



School of
Management and Law

EduCOP

Public Sector Accounting Frameworks



Building Competence. Crossing Borders.

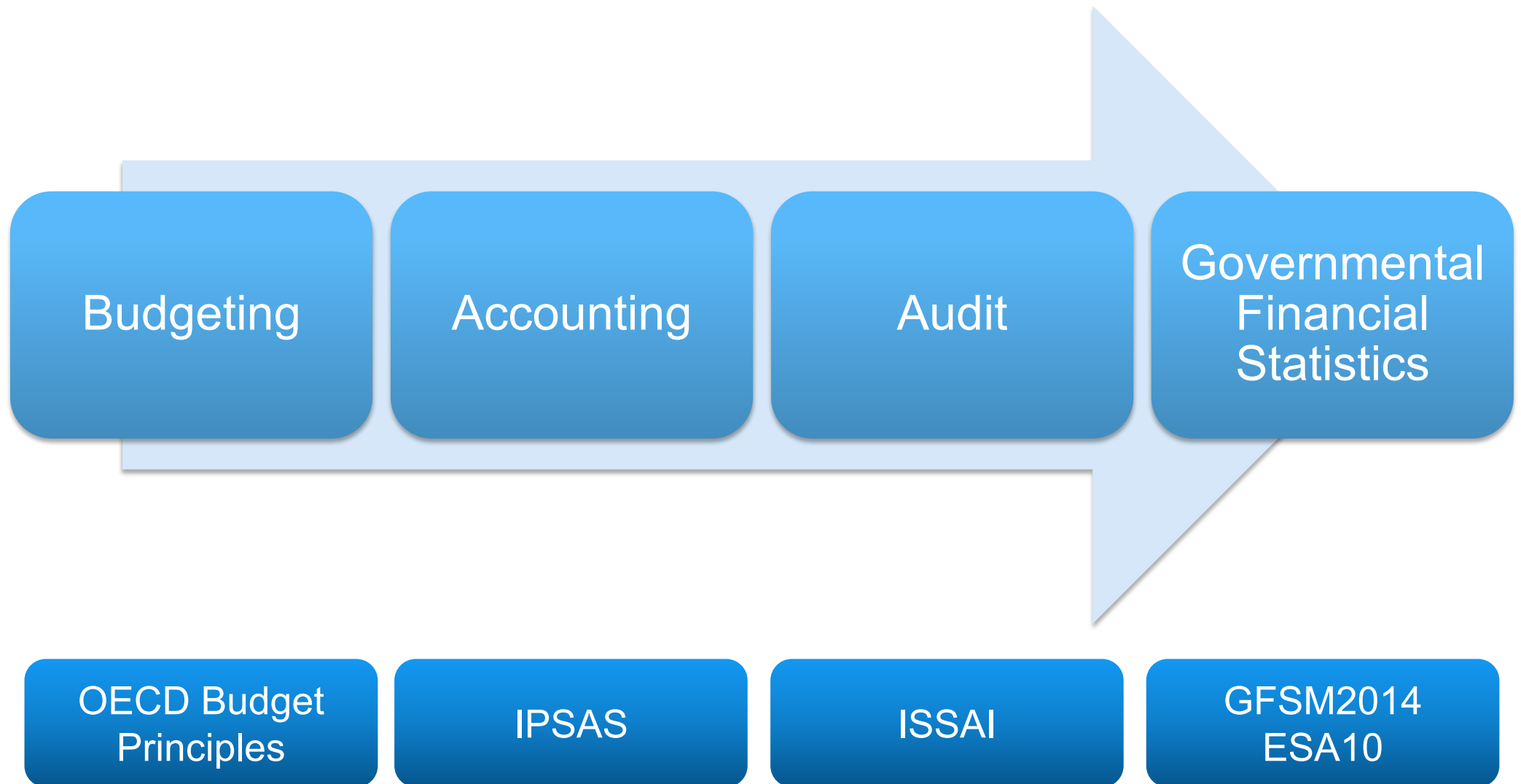
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Theoretical Basis

Arguably the most relevant ones

- Accountability Theory
- New Public Management

Internationally recognized PFM Standard Frameworks



National and international standards

Private Sector

IFRS

- National Standards A
 - National Standards B
 -
- or direct adoption

«US-GAAP»

