

IPSASB

International Public
Sector Accounting
Standards Board®

GFSAC/04/24/03

IPSAS / GFS ALIGNMENT AND COLLABORATION OPPORTUNITIES

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IPSASB Chair

GFS Advisory Committee

24 April 2024

Washington, USA



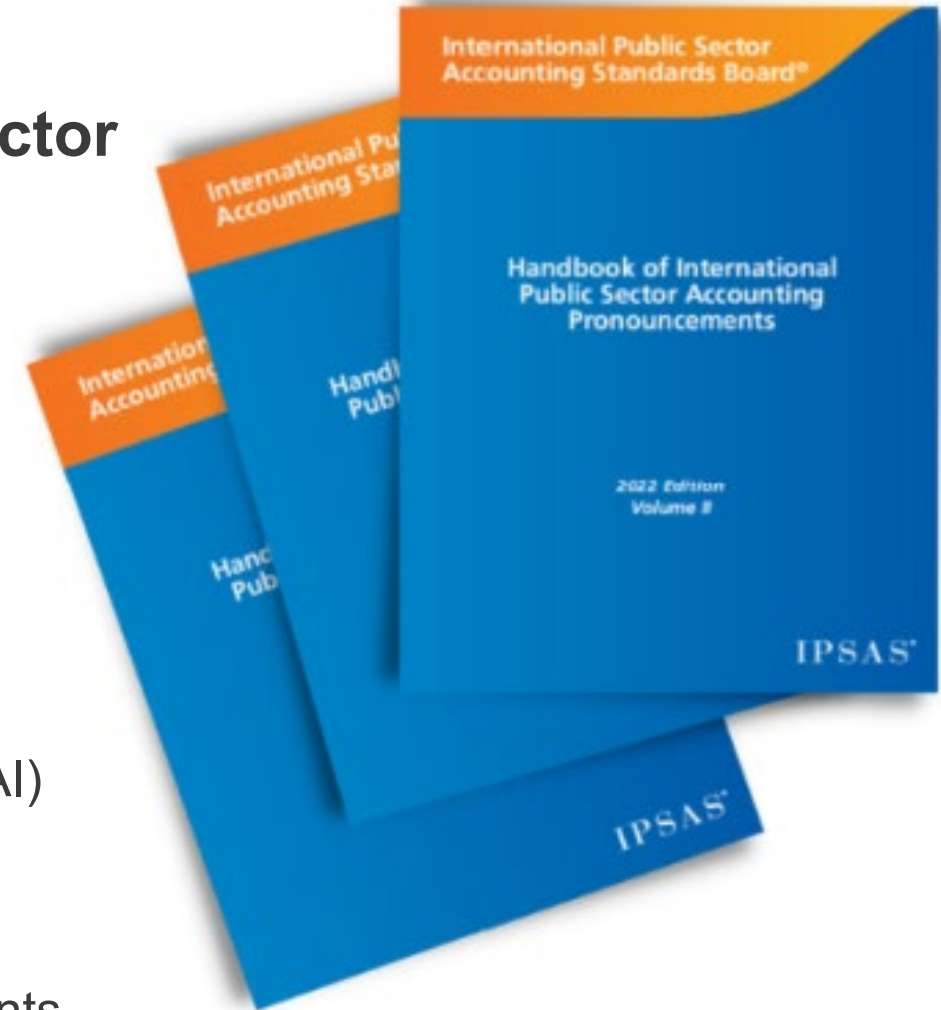
About IPSAS and the IPSASB

International Public Sector Accounting Standards (IPSAS)

