

IPSASB Update

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Financial Management for National
Governments

Montréal, Canada

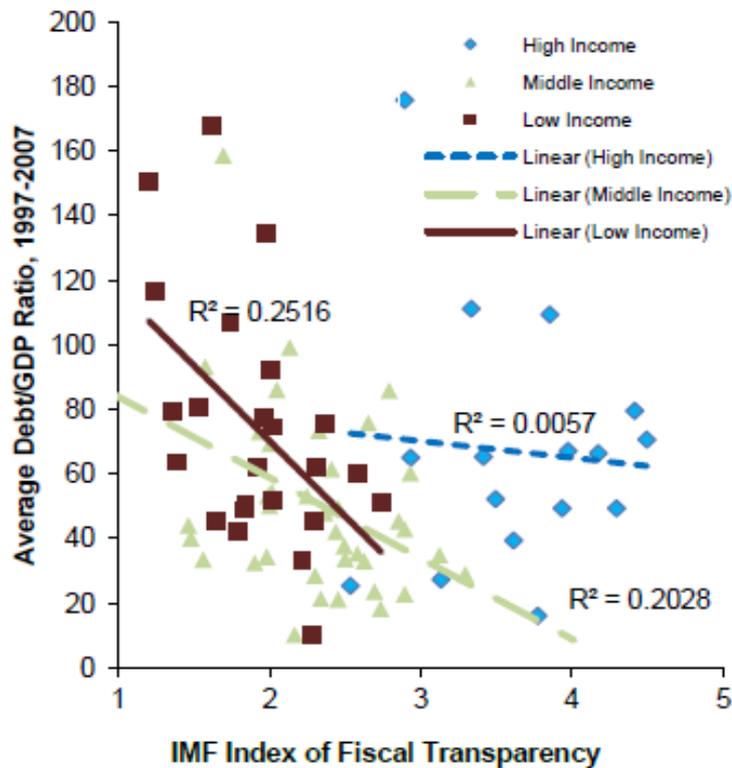
Strengthening public financial management and knowledge globally through increasing adoption of accrual-based IPSASs by:

- **Developing high-quality financial reporting standards**
- **Developing other publications for the public sector**
- **Raising awareness of the IPSASs and the benefits of their adoption**

