International developments: IPSAS and EPSAS
Internationally recognized PFM Standard Frameworks

Budgeting
Accounting
Audit
Governmental Financial Statistics

OECD BP
EU-EDP
IPSAS
EPSAS
ISSAI
GFSM2014
ESA10
− International Public Sector Accounting Standards
− 40 accrual basis standards, thereof 5 withdrawn/replaced → 35 accrual basis standards, plus 1 cash basis standard as a temporary solution only, when implementing accrual IPSAS
− Conceptual framework since 2014: solid and stable basis for the future
− Issued since 2001
IPSASB

– International Public Sector Accounting Standards Board
– Independent Board of 18 members
– 8 (from 2018: 9) international staff, all in Toronto/Canada
– Under the roof the International Federation of Accountants (IFAC) – but independent in standard setting
– Since 2015 under oversight of the Public Interest Committee (IMF, Worldbank, OECD, Intosai) – in order to strengthen public interest
## Current IPSASB work programme: Key projects 2016 - 2018

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<th>Project</th>
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<td>Infrastructure Assets (starting September 2017)</td>
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<td>Cash Basis IPSAS (limited-scope update)</td>
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Current IPSASB work programme: Key projects 2016 - 2018

Final pronouncements approved:
- Applicability of IPSASs
- Update of IPSAS 25 Employee Benefits – IPSAS 39
- Public Sector Combinations - IPSAS 40
- Impairment of Revalued Assets
- Minor Improvements
- Revised Cash Basis Standard (as a stepping stone only)

Staff Papers issued:
- Emissions Trading Schemes
- Q&A’s:
  - State owned enterprises
  - Materiality
Current IPSASB work programme: Key projects 2016 - 2018

Consultation Papers (CPs) and Exposure Drafts (EDs) issued for comment:
– Public Sector Financial Instruments – monetary authority issues
– Heritage

Current consultations
– CP Revenues
– ED 62 Financial Instruments
– ED 63 Social Benefits
IPSASB work programme: The vision

**Majority of central governments on accrual**
- IPSASB as key advocate and facilitator
- Strong global and regional adoption coordination

**Accrual information seen as essential for strong PFM**
- International organisations promoting IPSAS – guidance on usage
- Ratings agencies increasingly demanding IPSAS-based information

‘**Complete’, up-to-date and relevant IPSASs suite**
- Major public sector gaps filled
  - Fully converged with latest relevant IFRSs
  - Effective stakeholder communication tool
Current IPSASB work programme: New Strategy and Workplan from 2019 onwards

- **2017**
  - Task force discussion
  - Board debate
  - CAG & PIC input
  - PSSSF discussions

- **2018 H1**
  - Consultation Paper
  - Roundtables
  - Board outreach

- **2018 H2**
  - Review responses
  - Board debate
  - CAG & PIC input
  - Final approval

- **2019**
  - Publication
  - Project brief development
  - PSSSF discussions
  - CAG & PIC input
  - Projects start…
EPSAS: The basis

Budgetary Frameworks Directive (2011/85/EU)

– MSs shall have in place public accounting systems comprehensively and consistently covering all sub-sectors of general government,

– containing the information needed to generate accrual data with a view to preparing data based on the ESA standard

– subject to internal control and independent audits.

The Commission shall assess the suitability of IPSAS.

Source: Eurostat, 2017
EPSAS: The plan

Flexible, stepwise approach in two phases

Phase 1

- Increasing fiscal transparency in the short to medium term by promoting accruals accounting, e.g. IPSAS, till 2020
- Developing a conceptual framework and standards
- Review and Impact Assessment

Phase 2

- Addressing comparability within and between the Member States in the medium to longer term by stepwise implementation of EPSAS e.g. by 2025

Source: Eurostat, 2017
EPSAS: Are EPSAS «IPSAS-compatible»?

- No EPSAS have been issued
  - Compatibility cannot be assessed
- Issues papers
  - All discuss IPSAS requirements
  - Statistical requirements are also important
  - Generally come to similar conclusions like IPSAS
Accrual IPSAS are implemented worldwide

Which financial reporting standards?

- Missing
- International Public Sector Accounting Standards (IPSASs) adopted directly
- IPSASs adopted indirectly via national standards
- National standards using IPSAS as a reference point
- International Financial Reporting Standards (IFRSs) adopted directly
- National standards based on IFRSs
- Other national financial reporting standards

Source: IFAC/CIPFA/ZHAW AccountabilityIndex