSE

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Manj has particular interest in supporting governments to address the practicalities of implementing IPSASs.

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Dear IPSASB secretariat

Comment Letter on IPSASB ED 94: Linkages Between IPSAS Standards and the Government Finance Statistics Manual 2014

Thank you for the opportunity to comment on ED 94, "Linkages Between IPSAS Standards and the Government Finance Statistics Manual 2014 (Amendments to IPSAS 22)," issued in February 2026. I welcome this consultation and commend the IPSASB for taking forward work that supports greater coherence between public sector financial reporting and statistical reporting frameworks.

I strongly support the initiative. The proposed amendments have the potential to ease the burden on preparers by providing clearer guidance and practical tools, while also supporting a better understanding of the similarities and differences between IPSAS and Government Finance Statistics reporting requirements. This alignment is important for improving transparency, comparability, and confidence in public sector financial information.

My responses to the Specific Matters for Comment are set out below.

Specific Matter for Comment 1: Proposed Additional Non-Authoritative Guidance to IPSAS 22

Do you agree with the proposal to add non-authoritative guidance to IPSAS 22, Disclosure of Financial Information About the General Government Sector, to facilitate the preparation of General Government Sector disclosures where a reporting entity elects to provide this information?

I agree with the proposed additional non-authoritative guidance. The guidance is a constructive and practical step towards improving the coherence between IPSAS-based financial reporting and Government Finance Statistics reporting. It should assist governments and other public sector entities in understanding how accounting data prepared under IPSAS can be used more effectively as a source for GFSM 2014 reporting, while maintaining the distinct objectives of the two frameworks.

The proposed guidance is particularly helpful because it recognises that IPSAS and GFS reporting are closely related but not identical. By explaining areas of alignment and difference, the guidance can reduce duplication of effort, improve the quality of underlying data, and support more efficient reporting processes. I therefore strongly support the direction of the proposals.

For example, where a government prepares consolidated financial statements under IPSAS and also needs to compile GFS information, the proposed guidance could help identify which IPSAS balances may be used directly, such as tax revenue, employee benefit expenses, or cash balances, and which balances may require adjustment before being used for statistical reporting. This would make the guidance more practical for finance ministries, statistical offices, and public sector entities working from the same underlying accounting records.

Specific Matter for Comment 2: Use of IPSAS Standards-Based Accounting Data for GFSM 2014 Reporting Purposes

Do you agree with the proposal to include non-authoritative guidance on how IPSAS Standards-based accounting data can be used for Government Finance Statistics Manual 2014 reporting purposes?

I broadly agree that the proposed guidance appropriately explains the similarities and differences between IPSAS Standards and the GFSM 2014. However, I recommend that the final guidance include a robust, clear, and user-friendly mapping of IPSAS statements to GFS categories. Such mapping would help preparers efficiently reconcile figures between the two frameworks and identify where direct alignment exists, where adjustments are required, and where professional judgment may be necessary.

The usefulness of the guidance will depend significantly on how clearly it presents these linkages. Preparers would benefit from practical tools that distinguish between straightforward classifications and more complex areas where conceptual differences may affect reporting outcomes.

For instance, the guidance could include a table showing how items in an IPSAS statement of financial performance correspond to GFS revenue and expense categories. Taxes, grants, employee compensation, social benefits, interest expense, and transfers could be mapped to the relevant GFS categories, with a separate column indicating whether the item is generally aligned, requires reclassification, or requires measurement adjustment.

A similar mapping could be useful for the statement of financial position. For example, financial assets, liabilities, infrastructure assets, heritage assets, and employee benefit obligations may need to be linked to GFS balance sheet categories. Identifying these linkages in a clear format would help preparers understand whether balances can be transferred directly or whether bridge adjustments are needed.

Specific Matter for Comment 3: Linkages Between IPSAS Standards and the GFSM 2014

Do you agree that the proposed guidance appropriately explains the linkages between IPSAS Standards and the GFSM 2014, including areas of alignment and difference?

I agree with the proposed approach, but believe that further clarification would strengthen the final guidance. In particular, conceptual differences relating to consolidation, recognition criteria, and valuation bases should be explained in sufficient detail to avoid ambiguity and inconsistent interpretation across jurisdictions.

Clear guidance in these areas is essential because they are likely to be among the most challenging aspects of using IPSAS-based accounting data for GFS reporting. The final amendments should provide preparers with enough explanation to understand not only that differences exist, but also why they arise and how they should be addressed in practice.

For consolidation, an example could explain how controlled public corporations are treated in IPSAS consolidated financial statements compared with the institutional sector classifications used for GFS purposes. Such an example would assist preparers in understanding why an entity may be consolidated for IPSAS reporting but classified outside the General Government Sector for statistical reporting.

