

IPSASB



Thirty Years of Progress

International Federation of Accountants

*International Public Sector Accounting
Standards Board (IPSASB)*

Mike Hathorn, Chair

Importance of the public sector

- In most countries, the public sector accounts for upwards of 30% of national resource consumption
- International and intergovernmental organisations play an increasingly key role in a global world and must be transparent and accountable
- Poor financial management can result in a huge economic cost to both national and world economies

Advantages of accrual accounting

- Improved financial management information
- Improved use and management of all public sector resources, particularly assets
- Cash flow management
- Improved financial management reporting and transparency

- Greater accountability
- Fight against fraud and corruption

Advantages of IPSASs

- Independent standard setting
- Qualitative characteristics include -
 - timeliness of reporting
 - relevant, faithful representation, comparability, verifiability, and understandability
- Improved general purpose financial reporting – improving transparency
- Greater accountability
- Fight against fraud and corruption

Advantages for UN System?

- Improved financial management information
- Improved use and management of all resources, particularly assets
- Improved transparency

- Independent international standard setting
- Improved general purpose financial reporting -transparency
- Greater accountability
- Fight against fraud and corruption

Public/private sector interface

- Significant rise in public services provided by private sector
- Greater comparability between sectors – competition
- Public sector improvements in costs and/or services
- No justification for different accounting bases, other than where there is a public sector specific reason

Experiences - conditions

- Acceptance of the need for and benefits of change
- Political will to be transparent/accountable
- Support of the accounting profession/professional firms
- Independent standards

- Significant increase in information – data collection
- Definition of the ‘public sector’ – in or out

Experiences – a journey

- Decision to adopt cash accounting or accrual accounting
- Commitment of key managers/politicians
- Project plan for the journey – ‘big bang’ or step by step
- Consider/introduce new systems for accrual accounting
- Consider application of each IPSAS to circumstances
- Education/staff training – managers/accountants
- Support of external auditors

Enhanced governance

Provides support through -

- Greater transparency leading to more accountability and better decision making
- Timeliness in reporting
- Budget v actual comparison
- Risk management
- Equality between finance and operational managers in decision making

Key Challenges for adopters

- Insufficient experts available to advise on the adoption process
- No ‘road map’ from cash to accrual
- Reliance on World Bank and others ‘on the ground’
- Insufficient experts available to advise on the interpretation/application of IPSASs
- Lack of training and wider education
- Implementation guidance and experience

Strong Evidence of Progress - 2000

- No more than 10 countries with agreed processes or had a project in place to adopt accrual accounting basis.

Strong Evidence of Progress - 2007

- UN System (28 bodies), OECD, NATO (21 bodies), EC, IFAC, INTERPOL
- More than 70 countries have agreed processes or have a project in place to adopt IPSASs or align with IPSASs as part of wider reforms to adopt accrual accounting.

Strong Evidence of Progress

Examples of adopters of accrual accounting –

- New Zealand Government
- Australian Government
- UK Government
- Canadian Government
- French Government

Strong Evidence of Progress – 2008

Adopters of IPSASs –

- UN WFP
- European Commission
- NATO
- OECD

Strong Evidence of Progress – beyond 2009

Adopters of IPSASs –

- UN System
- Swiss Government
- Government of Israel
- Government of South Africa
- BRIC countries committed to adopt

Strategic Themes

- Conceptual framework for public sector
- Public sector specific issues including convergence with statistical bases where appropriate
- IFRS convergence – ‘Rules of the Road’
- Promotion & communication

Conceptual Framework

- Applies to the public sector including international and intergovernmental organisations
- Consultative Document – Objectives, Reporting Entity, Scope and Qualitative Characteristics
- Publication late September/early October 2008

Key challenges for IPSASB

- Growing demand for Standards
- Credibility of IPSASB - board/staff
- Completion of Conceptual Framework
- Meeting Target for IFRS Convergence
- Relevance to public sector
- Keeping up with momentum/demand

IPSASB

- Standing Board within IFAC
- 15 Members nominated through accounting profession
- 3 Members nominated through non-accounting profession
- Supported by the Canadian Government and CICA, NZ and Swiss Governments, World Bank, UN Group , ADB.
- Technical Director and 4 staff Toronto based, 1 New York, 1 Melbourne
- Rolling secondment from Chinese Ministry of Finance

IPSASB process

- 18 Members including 3 Public Members
- Meets 3 times per year
- 4 day meetings which may include a regional seminar and/or a consultative group meeting.
- Open to the public
- All materials publicly available – posted on internet

UN System and IPSASB

To date:

- UN System and UNDP – observers on IPSASB
- Strong contribution based on experience
- IPSASB staff provided technical support

Future:

- Conceptual Framework
- Continuing strong relationship based on experience

Available on IPSASB web site

- All IPSASs (26 accrual plus 1 cash basis)
 - (including Spanish and French translations)
- All current Exposure Drafts and other publications
- IPSASB Updates on most recent IPSASB meetings
- IPSASB meeting papers (before each meeting)
- Project histories
- **FREE OF CHARGE AT: WWW.IFAC.ORG/PublicSector**

Strategic Alliances

World Bank – Fiduciary Forum/supporting each other

IMF – Strategic partnership/eliminating differences

IASB - leadership group at Board level

National Standard Setters – providing staff support

INTOSAI - leadership in regions

Development Banks – IADB; ADB

United Nations – major adopter/contributor to open meetings

IPSASB

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