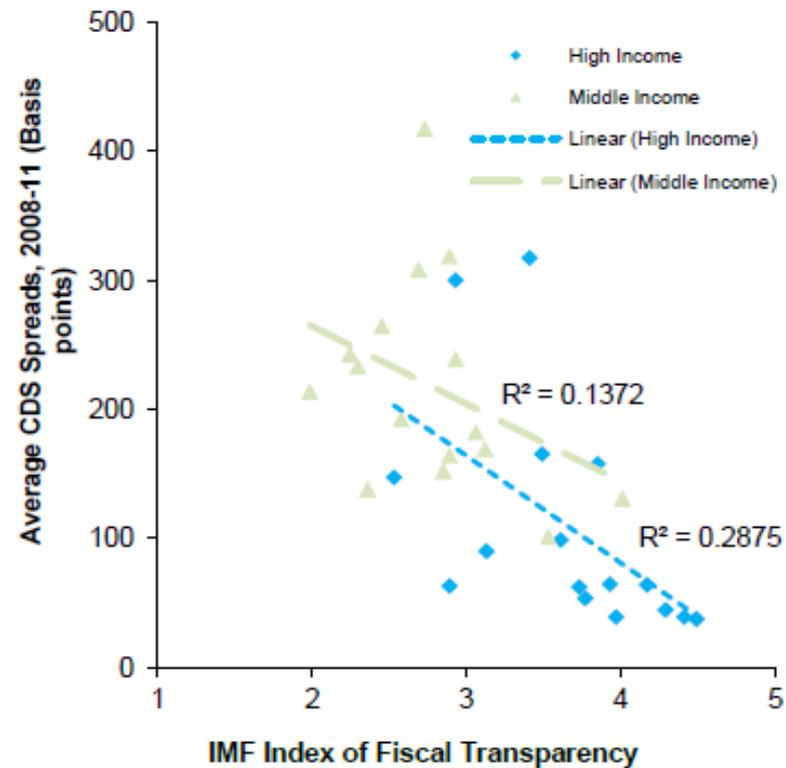
IMF: Transparency is relevant

- Less debt and lower interest rates

a. Fiscal Transparency & Government Debt



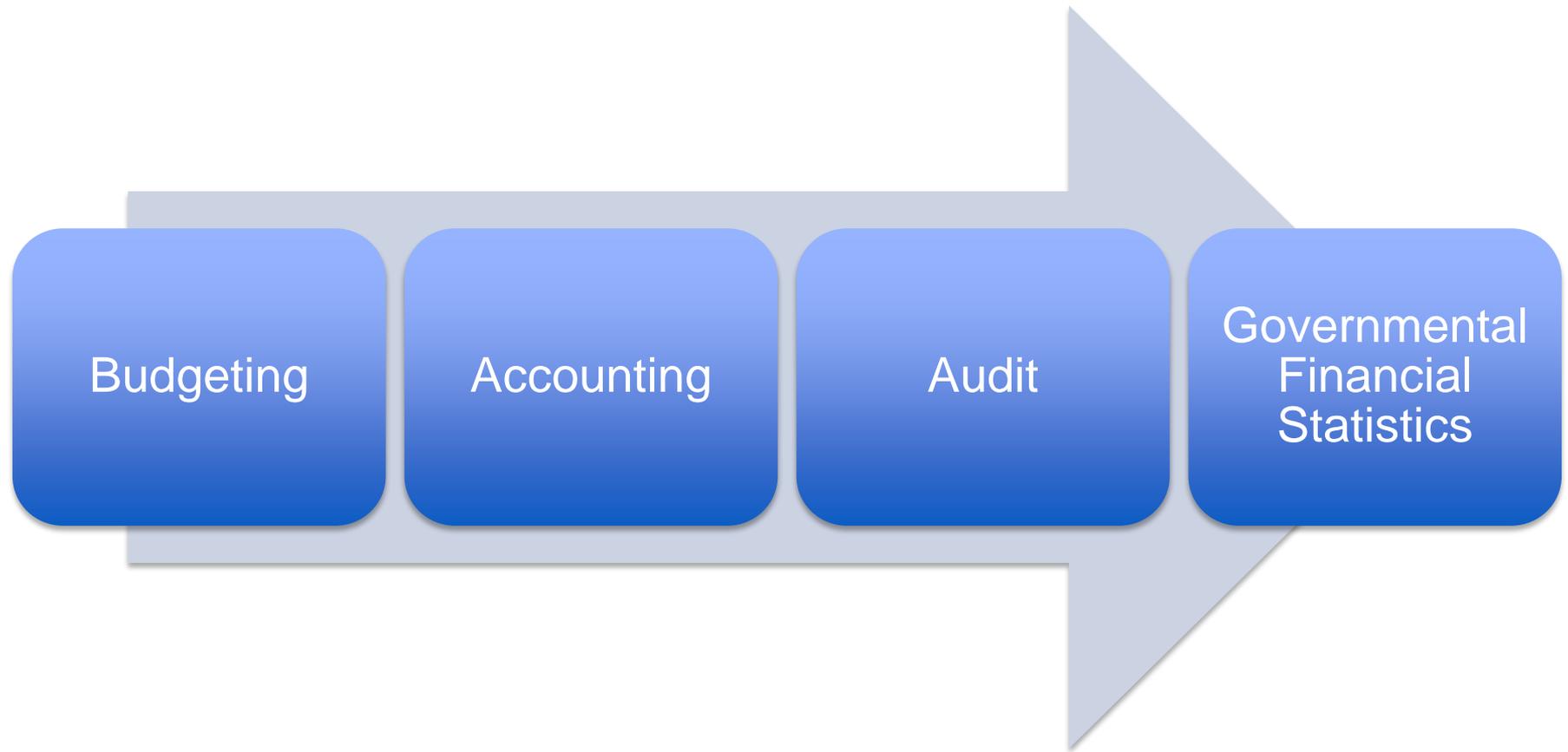
b. Fiscal Transparency & CDS Spreads



IMF: Transparency is relevant

- **Fiskal Risk:**
 - Government financial reporting responsible for increase of government debt during financial crisis
 - 23% of increase in debt due to incomplete information
 - 37% of increase in debt due to underestimating likelihood and impact of economic shocks
 - Critical are off-balance sheet items, such as
 - State owned enterprises (if there is no consolidation ...)
 - PPP (if there's no accounting for them)
 - Critical are also financial statements without impairment testing and/or current value measurement
- **Adherence to IPSAS/GFSM2014 critically important**
 - Alignment of IPSAS/GFS – e.g. as planned under EPSAS