- National Standards C
-

Public Sector

IPSAS

Direct adoption
or

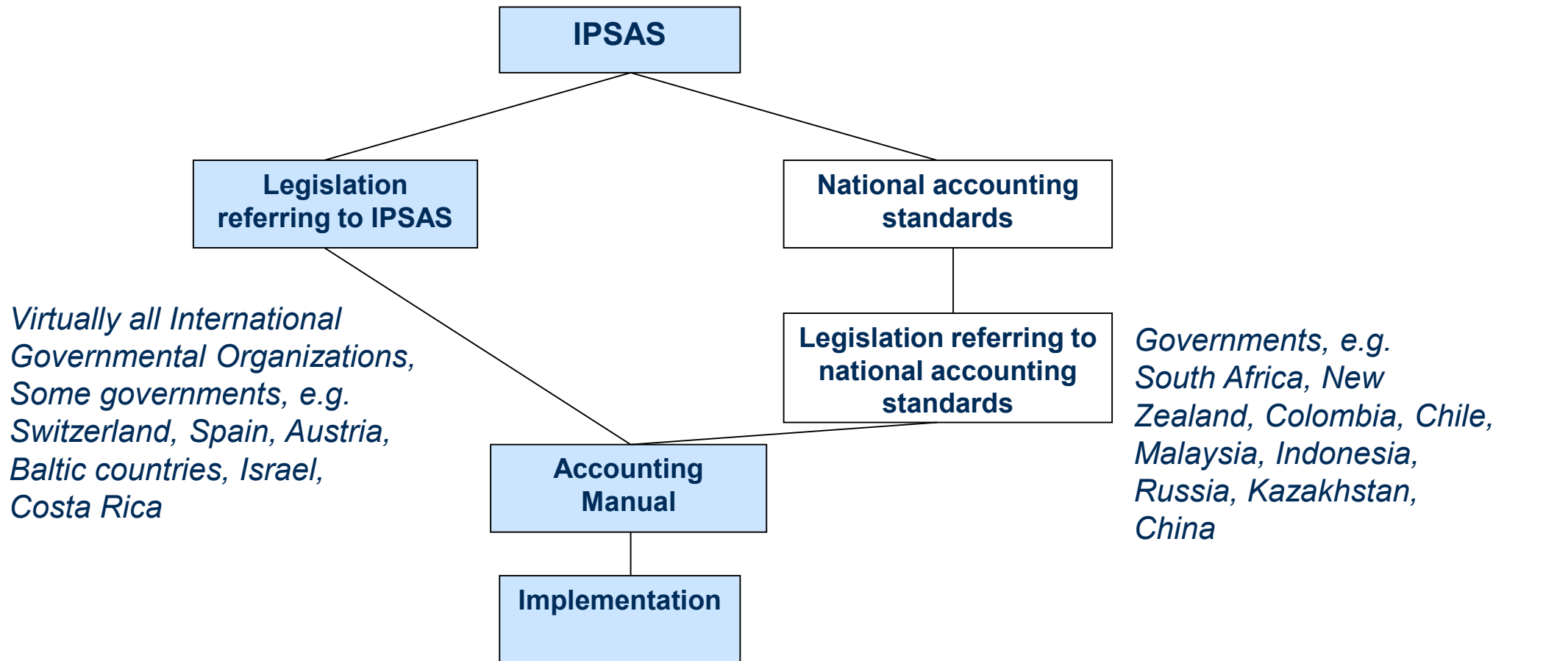
- National Standards A
-

- Independent National Standards X
-

Implementation of IPSAS

Implementation mechanisms

Direct or indirect?



... and some take IPSAS only as a reference, e.g. US, Canada, Australia, UK, Sweden

IPSAS

- International Public Sector Accounting Standards
- 38 accrual basis standards, thereof 4 withdrawn/replaced → 34 accrual basis standards, plus 1 cash basis standard as a temporary solution only, when implementing accrual IPSAS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 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



