Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR)

35th SESSION
24 - 26 October 2018
Room XVII, Palais des Nations, Geneva

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Morning Session

Agenda item 4.
Issues of practical implementation of international standards of accounting and reporting in the public and private sectors

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IPSAS implementation: current status and challenges

Iain Mansfield
Head of Public Sector
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ACCA’s Global Reach

104 offices around the world
Global footprint that closely matches many multinational organisations

503,000 Students

208,000 Members

Students and members in 179 countries

180+ different nationalities

57% of ACCA members based outside UK

81% of ACCA students based outside UK
IPSAS Implementation Report

Overview of *International Public Sector Accounting Standards* (IPSAS) progress and challenges in 29 countries. The report covers:

- Benefits of IPSAS adoption;
- Roadmap to adoption;
- Country-specific descriptions and challenges grouped into 5 regions.
Source: PWC Global Survey on Accounting and Reporting by Central Governments (2nd edition)
Benefits of IPSAS adoption

- Greater accountability and transparency
- Better decision making
- Improved efficiency
- Data consistency and application
- Sound financial management
- Professionalisation and access to talent
- Broader economic and social advantages
- Government stability
- International comparability
A Roadmap to Adoption

- Stakeholder buy-in
  - Effective (and constant) communication
  - Requires political will and champions

- Effective project and change management
  - Phased vs big bang implementation
  - Cost of implementation (training, consultants, IT upgrades)

- Structural and legal transformation
  - New laws and governance practices

- Proper skills and staffing levels
  - Balance of internal and external resources
IPSASB’s Strategy and Work Plan: Proposed Projects

**Theme A: Public Sector Specific**
- Natural Resources
- Discount Rates
- Differential Reporting
- Limited Review of the Conceptual Framework
- Accounting for Tax Expenditures
- Military Assets
- Intangible Assets – Public Sector Specific
- Sovereign Powers and their Impact on Financial Reporting
- IPSAS 22, Disclosure about the General Government Sector
- Asset Retirement Obligations

**Theme B: IFRS Convergence**
- Update of IPSAS 18, Segment Reporting
- IASB ‘catch up’ (ad hoc, narrow scope projects)
- IPSAS 1, Presentation of Financial Statements
- IPSAS 20, Related Party Transactions
- IFRS 5, Non Current Assets Held for Sale and Discontinued Operations
- IFRS 6, Exploration for and Evaluation of Mineral Resources
- IFRS 14, Regulatory Deferral Accounts
- IFRS 17, Insurance Contracts
- IAS 34, Interim Financial Reporting

**Theme C: Broader Reporting**
- Revising RPG 1, Long-Term Sustainability of an Entity’s Finances
- IASB Initiative – Better Communication in Financial Reporting
- Defining Public Sector Key Financial Performance Indicators
- Public Sector Guidance for Cost Accounting

Themes:
- **Theme A:** Public Sector Specific
- **Theme B:** IFRS Convergence
- **Theme C:** Broader Reporting
Interaction with the Sustainable Development Goals

- More consistent reporting between countries helps support monitoring of progress to SDGs.
  - Allows greater comparability.
  - Provides reassurance and confidence donors.

- Use of IPSAS can interact positively with other reporting initiatives, e.g.
  - <IR> Framework
  - GRI UNGC Business Reporting on the SDGs
  - SDG Compass
Implementation requires us to work together

- Private, public and not-for-profit sector can all help to make a success of IPSAS implementation:
  - International organisations are powerful convenors and communicators – e.g. UNCTAD’s ISAR programme or IFAC through the ‘Accountability Now’ initiative.
  - Professional accountancy bodies can help increase awareness of the need for transparent financial reports – and provide training on accountancy standards.
  - Donors can support the professionalisation of public sector financial management.
  - Audit firms can share their experience and capabilities to improve the public finance management training environment.
  - Transparent financial reports that increase accountability, improve public sector financial management and better decision-making and ultimately superior value for money for taxpayers should be the ultimate goal.
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