Whats's needed: an integrated system



Public Sector Conceptual Framework

Purpose:

- Establishes the concepts that are to be applied in developing IPSASs
- Provides guidance for preparers of general purpose financial reports (GPFRs) of public sector entities where no IPSAS exists

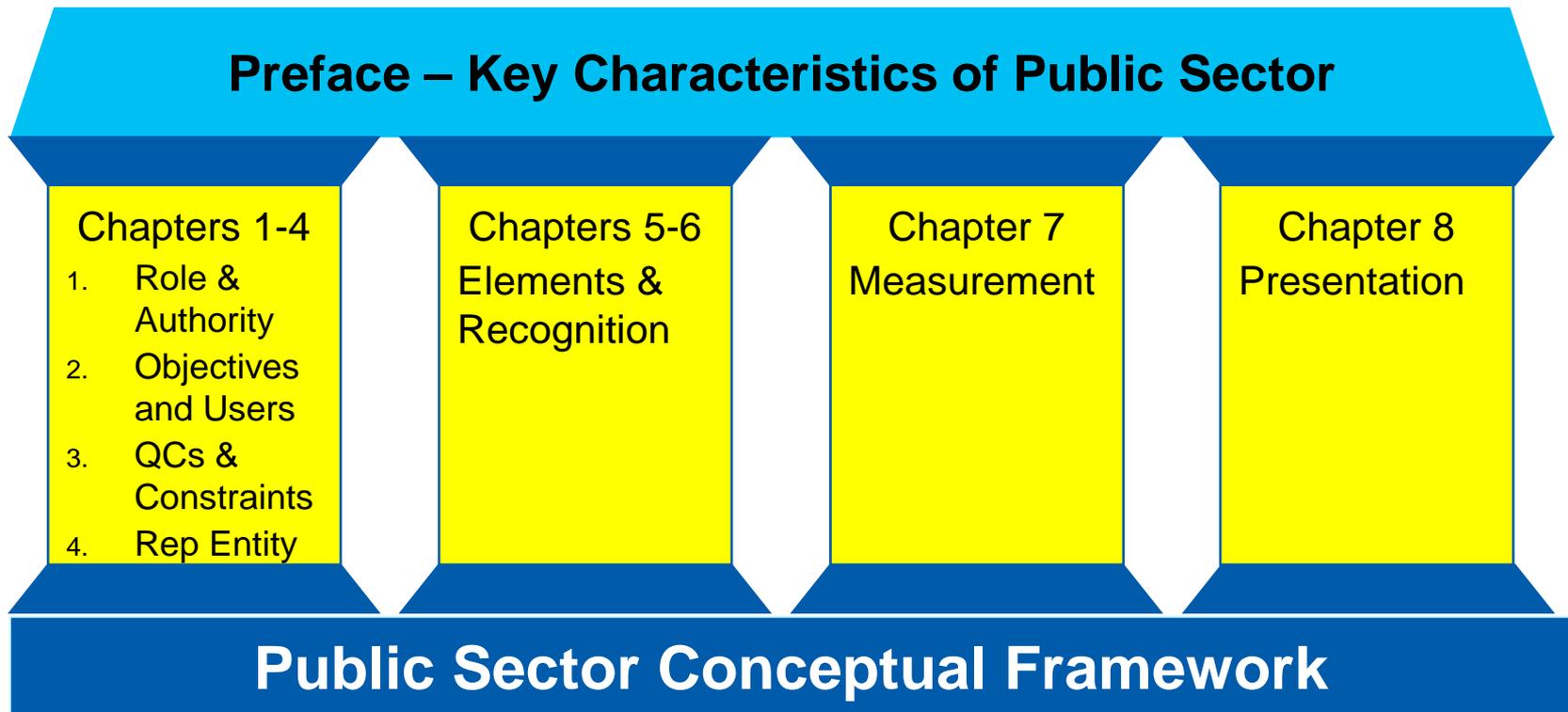
Project initiated in 2006; accelerated in 2010

