UNCTAD-Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting

Workshop on practical implementation of IPSAS

Tuesday, 31 October 2017
Room XVII, Palais des Nations, Geneva
Morning Session

Presentation

Presented by

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Chair
International Public Sector Accounting Standards Board

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IPSAS Implementation Workshop

Ian Carruthers
IPSASB Chair

UNCTAD – ISAR
Geneva
31st October 2017
The IPSAS Board and its outputs

- Independent Standard Setting Board under auspices of IFAC
- Executive Chair (75% WTE)
- 17 other volunteer board members from around the world
- Toronto-based – Secretariat of 8
- Independent governance (PIC) and advisory arrangements (CAG)
- 35 IPSASs (accrual basis) covering main areas of government activity, 1 cash basis standard as ‘stepping stone’ to accrual
- 3 Recommended Practice Guidelines (RPGs)
- Public Sector Conceptual Framework
Preface - Characteristics of the Public Sector that influence Public Sector Accounting

- Non-exchange Transactions
- Role of the approved Budget
- Longevity
- Characteristics of Assets/Liabs
- Role as Regulator
- Government Finance Statistics
IPSASs development - Phases to date

1997 - 2001
• IFAC PSC starts IPSAS development programme
• First 21 IPSASs based on IASB equivalents, interpreted as necessary

2002 - 2009
• Development of first public sector specific IPSASs (22 - 24)
• IFRS convergence (IPSASs 25 – 32)
• Start of Conceptual Framework project

2010 - 2015
• Conceptual Framework completed 2014
• First Time Adoption & IFRS convergence maintained (IPSASs 33-38)
• First public work plan consultation
### Current IPSASB work programme

<table>
<thead>
<tr>
<th>Project</th>
<th>Public sector specific</th>
<th>IFRS convergence</th>
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<tr>
<td>Social Benefits</td>
<td>✓</td>
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<td>Revenue &amp; Non-Exchange Expenditure</td>
<td>✓</td>
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<td>Financial Instruments</td>
<td>✓</td>
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<td>Leases</td>
<td>✓</td>
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<td>Public Sector Measurement</td>
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<td>Heritage</td>
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<td>Infrastructure Assets (started September 2017)</td>
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<td>Cash Basis IPSAS (limited-scope update)</td>
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IPSASB progress since Q3 2016

Final pronouncements approved:
• Public Sector Combinations - IPSAS 40
• Cash Basis IPSAS update

Consultation Papers (CPs) issued for comment:
• Public Sector Financial Instruments – monetary authority issues
• Heritage (closed September 30)
• Revenue and Non-Exchange Expenses (closes January 15 2018)

Exposure Draft (EDs)
• Financial Instruments (closes December 31)
• Social Benefits (October publication – March 31 2018 comment deadline)
• Leases (December approval?)

Strategy and Work Plan 2019 - 23
• Approval December – Consultation until end June 2018
Study 14: A hidden gem…?

- Transition to the Accrual Basis of Accounting: Guidance for Public Sector Entities
  - Part 1: Introduction
    - Managing the process
    - Skills assessment and training
  - Part 2: General financial reporting issues
  - Part 4: Specific issues
  - Links to other guidance sources

https://www.ifac.org/publications-resources/study-14-transition-accrual-basis-accounting
IPSASB Study 14: Success features

• Clear scope and mandate
• Commitment:
  – Political
  – Key officials
  – Legislation
• Adequate resources:
  – IT / information systems
  – Resources
  – Financial
• Effective project management
Adequate resources: IT / information systems

- Current accounting basis – cash or accrual?
- Approach to IPSASs implementation – direct, indirect, phased?
- Information currently held:
  - Revenue / receivables
  - Expenditure (procurement, payroll, travel, etc.)
  - Assets and inventory
  - Liabilities (debt management, employee pensions, etc.)
- Information systems architecture:
  - Centralised or decentralised?
  - Degree of integration?
Integrated system / chart of accounts essential

- Budget
- In-year / GFS
- Annual reporting
- Audit
Adequate resources: Building capacity

• Project team:
  – Project and change management skills
  – Experience in accounting policy issues and systems implementation
  – Requirements change over programme lifetime

• Entity staff:
  – Appropriate level of technical and systems knowledge
  – Skills assessment and integrated training / development – ‘train the trainers’?
  – Internal development or external recruitment?

• External auditors:
  – Appropriate level of technical and systems knowledge
  – Skills assessment and integrated training / development
  – Judgements, quality control and coordination processes
Resources: Project management ‘trade-offs’

- Time
- Cost
- Quality
IPSASB Study 14:
- Short (1-3 Years) – strong political support; few entities
- Medium (4-6 years) – increased preparation and implementation time
- Long – (6+ years) – risk of ‘reform fatigue’

IPSAS 33 – First Time Adoption:
- Use of ‘dry run’ periods
- Date of IPSAS adoption
- 3 year transitional relief period for certain requirements
- First IPSAS financial statements (full accrual IPSAS compliance)
The scoping study / gap analysis: Bringing the programme together

- Where are we now?
- Where do we want to be?
- How do we get there?
One final thought…

"Failing to plan is planning to fail"
Questions, discussion & further information

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