Country examples would make this distinction clearer. The United Kingdom is a useful example because its Whole of Government Accounts consolidate a very broad public sector boundary, including central government, local government, the devolved administrations, the National Health Service, and many other public bodies, whereas GFS reporting focuses on institutional sectors and would distinguish the General Government Sector from public corporations. New Zealand provides another helpful example because it prepares comprehensive accrual-based financial statements for the government reporting entity while also producing fiscal statistics that must be aligned with macroeconomic statistical classifications. Australia and Canada could also be used to illustrate how federal structures create practical boundary issues: consolidated financial statements may be prepared for a reporting entity defined by control or accountability arrangements, while GFS requires classification by institutional sector and therefore may treat public corporations, state-owned enterprises, or subnational entities differently. These examples would help preparers understand that differences between WGA-style reporting and GFSM reporting are not merely technical presentation differences, but can arise from the underlying purpose, reporting boundary, consolidation approach, and classification principles of each framework.

For recognition, guidance could illustrate cases where an IPSAS asset or liability is recognised based on control, present obligation, or reliable measurement, while the corresponding GFS treatment may differ because of the statistical framework's focus on economic flows, stocks, and sector classification. Examples involving provisions, service concession arrangements, grants receivable, or social benefit obligations would be particularly helpful.

For valuation, the guidance could include an example comparing IPSAS measurement requirements with GFS valuation approaches for non-financial assets, borrowings, and financial instruments. This would help preparers identify when carrying amounts in IPSAS financial statements may be appropriate for GFS purposes and when adjustments may be needed to reflect the valuation basis used in statistical reporting.

Specific Matter for Comment 4: Practical Application of the Proposed Guidance
Do you agree that the proposed non-authoritative guidance will support practical application by preparers, including those seeking to integrate accounting and statistical reporting systems?

I agree that the proposed guidance will be useful for preparers. It has the potential to reduce duplication, improve consistency, and support the use of independently prepared and audited accounting data in the statistical reporting process. This should contribute to improved data quality and more efficient public sector reporting.

To maximise usefulness, the IPSASB should consider addressing the frequency and timing of future updates to the guidance. As either IPSAS Standards or the GFSM framework evolves, changes should be reflected promptly so that the guidance remains current, reliable, and relevant for preparers and users.

For example, if a government introduces a new accounting system or chart of accounts, the guidance could help officials design account codes that capture the information needed for both IPSAS financial statements and GFS reports. This could reduce manual reconciliation, improve audit trails, and support more timely fiscal reporting.

The guidance could also encourage the development of reconciliation schedules that bridge IPSAS financial statement balances to GFS aggregates. For instance, a reconciliation could start with IPSAS revenue and expense totals, then separately identify reclassifications, consolidation adjustments, timing differences, and valuation adjustments needed to arrive at the relevant GFS measures.

Specific Matter for Comment 5: Other Comments on ED 94
Do you have any other comments on the proposed amendments to IPSAS 22 arising from ED 94?

I recommend that the final guidance include illustrative examples and case studies to support practical application in diverse government contexts. Examples showing how common transactions, consolidation adjustments, recognition issues, and valuation differences are treated under both IPSAS and GFS would greatly assist practitioners.

Possible case studies could include a central government preparing General Government Sector disclosures for the first time, a local government aligning its chart of accounts with GFS classifications, or a jurisdiction transitioning from cash-based reporting to accrual-based IPSAS reporting while maintaining statistical reporting obligations. These examples would demonstrate how the proposed guidance can be applied in real-world implementation settings.

These examples would be especially valuable for jurisdictions at different stages of IPSAS implementation and for entities seeking to integrate accounting and statistical reporting systems.

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Overall, the proposed amendments are strongly supported, and the suggested enhancements would further strengthen implementation, reduce uncertainty, and help ensure that ED 94 achieves its objectives.

I also encourage the IPSASB to consider how the proposed changes in ED 94 will remain aligned with the forthcoming update of the GFSM following the adoption of the 2025 System of National Accounts. As the GFSM update is expected to reflect changes arising from the updated SNA and related macroeconomic statistical standards, it will be important that the non-authoritative guidance in IPSAS 22 is capable of being updated in a timely and transparent manner. This will help avoid the risk of the guidance becoming outdated shortly after finalisation and will support continued alignment between IPSAS, GFS, and broader international statistical reporting frameworks.

In conclusion, I strongly support ED 94 and the IPSASB's efforts to improve the linkages between IPSAS Standards and the GFSM 2014. The proposed non-authoritative guidance is timely, practical, and capable of supporting more efficient and more transparent public sector reporting. Subject to the enhancements suggested above, particularly in relation to mapping tools, conceptual explanations, update mechanisms, and illustrative examples, I believe the proposals will provide significant value to preparers, users, and public sector institutions.

Thank you once again for the opportunity to comment.

Please do not hesitate to contact me for further information.

Yours sincerely,

MKalar

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