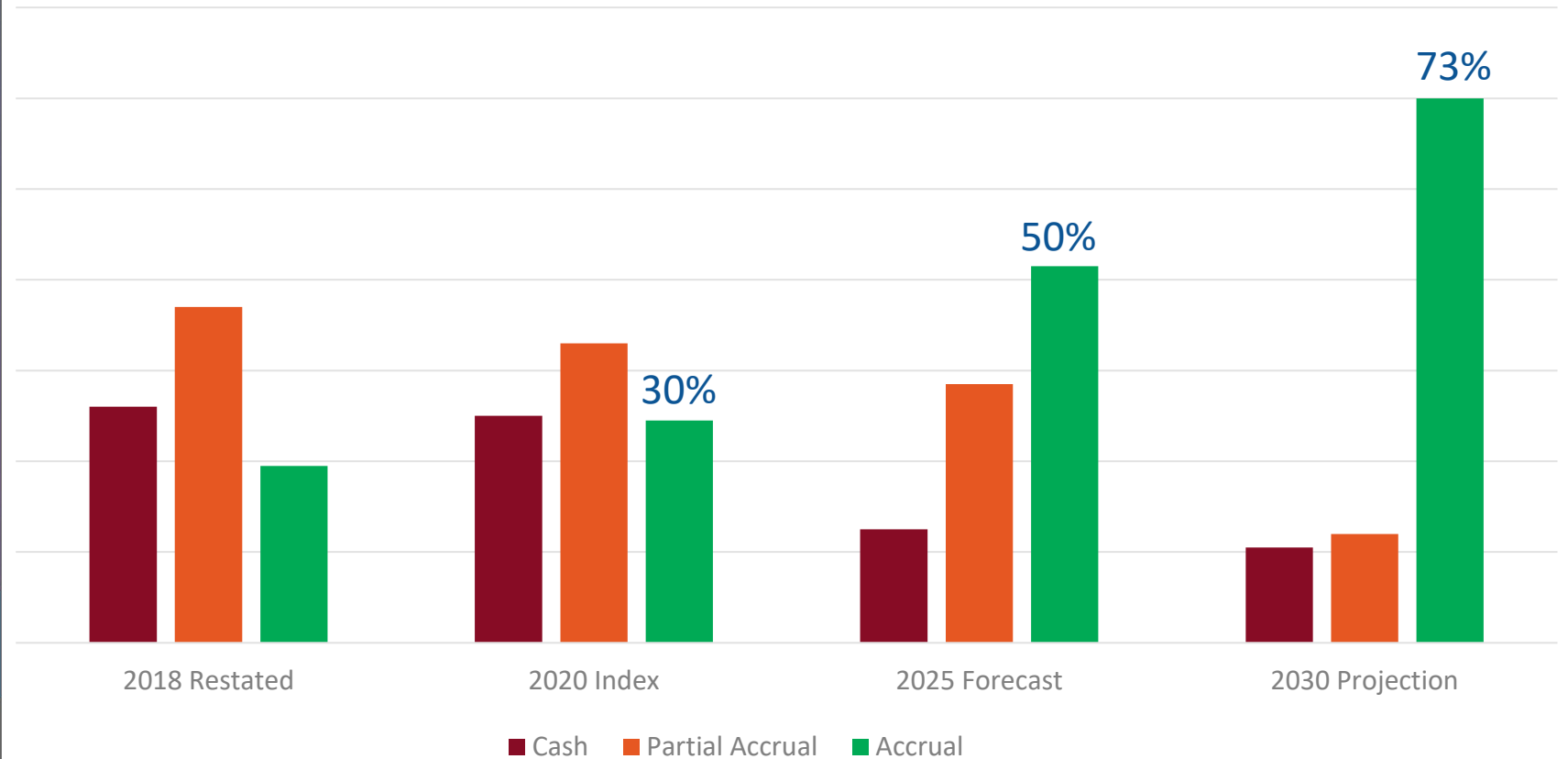
- The global public sector financial reporting standards
- 39 Accrual-based IPSAS and 3 Recommended Practice Guidelines (RPGs)
- Guidance developed via inclusive, open and transparent due process

International Public Sector Accounting Standards Board (IPSASB)

- Independent Board: 18 Board members from around World
- Independent oversight: Public Interest Committee (WB, IMF, OECD & INTOSAI)
- Funded by International Federation of Accountants (IFAC), ADB and governments