IPSAS

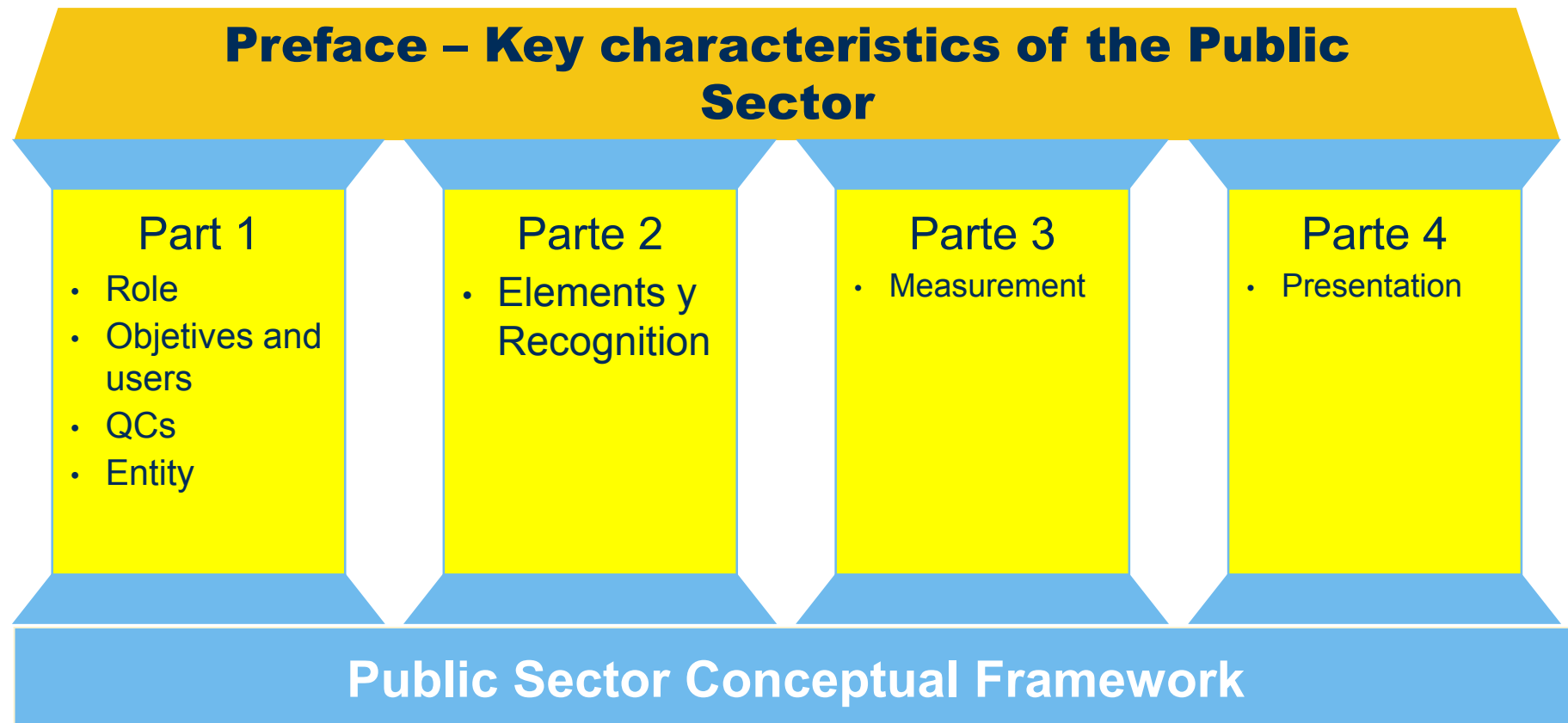
IPSASB Strategy and Workplan 2015+

First strategy based on public consultation, second workplan based on public consultation

