

IPSASB

## IPSAS Briefing

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## WHY WE'RE HERE

Credible and transparent financial reporting has the potential to improve decision-making in the public sector, facilitate holding governments more accountable to their citizens and enhance global fiscal stability and sustainability.

# OBJECTIVE OF IPSASB

- Serve the public interest
- Strengthen PFM through increasing adoption of accrual IPSASs by:
  - developing high quality accounting standards for use by public sector entities globally
  - Developing other publications
  - Raising awareness

# Who is IPSAS Board?

- Independent Accounting Standards Setter under IFAC
- Setting standards for Public Sector Entities except Government Business Enterprises (GBE)
- 18 members
- 10 international organizations with formal observers status, including IMF, World Bank, EU
- 8 staff, mainly based in Toronto/Canada
- Funding by IFAC (approx 50 percent) and various Voluntary Contributions from Governments and Observers

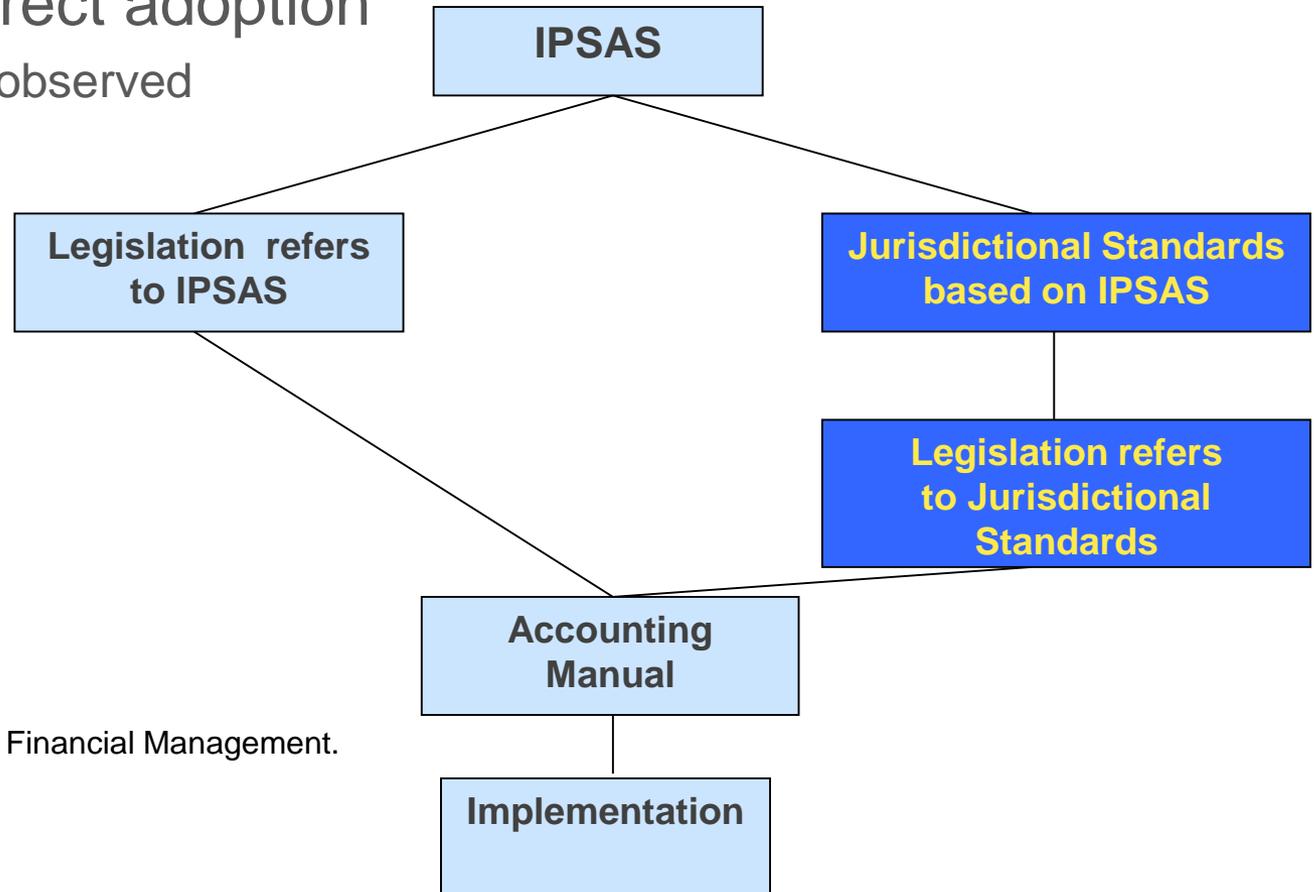
## Rigorous Process

- All meetings and agenda materials are public
- Consultative process 4-6 months response period
- Issue exposure drafts of proposed accounting treatment for feedback from stakeholders
- All responses posted on website
- IPSASB must approve all public documents with 2/3 vote

# Adoption of IPSASs

- Direct vs. indirect adoption

- Same can be observed for IFRS



Source:  
Bergmann, A: Public Sector Financial Management.  
FT Prentice Hall, 2009.

# IPSASB has created a full suite of standards

- 38 Standards approved (accrual basis) covering all main areas of government activity, 1 cash basis standard
- Substantial convergence at December 31, 2009 with IFRSs at December 31, 2008
  - All relevant IFRS converged
  - 2009 IFRS improvements incorporated at 1 January 2011
- Standards include sector specific standards
  - Disclosure of Information about the GGS (Financial Statistics)
  - Revenues from Non-Exchange Transactions (Transfers and Taxes)
  - Presentation of Budget Information
  - Service Concession Arrangements: Grantor

# IPSASB has created a full suite of standards

- Adoption and implementation guidance
  - Study 14
    - Non-authoritative
    - Practically oriented («How to do it»)
    - Including hints for project management

# Relevant issues and work program of the IPSASB

## Relevant Issues

- Public sector specifics
- Conversion to accrual-based systems
- Output-orientation
- Intergenerational Equity
- Need for whole-of-government perspective
- Restructuring to increase efficiency
- Harmonization with GFS

## Work Program of the IPSASB

- Service Perf Reporting
- PS Combinations
- GBEs
- PS Fin Instruments
- Social benefits
- Emissions trading
- Revenues – exchange and non-exchange
- Non-exchange expenses
- Cash basis review

# Momentum in Adoption

- Increase in adoption and implementation
  - Over 40 Countries apply Accrual IPSAS; including South Africa, New Zealand, Switzerland, Russia, Israel, Slovakia, Brazil, Indonesia
    - Some apply it directly (e.g. Switzerland, Austria, Estonia, Lithuania, Chile)
    - Some others indirectly through National Standards (e.g. South Africa, Brazil, Indonesia, Malaysia, Spain, New Zealand)
  - Some apply it for lower levels of government, e.g. Prefecture of Tokyo, State of Geneva
  - Entire UN System, OECD, NATO, Interpol and EC
  - Eurostat: IPSAS indisputable reference for a EU framework

# Conclusion

- IPSASs are a full suite of standards, designed for the public sector set by an independent, international standard setter
- They can be implemented directly or indirectly through standards set at jurisdictional level
- Time and cost required for implementation are substantial – but returns are easily higher
  - Identification of assets; more actively managed
  - Better accountability and decision making
  - Lower debt levels and lower interest rates (e.g. State of Geneva -0.5%/Hiler 2012)

# Questions Discussion & Further Information



- Visit our webpage <http://www.ipsasb.org/>
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