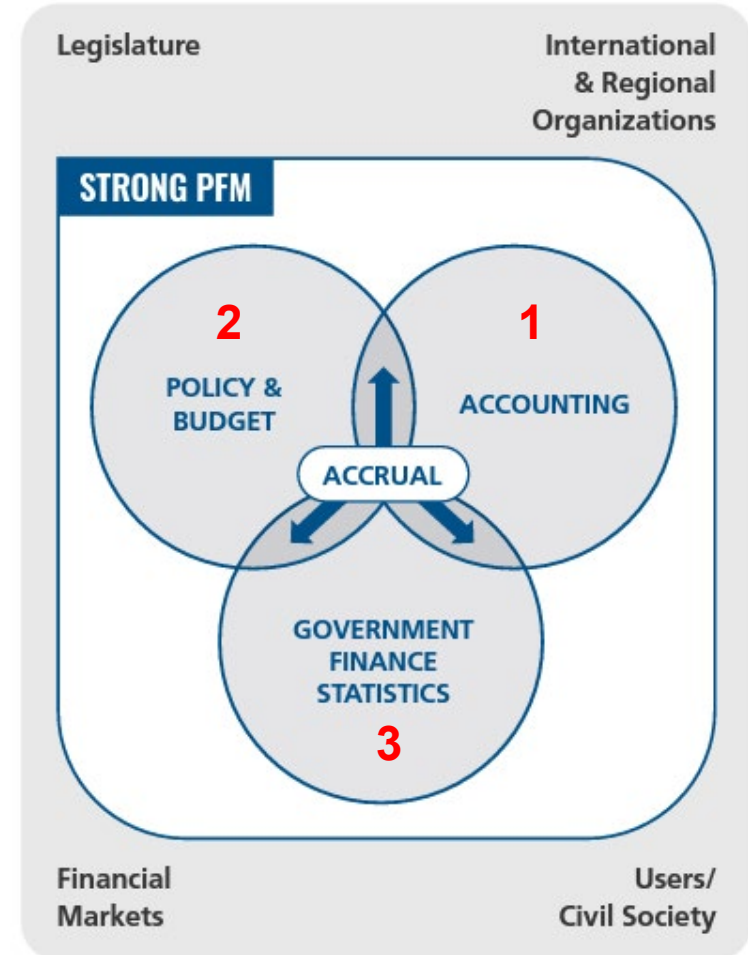
Global Trends: Continuing Shift from Cash to Accrual



IPSAS usage and influence increasing in parallel

Using accrual data to strengthen PFM

- Supporting increased integration of accrual-based information in financial statements (1) with other reports used for PFM purposes
- Encouraging greater use of accrual-based information for (2) budgeting, and (3) GFS reporting purposes
- Consistency in presentation formats will support increased:
 - Data quality
 - Understanding
 - Use of information



Potential for data quality reduction wherever there is difference between data sources

IPSAS and ISS: Overlaps and Differences

Similar but different objectives:

IPSAS	2008 SNA	BPM6	GFSM 2014
Accountability	Economic analysis	National Economy vis-à-vis the rest of the world	Fiscal analysis
Decision-making	Decision-making	Decision-making	Decision-making

BUT considerable overlaps:

- Economic substance - accrual information
- Assets, liabilities, revenue and expense

Regular timely production of accrual data can support increased GFSM data submission

Audited entity level and consolidated data can be used to support quality improvements in ISS data and increased GFSM compliance