Strategic Objective

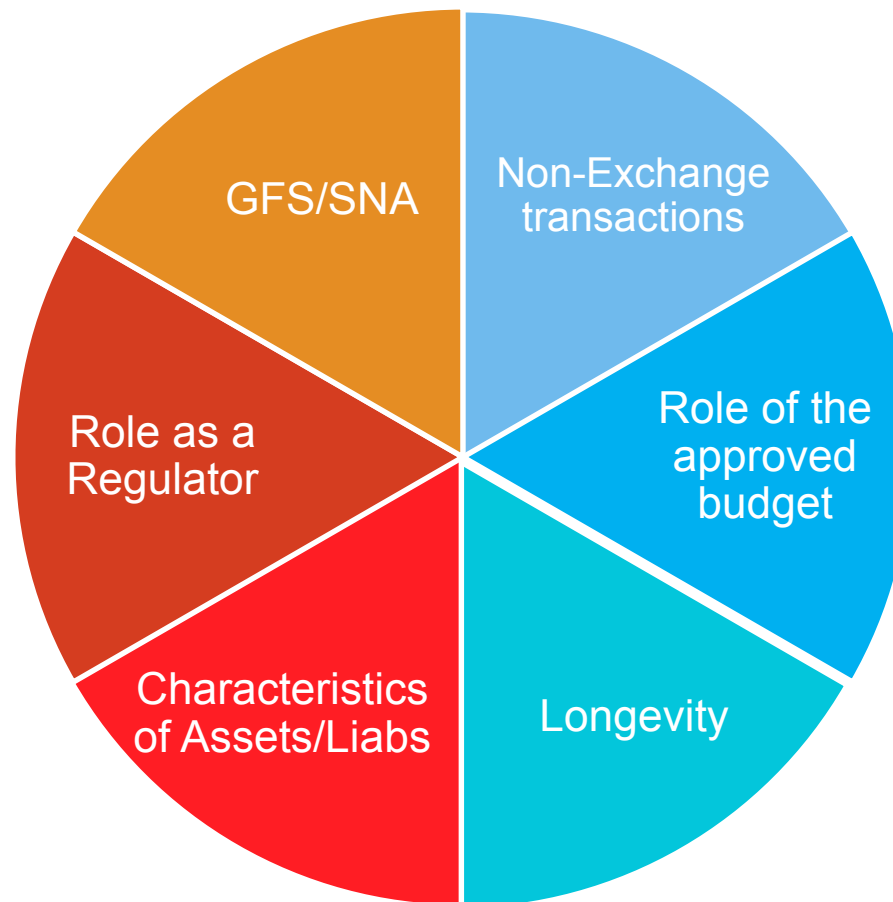
Strengthen Public Financial Management and Knowledge about Public Finances through the increased use of accrual basis IPSAS