Completion 2014

Impact already clear

- e.g. Social Benefits, Combinations, Emissions Trading

Conceptual Framework



New and revised standards and guidance issued in 2015



IPSAS 33, *First-time Adoption of Accrual Basis IPSASs* (January 2015)



IPSAS 34-38, *Interests in Other Entities* (replacing IPSAS 6-8) (January 2015)



RPG 3, *Reporting Service Performance Information* (March 2015)

Current and Previously Committed Projects (1)

Social Benefits: CP issued July 2015

Applicability of IPSASs/GBE Definition: ED issued July 2015

Financial Instruments:

- Public Sector Specific Financial Instruments → initial CP 2016
- CP will cover monetary authority items (monetary gold, currency and notes in circulation, IMF items)
- Statutory receivables, statutory payables and public sector specific securitization in separate stream or IPSAS 29 Update
- Recognition and Measurement (based on IFRS 9, update of IPSAS 29) → ED 2016 (Note not yet underway)

Public Sector Combinations → CP 2016

Emission Trading Schemes (collaboration with IASB) → CP 2016

Key Definitions

Social Benefits

- Benefits payable to individuals and households, in cash or in kind, to mitigate the effect of social risks.

Social risks

- Events or circumstances that may adversely affect the welfare of individuals and households either by imposing additional demands on their resources or by reducing their income.

Links to Other Projects

Projects

Social Benefits

Non-Exchange Expenses

IPSAS 25 Update

Social Assistance

Social Security

Other Transfers In Kind

Collective Goods and Services

Employment Related Social Insurance

Recognition and Measurement Options

Option 1

- Obligating Event Approach

Option 2

- Social Contract Approach

Option 3

- Insurance Approach

Applicability of IPSASs/GBEs

Government Business Enterprise (GBE)-defined term in IPSAS 1

Statement that IPSASs do not apply to GBEs, which apply IFRS

Ambiguities with definition

Insufficient acknowledgment of role of regulators

Consultation Paper (October 2014) with Preliminary View

- Delete definition of GBE
- High-level description of public sector entities from which IPSASs intended

Strong support at consultation

ED 56, *The Applicability of IPSASs*, proposes detailed changes

Work Program 2015-2019 (1)

Recently started major projects

Non-exchange expenses

Scope is non-exchange expenses outside Social Benefits project

Revenue: exchange and non-exchange (update IPSAS 9, 11, 23)

Assessment of extent to which performance obligation approach can be applied in public sector

Heritage Assets

Aim to provide requirements and guidance to replace provisional guidance in IPSAS 17,

Work Program 2015-2019 (2)