WGA and National Accounts Comparisons

Public Sector Net Debt compared to total WGA net liabilities

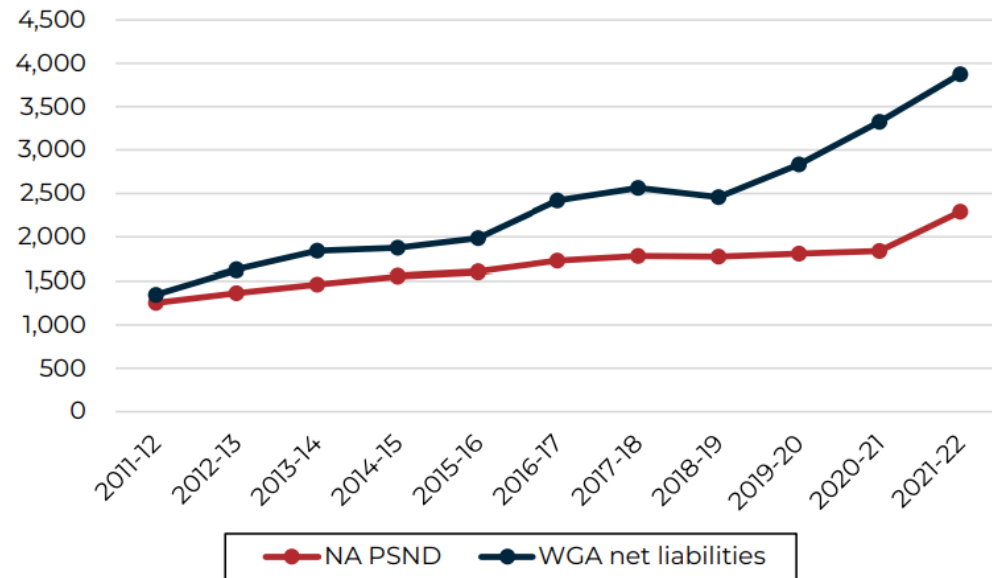
	2020-21	2019-20	2018-19
	£bn	£bn	£bn
Public Sector Net Debt (National Accounts)	1,835	1,806	1,774
Add liabilities not recognised in National Accounts:			
Net public sector pensions liability	2,306	2,190	1,894
Provisions	366	375	311
PFI contracts	27	31	32
Adjust assets measured differently in national accounts:			
Asset Purchase Facility	(1,557)	(181)	(194)
Unamortised premia on gilts	62	62	56
UK Asset Resolution (UKAR) net impact on net debt	5	(1)	(2)
Add assets and liabilities excluded from measure of PSND:			
Property, plant and equipment	(1,270)	(1,313)	(1,268)
Investment property	(17)	(24)	(23)
Intangible assets	(41)	(40)	(37)
Trade and other receivables	(43)	(45)	(41)
Prepayments and accrued income	(79)	(88)	(108)
Inventories	(15)	(11)	(10)
Investments	(41)	(33)	(53)
Trade and other payables	44	56	51
Accruals and deferred income	81	66	61
Deduct liabilities not yet recognised in WGA			
Housing associations	-	-	-
Other adjustments including eliminations	1,663	(16)	13
Net liabilities (WGA)	3,326	2,834	2,456

Public sector current budget deficit

	2020-21	2019-20	2018-19
	£bn	£bn	£bn
Public sector current budget deficit/(surplus) (National Accounts)	204	4	(6)
Add expenditure on liabilities excluded from National Accounts:			
Increase in provisions	32	74	21
Adjust expenditure calculated differently from National Accounts:			
Public sector pensions	-	-	-
Depreciation and amortisation	(16)	(19)	(15)
Impairments and revaluations of assets	27	16	13
Net (gains)/Losses on sale of assets	1	2	4
Capital grants	42	9	10
Research and development	2	2	2
Other adjustments including eliminations	39	17	27
Net expenditure on public services (WGA)	331	105	56
Financing costs of long-term liabilities, including discounting	56	67	(57)
Revaluation of financial assets and liabilities	17	20	(1)
Total net expenditure / (income) (WGA)	404	192	(2)

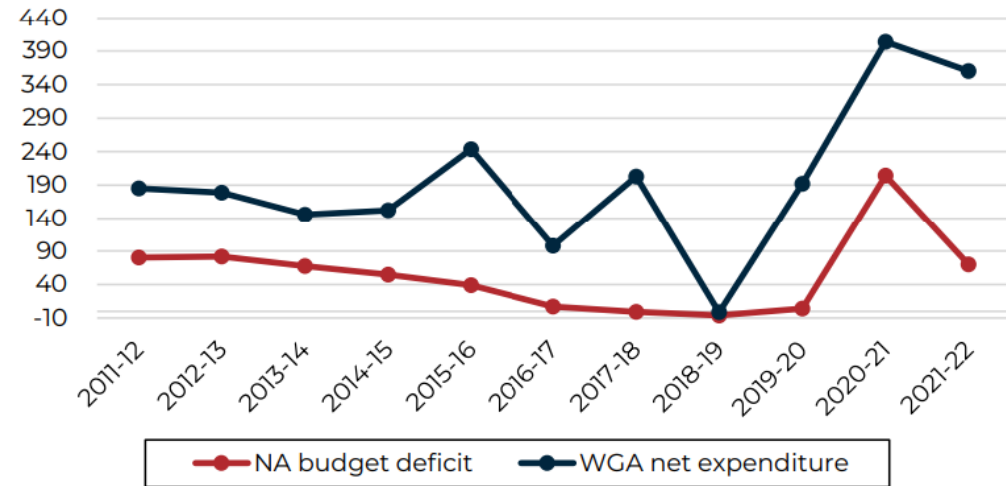
Trends in Key WGA and National Accounts-based Metrics