Conceptual Framework

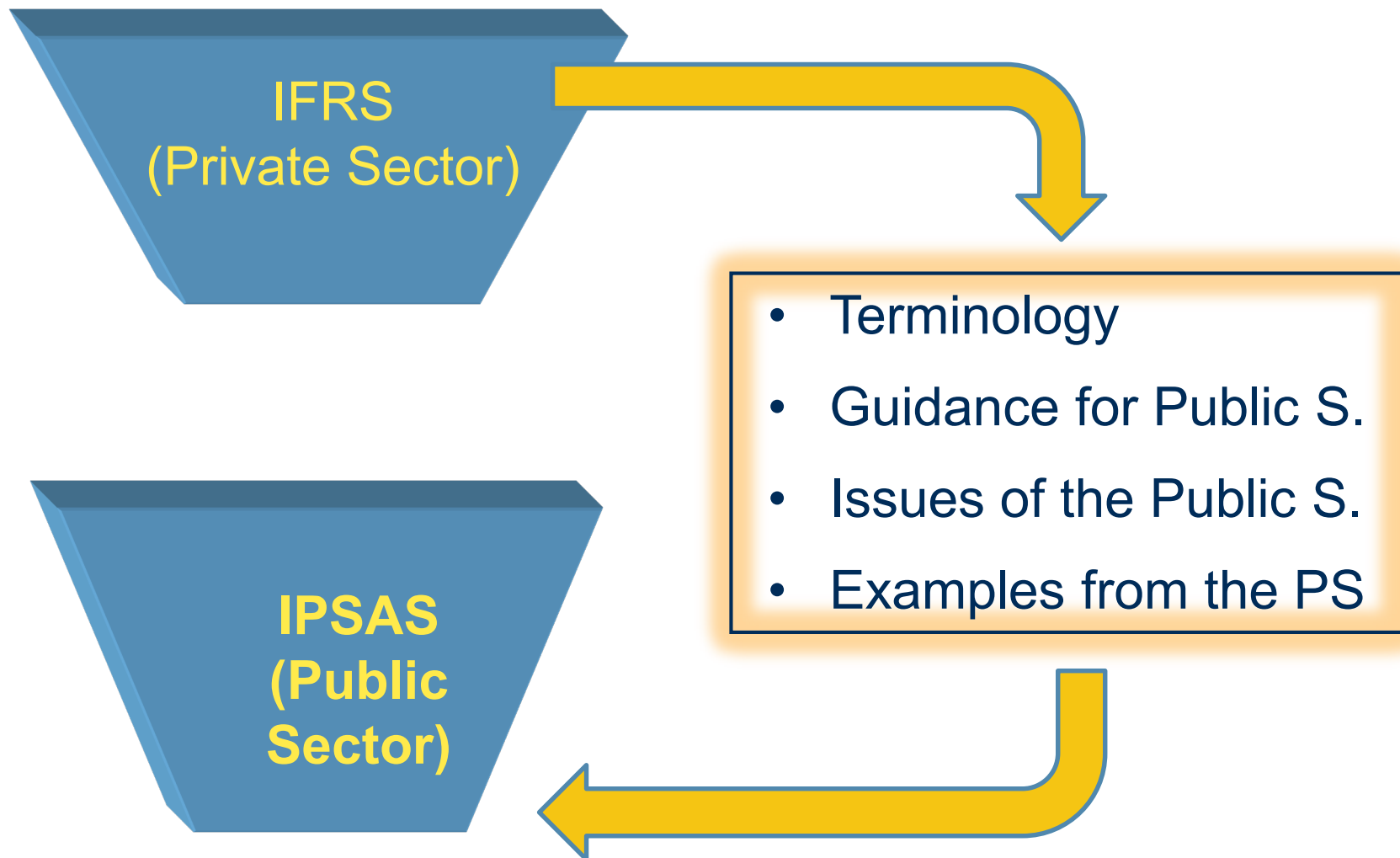


Conceptual Framework

Characteristics of the Public Sector which influence Public Sector Accounting



