

Comments on Cash Basis IPSAS to IPSAS Board

International Consortium of
Governmental Financial
Management
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ICGFM

The International Consortium on Governmental Financial Management

Accrual IPSAS

- ICGFM supports movement toward accrual IPSASs.
- However, good cash reporting is necessary to lay the foundation before an accrual accounting system can be established.



Accrual IPSAS (continued)

- Many developing countries and countries in transition do not yet have the capacity to move from a good cash reporting system to an accrual accounting system.



Current Difficulties with Part 1, Cash Basis IPSAS

- Consolidated Whole of Government Cash Receipts and Cash Payments Statement:
 - Need progressive movement to establish good cash reporting statement,
 - Best to first prepare consolidated statement for budgetary entities,



Current Difficulties with Part 1, Cash Basis IPSAS

- Consolidated Whole of Government Cash Receipts and Cash Payments Statement (continued):
 - Next, prepare consolidated statement for GBEs, and
 - Last, prepare consolidated statement for all other controlled entities.



Current Difficulties with Part 1, Cash Basis IPSAS (continued)

- Column on Third Party Payments:
 - Many countries do not have system in place to collect required information and
 - Information received from donors is not reliable or verifiable.



Current Difficulties with Part 1, Cash Basis IPSAS (continued)

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Recommendations

- Consolidated Cash Receipts and Cash Payments Statement:
 - Part 1 - Prepare three consolidated statements: one for budgetary entities, one for GBEs, and one for all other controlled entities;
 - Part 2 - Encourage preparation of a consolidated Cash Receipts and Cash Payments Statement for whole of government.

Recommendations (continued)

- Financial Statement Discussion and Analysis -Include as a requirement in Part 1.
- Gross Debt - Include as a required Schedule in Part 1.



Recommendations (continued)

- Third Party Cash Payments - Move to Part 2 as an optional schedule.
- Transitional Period—Too difficult to establish since ability to implement is country-specific.