Chart 5.B: National Accounts (NA) PSND and WGA net liabilities (£ billion per financial year)



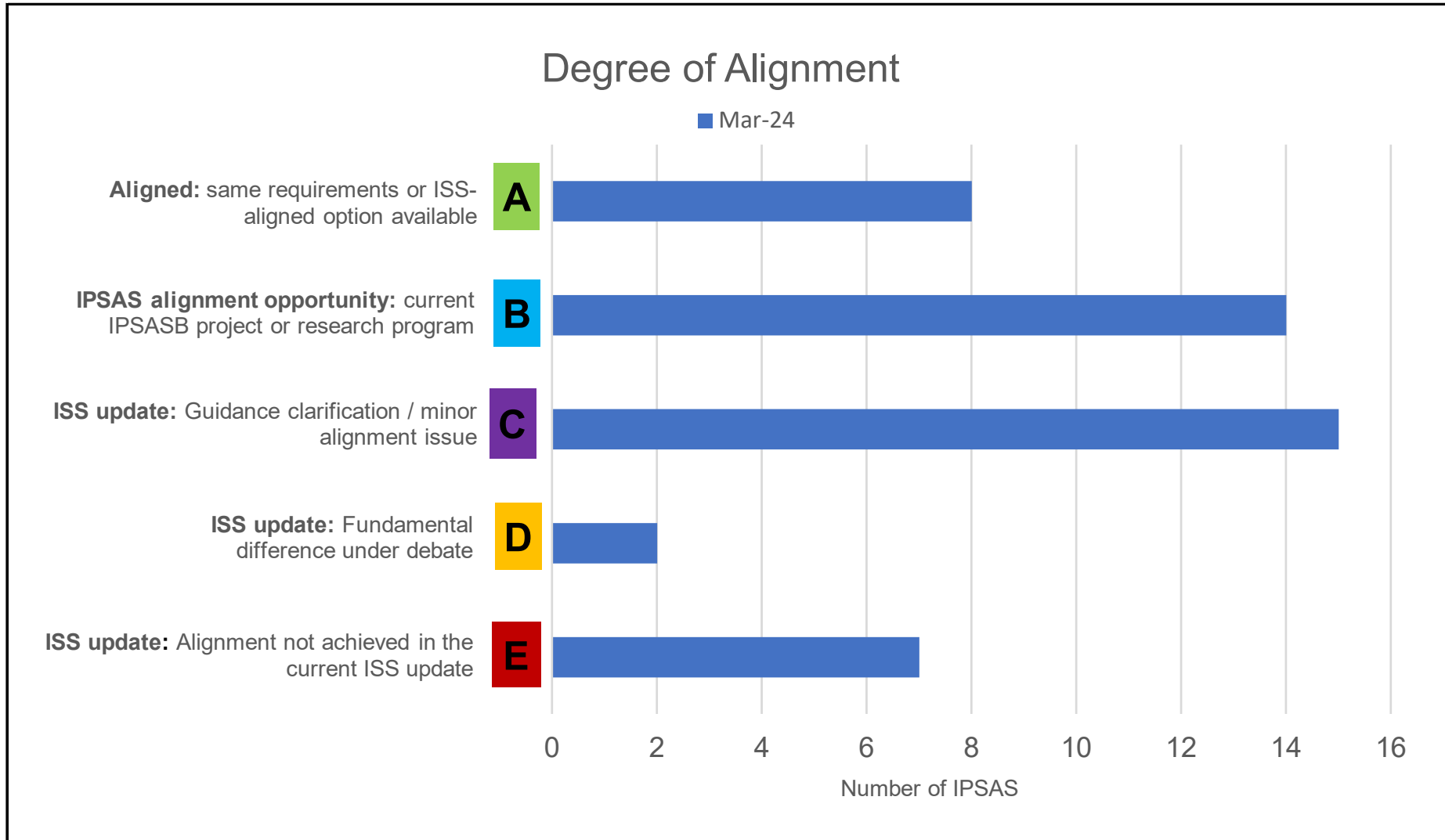
Source: HM Treasury and ONS data

Chart 5.C: National Accounts (NA) Public Sector current budget deficit and WGA net expenditure (£ billion per financial year)