Transaction neutrality: Convergence of IFRS and IPSAS



IPSAS: Structure of Accrual Basis Standards

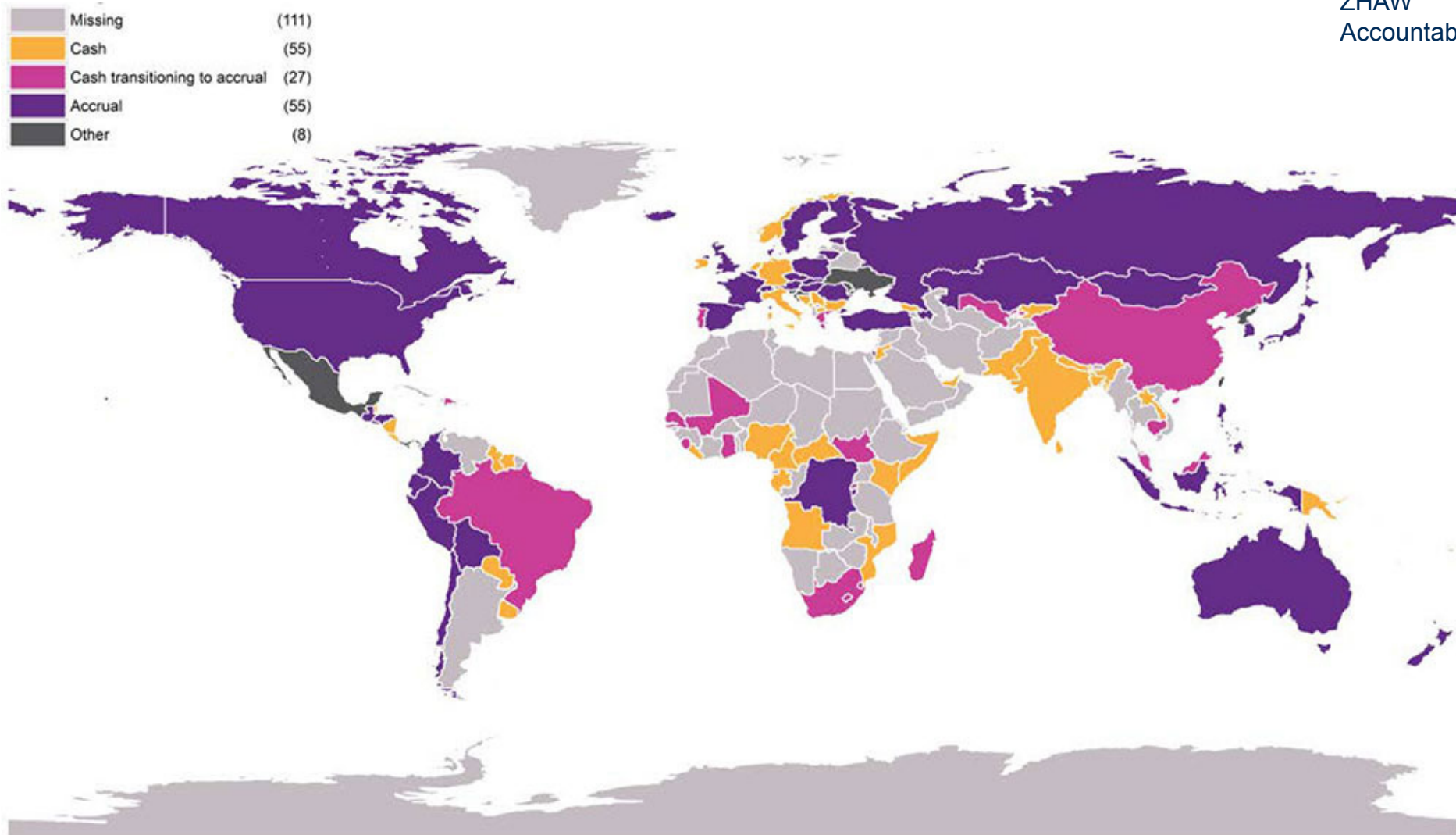
- Recognition
- Measurement
- Disclosure



