IPSAS / IPSASB background

- Only global financial reporting standards for public sector
- Independent international board of public sector finance experts
- Independent governance (PIC) and advisory arrangements (CAG)
- Address key public sector issues
- Aligned private sector IFRS and / or GFS where appropriate
- More than one third of pronouncements wholly or mainly public sector specific

Programme origins

- IFAC Public Sector Committee
- IPSAS development started 1997
- Strong NZ and Australia input both initially and subsequently
# IPSAS suite development:
Building coverage while addressing public sector issues

<table>
<thead>
<tr>
<th>Period</th>
<th>Events</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1997 - 2001</strong></td>
<td>• IFAC PSC starts IPSAS development programme</td>
</tr>
<tr>
<td></td>
<td>• First 21 IPSAS based on IFRS equivalents, interpreted as necessary</td>
</tr>
<tr>
<td><strong>2002 - 2009</strong></td>
<td>• Development of first public sector specific IPSAS (22 - 24)</td>
</tr>
<tr>
<td></td>
<td>• Maintaining IFRS alignment (IPSAS 25 – 32)</td>
</tr>
<tr>
<td></td>
<td>• Start of Conceptual Framework project</td>
</tr>
<tr>
<td><strong>2010 - 2015</strong></td>
<td>• First Time Adoption (IPSAS 33)</td>
</tr>
<tr>
<td></td>
<td>• Maintaining IFRS alignment (IPSAS 34-38)</td>
</tr>
<tr>
<td></td>
<td>• Conceptual Framework completed 2014</td>
</tr>
</tbody>
</table>
Financial Reporting Objectives:

- Accountability
- Decision making

Accrual – based information to deliver both objectives
Current IPSASB work programme:
Balancing public sector and IFRS alignment

<table>
<thead>
<tr>
<th>Project</th>
<th>Public sector specific</th>
<th>IFRS alignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>- IFRS 15 aligned (replacing IPSAS 9 &amp; 11)</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>- IPSAS 23 update</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Non-Exchange Expenses</td>
<td>ED 67</td>
<td>✓</td>
</tr>
<tr>
<td>- Collective and Individual Services (IPSAS 19 amends)</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>- Transfers and grants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Measurement</td>
<td>CP/[ED]</td>
<td>✓</td>
</tr>
<tr>
<td>Heritage</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Infrastructure Assets</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Leases</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Financial Instruments (Public Sector Specific)</td>
<td>✓</td>
<td>IPSAS 41</td>
</tr>
</tbody>
</table>
Currently 25% of governments report on accrual......

Source: IFAC / CIPFA
International Public Sector
Financial Accountability Index
Data from 150 countries
......within 5 years 65% will report on accrual

Source: IFAC / CIPFA International Public Sector Financial Accountability Index
Data from 150 countries
Changes will increase IPSAS usage and influence: Raising IPSASB’s profile and stakeholder expectations

2018 – 37 governments

- 16 governments adopted IPSAS directly
- 9 governments adopted IPSAS indirectly via national standards
- 5 governments used IPSAS as a reference point
- 2 governments based national standards on IFRSs
- 2 governments used other national financial reporting standards

2023 – 98 governments

- 31 governments adopted IPSAS directly
- 27 governments adopted IPSAS indirectly via national standards
- 24 governments used IPSAS as a reference point
- 14 governments based national standards on IFRSs
- 2 governments used other national financial reporting standards
Strengthening Public Financial Management (PFM) globally through increasing adoption of accrual-based IPSAS

Strategic Objective delivered through two main areas of activity both of which have a public interest focus:

**Delivering Global Standards:** Developing and maintaining IPSAS and other high-quality financial reporting guidance for the public sector

**Inspiring Implementation:** Raising awareness of IPSAS and the benefits of their adoption
Inspiring Implementation: Advocating the benefits of accrual in strengthening PFM

In order to maximize the benefits of accrual-based information, it should be used for as many purposes as possible:
CIPFA’s Whole System Approach to PFM

- Framework supporting effective PFM at country, region/sector and entity levels
- Recognises there are checks and balances in every system – key is to act together to make PFM effective
- Emphasises improvement across the system – no one initiative on its own sufficient
- Holistic model complementing existing assessment tools

Whole is greater than the sum of the parts
CIPFA’s Whole System Approach to PFM

Accrual-based information as core
PFM WSA: External Elements

- Legislation
- Standards
- Transparency
- Scrutiny
PFM WSA: Internal Elements

- Strategy and planning
- Budget execution
- Performance monitoring
- Stakeholder reporting
Strong PFM requires Integrated Thinking

Need to manage all 6 <IR> Resources (Capitals):

- Financial
- Natural
- Infrastructure ( Manufactured)
- Intellectual
- Human
- Social and relationship
Links with CIPFA / IFAC
Good Governance in the Public Sector

Strong PFM integral to Good Governance - and vice versa

1. Acting in the public interest at all times
2. Defining outcomes in terms of sustainable economic, social, and environmental benefits
3. Determining interventions necessary to optimise achievement of intended outcomes
4. Building the entity’s capacity, including capability of its leadership and individuals within it
Inspiring Implementation:
Advocating the benefits of accrual in strengthening PFM
Questions, discussion & further information

- Or contact us by e-mail:
  - IPSASB Chair: [iancarruthers@ipsasb.org](mailto:iancarruthers@ipsasb.org)
  - Technical Director: [johnstanford@ipsasb.org](mailto:johnstanford@ipsasb.org)