Source: HM Treasury and ONS data

IPSAS - ISS Alignment Overview



IPSAS - ISS Alignment Summary

IPSAS/RPG	ISS	Status	IPSAS/RPG	ISS	Status	IPSAS/RPG	ISS	Status
1. Presentation of Financial Statements	4.16-4.50	B C	24. Presentation of Budget Information in Financial Statements	–	n/a	39. Employee Benefits	7.189-7.202; 7.261	C
2. Cash Flow Statements	4.32-4.35	A	26. Impairment of Cash-Generating Assets	10.1-10.69	B C	40. Public Sector Combinations	7.113-7.117	B C
3. Accounting Policies, Changes in Accounting Estimates and Errors	A6.46	B	27. Agriculture	7.20-7.33; 7.59-7.63; 10.70	B C	41. Financial Instruments	7.118-7.124; 7.143-7.177; 7.203-7.226;	E
4. The Effects of Changes in Foreign Exchange Rates	3.31; 10.44	A	28. Financial Instruments: Presentation	7.118-7.124; 7.143-7.177; 7.203-7.226; A3.47-A3.53	A	42. Social Benefits	7.261	E
5. Borrowing Costs	6.62-6.83	A	29. Financial Instruments: Recognition and Measurement	7.118-7.124; 7.143-7.177; 7.203-7.226; 7.246; 7.262	C	43. Leases	7.108; A4.4-A4.17; MGDD VI.2	A E
10. Financial Reporting in Hyperinflationary Economies	–	E	30. Financial Instruments: Disclosures	7.236-7.260; 7.262	n/a	44. Non-Current Assets Held for Sale and Discontinued Operations	–	E
12. Inventories	7.20-7.33; 7.75-7.86; 10.16-10.17	B C	31. Intangible Assets	7.20-7.33; 7.64-7.73; 7.104	B C	45. Property, Plant, and Equipment	6.53-6.61; 7.4-7.12; 7.20-7.57; 7.74; 7.92-7.96	D
14. Events after the Reporting Date	ESA 20.189 MGDD II.7	E	32. Service Concession Arrangements: Grantor	A4.58-A4.65	B C	46. Measurement	3.107-3.129	C
16. Investment Property	7.4-7.12; 7.20-7.33;	A B C	33. First-time Adoption of Accrual Basis IPSASs	–	n/a	47. Revenue	5.1-5.151; A3.1-A3.36	C
18. Segment Reporting	–	B	34. Separate Financial Statements	–	n/a	48. Transfer Expenses	6.1-6.8; 6.84-6.95; 6.122-6.124	E
19. Provisions, Contingent Liabilities and Contingent Assets	7.251-7.260	D	35. Consolidated Financial Statements	3.152-3.166	A	49. Retirement Benefit Plans	7.189–7.200	A
20. Related Party Disclosures	–	n/a	36. Investments in Associates and Joint Ventures	2.140-2.143; A4.40	B C	RPG 1. Reporting on the Long-Term Sustainability of an Entity's Finances	–	n/a
21. Impairment of Non-Cash-Generating Assets	10.1-10.69	B C	37. Joint Arrangements	2.140-2.143; A4.40	B C	RPG 2. Financial Statement Discussion and Analysis	–	n/a
22. Disclosure of Financial Information about the General Government Sector	–	B	38. Disclosure of Interests in Other Entities	–	n/a	RPG 3. Reporting Service Performance Information	–	n/a

Opportunities for increasing alignment

- ISS – changes that could significantly increase alignment (research agenda?):
 - Non-financial liabilities (e.g., constructive obligations)
 - Control instead of risks and rewards (e.g., Service Concession Arrangements/Public Private-Partnerships, Leases, etc.)
 - Impairments (e.g., **expected** credit loss model vs **incurred** credit loss model of FI)
 - Financial Instruments (e.g., concessionary loans, factoring, etc.)
- **Different focus** for GFS gives a number of methodological opportunities for GFSM update:
 - Non-financial Liabilities (e.g., extending fiscal risks recognition beyond transactions)
 - Employee Benefits and Retirement Benefit Plans (e.g., measurement of defined benefit obligation and terminology)
 - Measurement / valuation (e.g., Current Operational Value and measurement techniques)
 - Concessionary Loans

Existing IPSASB Guidance

Focus Area

The screenshot shows the top navigation bar with the IPSASB logo and links for Standard-Setting Boards, IFAC, Contact, Language, Login or Register, and Search. Below the navigation are links for Standards & Pronouncements, Consultations & Projects, Support & Resources, and Consultative Advisory Group. A secondary navigation bar includes About IPSASB News and Meetings Focus Areas. The main header area features a dark blue banner with the text 'INTERNATIONAL STATISTICAL STANDARDS'.