Accrual IPSAS are implemented worldwide

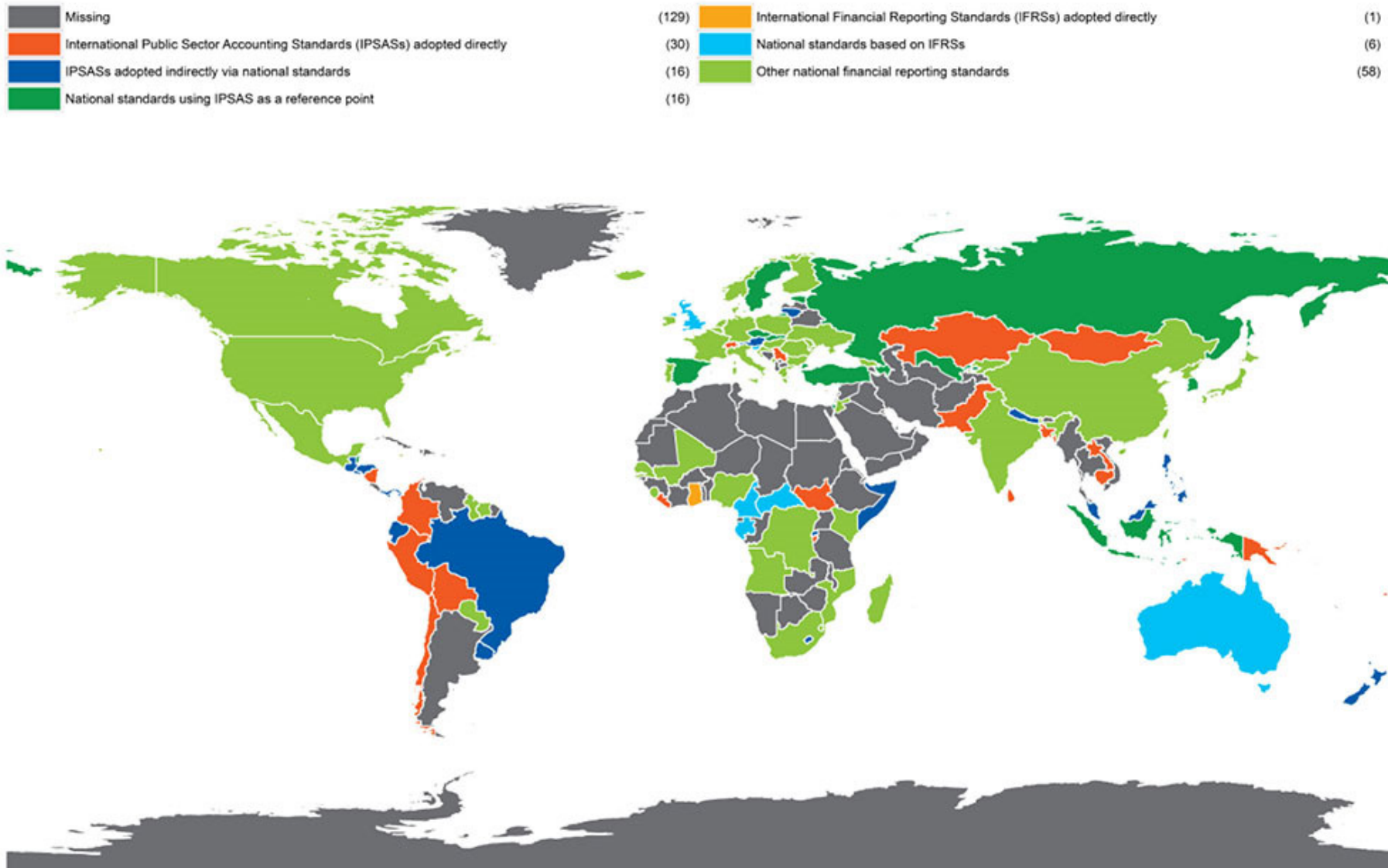
Level of adoption and implementation

Source: IFAC/CIPFA/
ZHAW
AccountabilityIndex



Accrual IPSAS are implemented worldwide

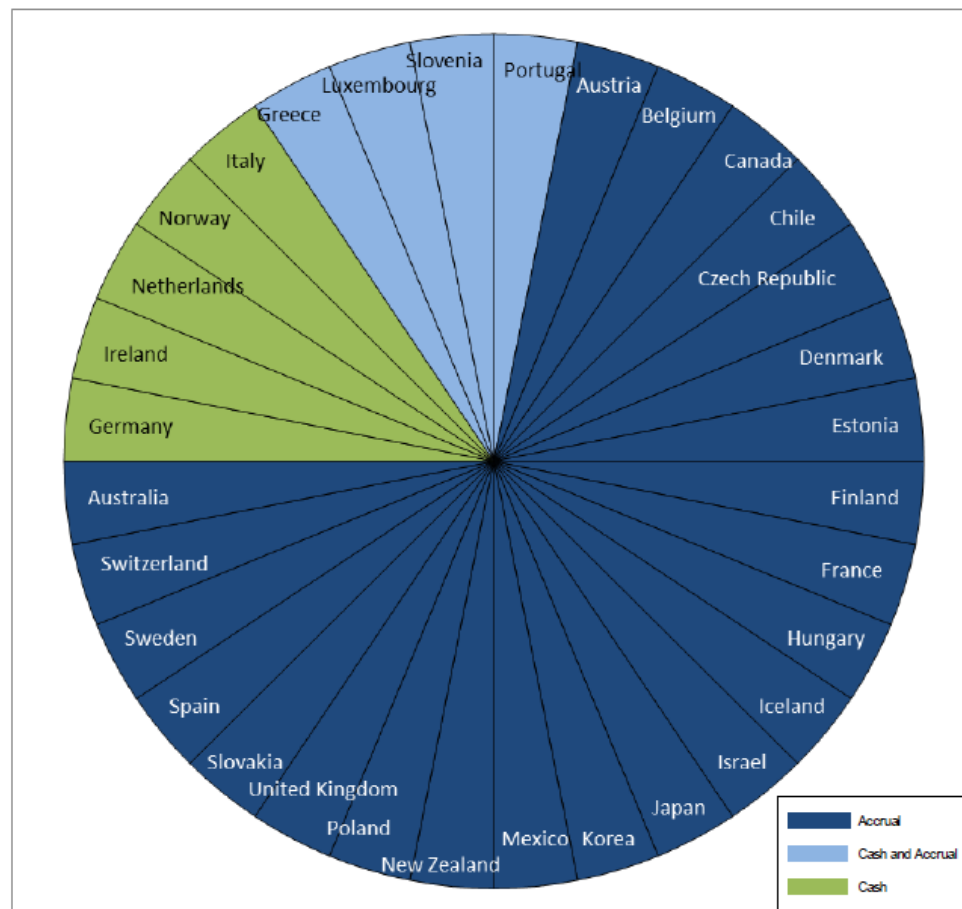
Which financial reporting standards?



