

Agenda Item 8: IPSASs and GFS Reporting Guidelines

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IPSASB Meeting

December 2-5, 2013

Ottawa, Canada

Objective of this Session

- **To consider**
 - Draft policy paper, *Process for Considering GFS Reporting Guidelines during Development of IPSASs*; and
 - Proposed work program projects

for inclusion in the IPSASB's 2014 work program consultation

Background

- *June 2013: IPSASB review of responses to Consultation Paper (CP), IPSASs and Government Finance Statistics Reporting Guidelines*
- Task Force asked to do further review and analysis
- *Task Force:* Ian Carruthers (Chair) Thomas Müller-Marqués Berger, Tim Youngberry, Lindy Bodewig (South African National Treasury), Sagé de Clerck (IMF), John Verrinder (Eurostat), André Schwaller (Swiss Federal Finance Administration), Marta Abilleira (Ministry of Economics, Uruguay), and Bruno Fabrício Ferreira da Rocha (Brazilian National Treasury)

Background: IPSASB Review of Responses on Specific Matters for Comment (SMCs) in CP

- IPSASB's process: Changes to support consideration of GFS reporting guidelines
- CP's Table 2, which identifies differences that:
 - Have been addressed (Group A)
 - Still exist and could be addressed either through IPSAS changes (Group B) or through referral to statistical community (Group C); and
 - Need to be managed (Group D)
- Options for IPSAS 22, *Disclosure of Financial Information about the General Government Sector* (GGS)
- Guidance to manage differences (Chart of Accounts development, choice of policy options, other guidance)

Background—Task Force Progress

- Task Force met September 2013 and considered:
 - Draft policy paper, *Process for Considering GFS Reporting Guidelines during Development of IPSASs*
 - Draft guidance paper (Study 15)
 - Paper on GGS disclosures (presently covered by IPSAS 22) and different approach to segment disclosures (IPSAS 18)
- Task Force teleconference, November 2013:
 - Second review of the draft policy paper; and
 - Discussion of work program proposals, based on detailed review of responses on specific issues (CP's Table 2 issues)

Issue 1 Draft Policy Paper (Agenda Item 8.2)

- (a) SMC 3 in the CP asked whether the IPSASB should take a more systematic approach to reducing differences (GFS and IPSASs).
- (b) Respondents had mixed views; concerns that difference reduction not have negative impacts
- (c) IPSASB asked Task Force to develop draft paper for inclusion in 2014 consultation:
 - No negative impact on integrity, independence, complexity;
 - Should not add significantly to staff or IPSASB work, or imply that IPSASs must converge with GFS guidelines; and
 - Reflect IPSASB commitment to Conceptual Framework and IFRS convergence

Issue 1 Draft Policy Paper (Agenda Item 8.2)

- Biennial improvements projects:
 - Draft paper proposes that their focus include reduction of differences (GFS and IPSASs)
 - Differences would need to be *minor* and *appropriate for IPSASs*

Actions Requested

Members are asked to:

- (a) Review and **approve** the draft policy paper for inclusion in the IPSASB's 2014 work program consultation; and
- (b) **Discuss** the paper's proposal that biennial improvements projects include reduction of differences between IPSASs and GFS reporting guidelines, so long as the differences are *minor* and *appropriate for IPSASs*.

Issue 2 Existing Projects and New Proposals

- (a) Task Force analysis of issues raised by respondents:
 - All comments on (i) Table 2 issues, and (ii) CP's work program proposals identified
 - Classified in terms of topic, existing/new project, and related IPSASs
 - Short list (related detail appended) reviewed by Task Force
- (b) Analysis found many issues related to *existing* projects
- (c) Respondents raised issues related to areas where presently there is no difference:
 - (i) Aligned accounting policy choices in IPSASs may not remain, so there is potential for future differences
 - (ii) Development of IPSASs to address topics for which no IPSAS exists could introduce differences

Issue 2 *Existing Projects* and New Proposals

- (a) Issues raised by respondents relate to the following *existing* projects:
 - Revisions of IPSASs 6-8 (EDs 48-52);
 - Financial Instruments–Public Sector Specific;
 - Emissions Trading; and
 - Social Benefits
- (b) Further assessment may identify additional topics related to these existing projects, and further issues may emerge during the course of each project
- (c) Coordination between the Task Force and project staff will be important

Issue 2 *Existing Projects* and New Proposals

(a) Alignment Project is another existing project:

- Develop guidance on management of IPSAS–GFS differences (for March 2014 meeting); and
- Coordinate with other project staff

(b) Guidance:

- i. Description of the relationship between IPSASs reporting and GFS reporting (appendix in the IMF's GFS Manual)
- ii. Description of the benefits of an integrated system
- iii. Identification of accounting policy choices that are aligned with GFS reporting guidelines
- iv. How to manage differences
- v. Implementation guidance (e.g. guidance on capitalization, etc. with respect to defence weapons)

Issue 2 Existing Projects and *New Proposals*

- (a) Task Force proposes that the following projects be included in the 2014 work program consultation:
- *Segment reporting*: Aim to enhance usefulness of IPSAS 18. Look at experience with this standard and explore scope to address IPSAS 22's GGS disclosures
 - *Measurement*: Aim to revise measurement across IPSASs, applying consistent conceptual approach. Conditional on outcome of Phase 3 of the Conceptual Framework, Measurement
 - *Intangible Assets—Public Sector Specific*: Aim to consider public sector specific issues related to intangibles, including the impact of different aims when governments invest in research

Actions Requested

Members are asked to:

- (a) **Note** scope to address differences between IPSASs and GFS reporting guidelines through existing projects; and,
- (b) **Approve** the proposed new projects for inclusion in the IPSASB's 2014 work program consultation.

Next Steps

- 3 Staff, working with the Task Force, to consider the options for guidance on the development of integrated Charts of Accounts, in light of comments received, for the IPSASB's consideration at a subsequent meeting.