

**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

Public Sector Conceptual Framework

Preface - Characteristics of the Public Sector that influence Public Sector Accounting



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

Project	Public sector specific	IFRS convergence
Social Benefits	✓	
Revenue & Non-Exchange Expenditure	✓	✓
Financial Instruments	✓	✓
Leases	✓	✓
Public Sector Measurement	✓	
Heritage	✓	
Infrastructure Assets (started September 2017)	✓	
Cash Basis IPSAS (limited-scope update)	✓	

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?

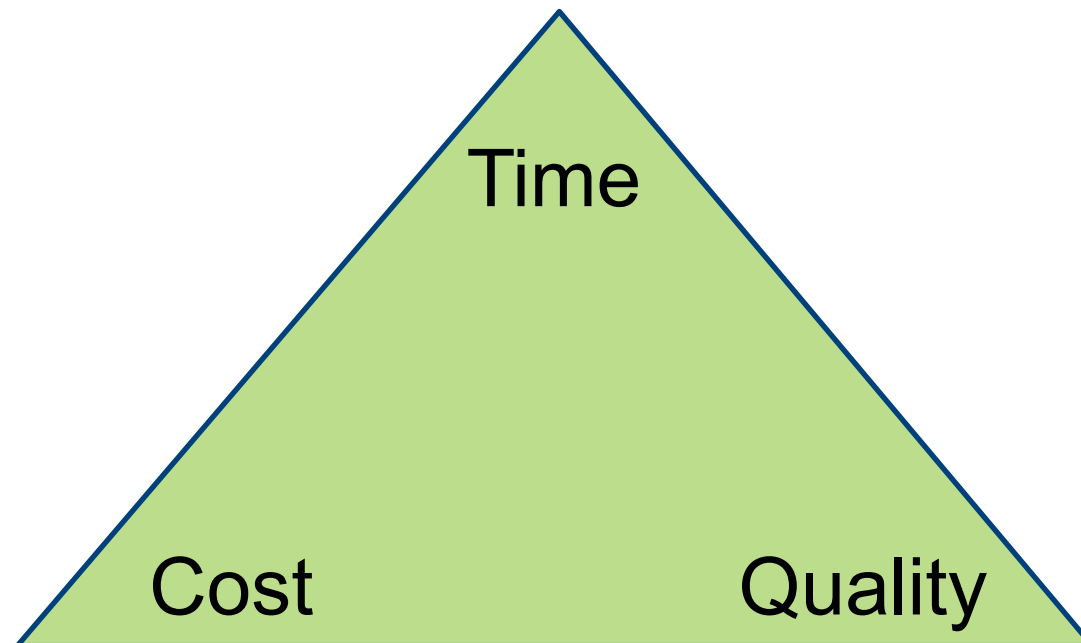
Integrated system / chart of accounts essential



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'



Project management: Accrual reform periods

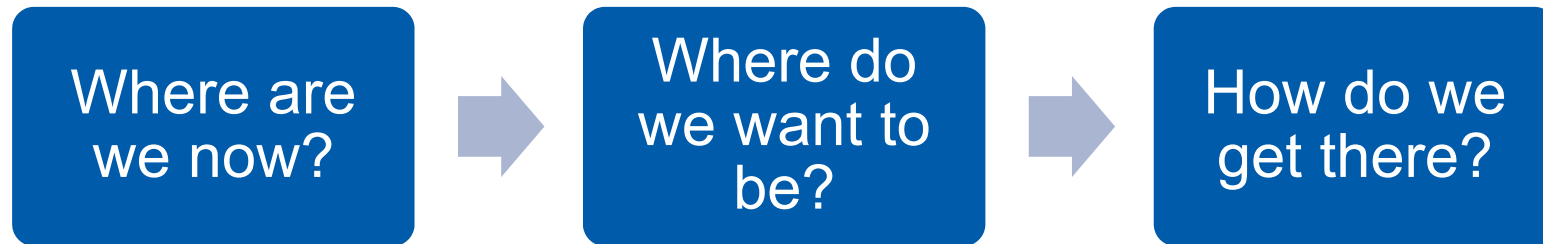
IPSASB Study 14:

- 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



One final thought...

**"Failing to plan
is planning to fail"**

Questions, discussion & further information



- Visit our webpage <http://www.ipsasb.org/>
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