Current status of standard-setting of International Public Sector Accounting Standards (IPSAS) and priority areas for further development

Presented by

Lewis Hawke
Head of Secretariat
Public Expenditure and Financial Accountability

This material has been reproduced in the language and form as it was provided. The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.
UNCTAD-ISAR Workshop: Practical implementation of IPSAS

Lewis Hawke
Head of PEFA Secretariat

3 November 2015
For resilient PFM systems

Founded through a partnership of international development agencies in 2001
General features of PEFA

• Assesses performance of a country’s PFM
  • *Fiscal strategy, budget credibility, transparency, financial control, management information, accountability* etc.

• Examines capacity for *fiscal discipline, efficient resource allocation, efficient service delivery*

• Quantitative ratings for 90 performance dimensions

It does not:

• Assess *causes* for good or poor performance

• Assess government *policies*
For resilient PFM systems

Overview

C. Budget Cycle

C(1) Policy-based budgeting

B(1) Comprehensiveness and Transparency

B(2) Asset and Liability Management

C(2) Predictability and control in budget execution

C(3) Accounting, Recording and Reporting

C(4) External scrutiny and audit

B. Cross-cutting Issues

A. PFM Outturns

Budget Credibility
Completed assessments

Number of assessment reports

Date of Status Update

Date:
- May '05
- Aug '05
- Nov '05
- Jan '06
- May '06
- Oct '06
- Mar '07
- Aug '07
- Mar '08
- Aug '08
- Mar '09
- Aug '09
- Mar '10
- Aug '10
- Mar '11
- Aug '11
- Mar '12
- Aug '12
- Mar '13
- Aug '13
- Dec '13
- Jun '14
- Dec '14

Stock
Flow
For resilient PFM systems

PEFA assessments map
### Indicator: Quality and timeliness of annual financial reports

#### i. Completeness of financial statements:

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.</td>
<td>Consolidated statement prepared annually with full information on revenue, expenditure, financial assets and liabilities</td>
</tr>
<tr>
<td>B.</td>
<td>Consolidated statement with few exceptions</td>
</tr>
<tr>
<td>C.</td>
<td>Consolidated statement for revenue and expenditure</td>
</tr>
<tr>
<td>D.</td>
<td>Consolidated statement not produced annually</td>
</tr>
</tbody>
</table>

#### ii. Timeliness of submission of financial statements

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.</td>
<td>Statement submitted for external audit within 6 months of end year</td>
</tr>
<tr>
<td>B.</td>
<td>Statement submitted for external audit within 10 months of end year</td>
</tr>
<tr>
<td>C.</td>
<td>Statement submitted for external audit within 15 months of end year</td>
</tr>
<tr>
<td>D.</td>
<td>Statement not submitted for external audit within 15 months of end year</td>
</tr>
</tbody>
</table>

#### iii. Accounting standards used

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.</td>
<td>IPSAS or corresponding national standards applied for all statements</td>
</tr>
<tr>
<td>B.</td>
<td>IPSAS or corresponding national standards applied for some statements</td>
</tr>
<tr>
<td>C.</td>
<td>Statements presented in a consistent format with some disclosure of accounting standards</td>
</tr>
<tr>
<td>D.</td>
<td>Statements not presented in a consistent format or no disclosure of accounting standards</td>
</tr>
</tbody>
</table>
For resilient PFM systems

Overall results from 10 years of PEFA

- 30% of countries use IPSAS or corresponding national standards
- 45% of remaining countries disclose some accounting standards
- 10% did not rate this indicator
- High correlation between countries with comprehensive financial statements and application of accounting standards
For resilient PFM systems

Change in score for accounting standards between assessments

- Successive assessments in 80 countries
- 19% increase in score
- 60% no change in score
- 21% decrease in score