The International Public Sector Accounting Standards Board's (IPSASB) Strategy and Work Plan 2019-2023 includes alignment with Government Finance Statistics[1] (GFS) as an integral part of the Board's work.

The IPSASB's Policy Paper Process for Considering GFS Reporting Guidelines During Development of IPSASs sets out the IPSASB process for considering GFS reporting guidelines during the development of IPSAS in order to reduce unnecessary differences with International Public Sector Accounting Standards (IPSAS).

Although IPSAS and ISS have different objectives and treat some transactions and events differently, they also have many similarities, such as the accrual-based accounting system, the reporting of assets, liabilities, revenues, and expenses, and the notion of control.

Table 1 – Objectives of IPSAS and ISS

IPSAS	2008 SNA	BPM6	GFSM 2014
Accountability	Economic analysis	National Economy vis-à-vis the rest of the world	Fiscal analysis
Decision-making	Decision-taking	Decision-making	Decision-making
	Polymaking		

Often, IPSAS and ISS reports share the same users so confusion arises as a result of the existence of differences between the two types of reports.

The existence and extent of similarities between IPSAS and ISS makes a strong case for direct usage of IPSAS-based financial information for statistical compilation and to reduce unnecessary differences between IPSAS and ISS.

TASK FORCE

MARC WERMUTH,
TECHNICAL ADVISOR

JOÃO FONSECA,
PRINCIPAL

Useful Resources

TOWARDS THE 2025 SNA - INFORMATION ON THE PROCESS OF UPDATING THE 2008 SNA

UPDATE: 6TH ED. OF THE BALANCE OF PAYMENTS AND INTERNATIONAL INVESTMENT POSITION MANUAL

<https://www.ipsasb.org/focus-areas/international-statistical-standards>

Project Page

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Current Status of the Project

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At its 51st session, held in New York from 3 to 6 March 2020, the United Nations Statistical Commission (UNSC) requested the Intersecretariat Working Group on National Accounts (ISWGNA) to develop a roadmap for the revision of the *System of National Accounts, 2008* (2008 SNA) for adoption by the Commission in 2025.

Subsequently, the IMF Committee on Balance of Payments Statistics (BOPCOM) decided to launch a parallel process for updating the *Balance of Payments and International Investment Position Manual*, sixth edition (BPM6), with a target release date of March 2025.

The ISWGNA and the BOPCOM have agreed to coordinate the update of both statistical manuals and other international statistical standards (ISS).

The IPSASB is represented in four ISS Task Teams that deal with relevant topics relevant for IPSAS-ISS alignment:

- Current Account Task Team (CATT) (Task Team BOPCOM)
- Wellbeing and Sustainability Task Team (WSTT) (Task Team ISWGNA)
- Financial and Payments Systems Task Team (FITT) (Joint Task Team BOPCOM/ISWGNA) [IMF link](#) / [UN link](#)
- Communication Task Team (CMTT) (Joint Task Team BOPCOM/ISWGNA) [IMF link](#) / [UN link](#)

<https://www.ipsasb.org/consultations-projects/international-statistical-standards>

Collaboration opportunities

- **Standard-setting processes: Increased ‘real-time’ interaction**
 - Reduce unnecessary differences between IPSAS and GFS
 - Alignment is a ‘two-way street’: requires changes on both sides
- **Implementation guidance: Increased awareness and insights**
 - Appropriate ‘bridges’ between guidance – updated GFSM and IPSAS 22 with supporting ‘non-authoritative’ literature
 - Revenue, measurement, employee benefits and retirement benefit plans, etc.
 - Ensure training materials for both professional groups provide high-level understanding of benefits of using same data sets and how to approach this
- **Outcomes:**
 - Maximised information impact and usage – decision-making and accountability
 - Strengthened Public Financial Management globally