Projects Approved Not Started

Public Sector Measurement

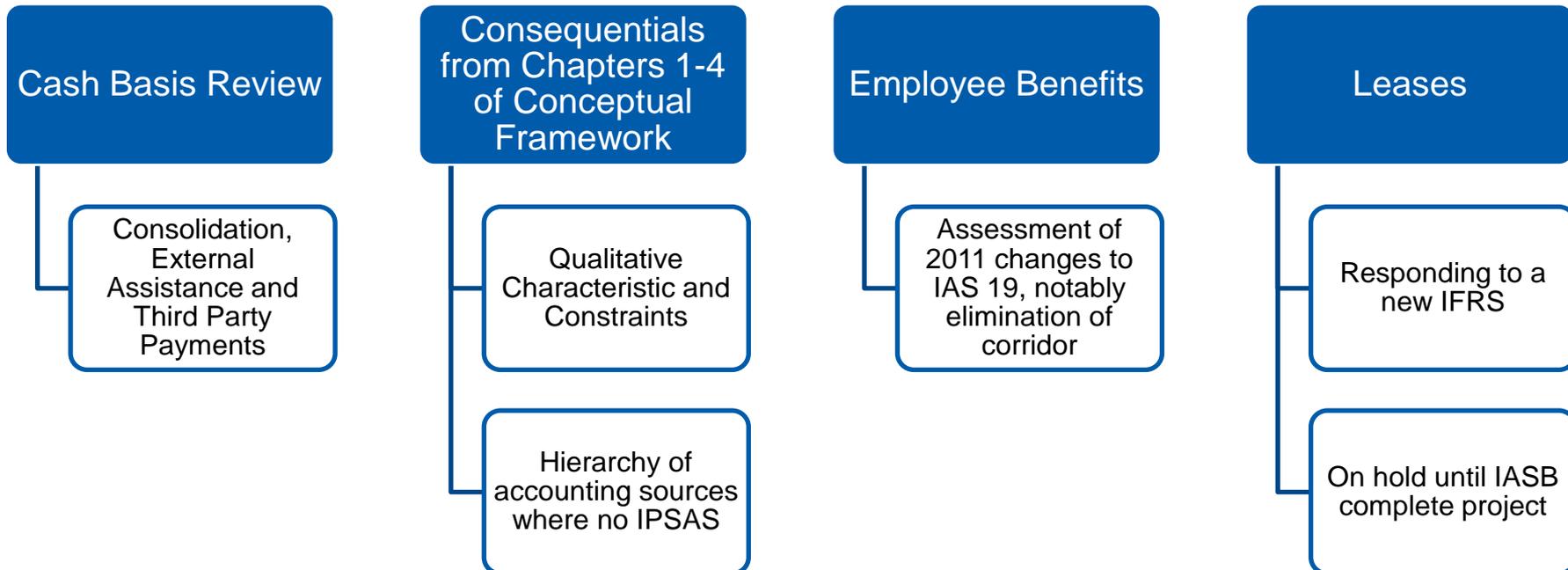
Multi phase project starting with inventory of existing measurement requirements and assessment of dislocations with Conceptual Framework

Infrastructure Assets

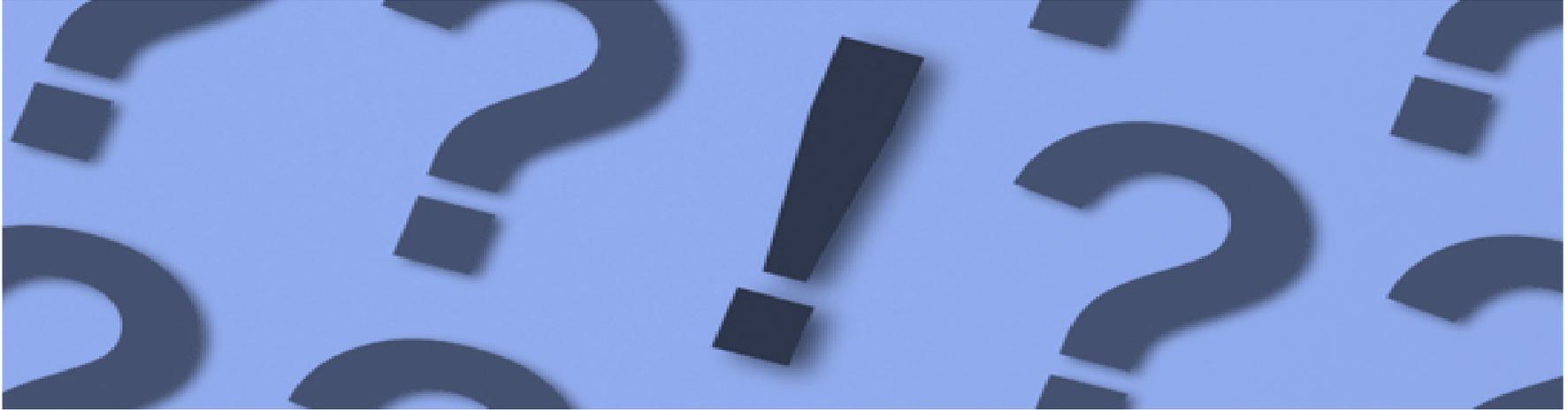
Develop requirements, including definition, measurement, depreciation, impairment and disclosures

Work Program 2015-2019 (3)

Limited Scope Projects



Questions Discussion & Further Information



- Visit our webpage <http://www.ipsasb.org/>
- Or contact us by e-mail :
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