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

39th SESSION
1 – 3 November 2022

Thursday, 3 November 2022

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

Presented by

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Convergence to IPSAS Ecuador

Undersecretary of Government Accounting Ministry of Economy and Finances

Mgtr. Cintia Catota Cruz National Director for Public Assets

November 3th, 2022



CONVERGENCE PLAN

With financial technical assistance from the IDB, a contract was signed with the Zurich University of Applied Sciences (Zurich University of Applied Sciences ZUAS, School of Management and Law SML).

The Plan of Convergence to the International Accounting Standards of the Public Sector is structured.

Face-to-face meetings with the International Consultants, Andreas Bergmann and Christoph Schuler, from the University of Zurich.

Based in

- Gaps Report.
- Updated regulations, main PPE changes.
- Meetings with the different components of the SINFIP.
- Various entities of the Public Sector.

2021

The SINFIP Regulations were issued in December 2020 and April 2021, in which the majority are under IPSAS.

Standards incorporated into regulations in 2021:

- 14. Events after the reporting date
- 20. Related party disclosures
- 25. Employee Benefits
- 28, 41 and 30. Transactions related to financial instruments.

2022

- 1. Analysis and preparation of regulations under IPSAS for: Combinations of the public sector(40), Social Benefits (42) and Leases (43)
- 2. Assistance in the development of regulations for IPSAS: 34 Separate Financial Statements, 36 Investments in Associates and Joint Ventures and 37 Joint Agreements.
- 3. Review of gaps, instructions, manuals, issued regulations and project progress.
- 4. Workshop with the SCG on the possible inclusion of sustainability information in the Financial Statements.

35 themes stablished



GUILLERMO LASSO PRESIDENTE

End of 2015

February and

June 2016

ACCRUAL AND CURRENT SYSTEMS

YEAR 2001

The accrual principle and the budget-accounting association concept, have been the basis for recording financial information.

YEAR 2004

The public sector tends to integrate information with the center focused on government accounting.

YEAR 2008

The basic data of the eSIGEF system are matrices of accounting, budget and payment relationships. Information can be obtained at all levels both from the governing body of public finances and from each entity separately.

YEAR 2022

The MEF currently has a very advanced computer infrastructure that works in an integrated manner. The systems are operated by all the entities that make up the General State Budget, some subnational governments and public enterprise.

- eSIGEF with the programming and formulation modules, execution and budget liquidation, accounting and treasury.
- ☐ SPRYN, compensations and payroll system
- eSBYE, system of goods and inventories.

Through the eSIGEF's consolidation module, information is obtained monthly from the rest of the entities outside the PGE: subnational governments, public enterprises, so the consolidated financial statements of the Non-Financial Public Sector can be presented.

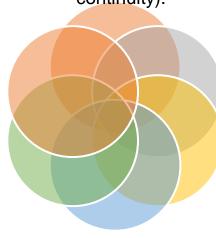


REQUIREMENTS AND BENEFITS OF CONVERGENCE

Role of the Government Authorities, GSB Entities, Subnational governments and Public Companies (Importance of the Process and its continuity).

Cultural change: concepts, habits.

Regulatory change for decision-making based on accounting management.



Purging of accounting balances for the transition to IPSAS.

Update of the General Catalog of Accounts and reclassification of balances to new accounts.

Internal and external training.

Applicable accounting regulations according to the Organic Code of Planning and Public Finances and its General Regulation with convergence to IPSAS.



Financial Information Box

ACCOUNTING IS A FUNDAMENTAL ELEMENT OF THE CONTROL OF PUBLIC FINANCES



ADVANCES

Normative

Government Accounting Technical Standards under IPSAS (scope, recognition, initial measurement. subsequent measurement. information to be disclosed). August 2022 update.

certification **IPSAS**

Preparation and Certification of officials of the Undersecretary of Government Accounting, with Ernst & Young and Association of Chartered **Certified Accountants** ACCA.

non financial sector public Training the

Training Plan for Entities of the General State Budget, Subnational Governments and Public Enterprises. Started in 2020 and will end in 2024.

Presentation of Financial Statements under IPSAS. Situation.

- Statement of Financial
- Statement of Financial Performance.
- Statement of Cash Flow.
- Statement of Budget Execution.
- Statement of Evolution of Patrimony.

- Member of the FOCAL group.

Member of the ISAR Signal Part of the Latin American Regional Alliance, ARL Exchange of international

- Virtual meetings with Peru, El Salvador, Chile

asset, equity liability and Conciliation

Depuración de saldos. Depuración de saldos.

Notificaciones a entidades

Emisión de procedimientos

e instructivos. Changes in computer tools

Incorporation of developments in the current computer tools, for the registration of operations under NICSP.

Project ð Continuity o
Convergence F

Consolidation of Financial

Reduction of gaps: IPSAS versus Ecuadorian accounting regulations.

Issuance of regulations under IPSAS (standardized structure for assets, liabilities and equity regulations).



NEXT STEPS

Updating of the General Catalog of Accounts, fiscal year 2023.

Review of the temporary divergences identified during the review of the NTCG.

Execution of the training program of Regulations under IPSAS for the years 2023 and 2024.

Updating of the Instructive document for the convergence of the Government Accounting Regulations (purging of balances).

Updating of the regulations for PPE NTCGs: 11 Property, Plant and Equipment, 12 Infrastructure Assets and 13 Historical, Artistic and Cultural Heritage Assets.

Analysis for the inclusion of future standards for the presentation of financial information on sustainability (IPSASB based on S1 and S2) and the GPRs in the SINFIP.

Develop the NTCG based on the remaining IPSAS during the year 2023, to maintain convergence with the IPSAS.

Conciliation of inventories for the initial load in the new informatics system.

Develop national regulations based on the updated version of GPR 3.



Thank you