Source: IFAC/CIPFA/
ZHAW
AccountabilityIndex

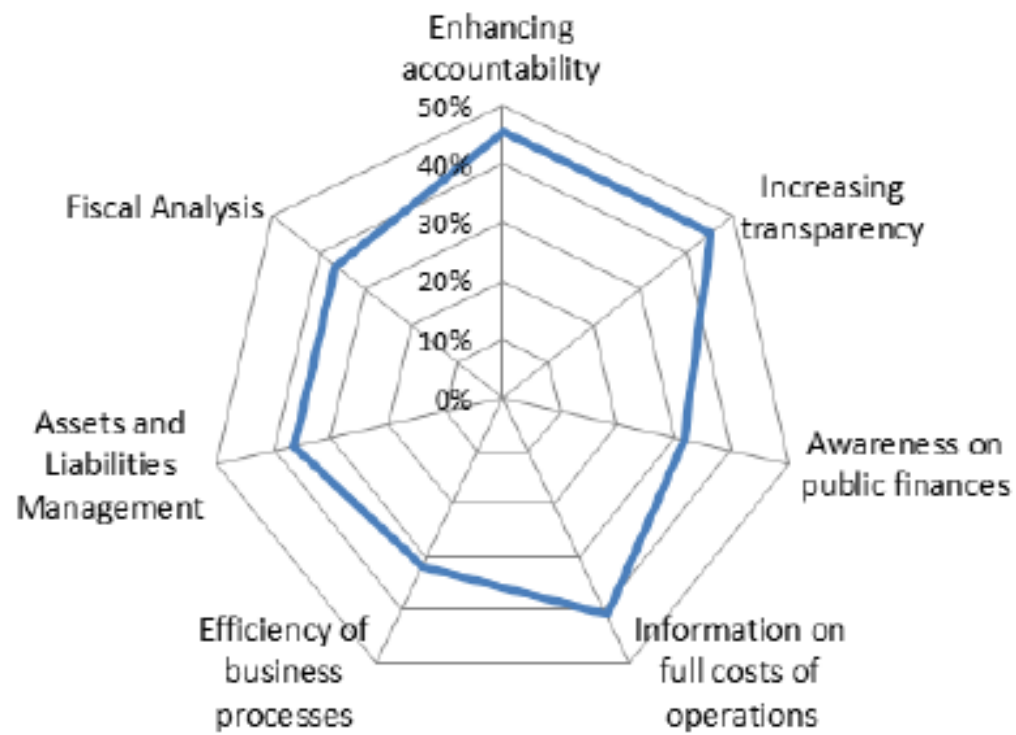
Implementation

Accounting basis (OECD Countries, 2016)



OECD, 2016

Benefits



OECD, 2016

Government Financial Statistics (GFS)

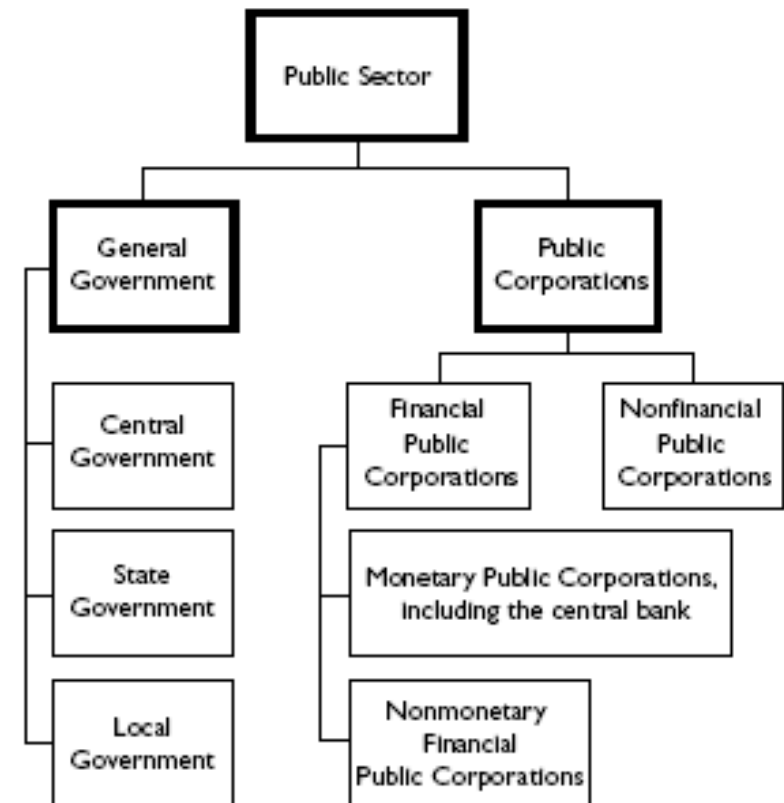
Part of the system of National accounts

- Accrual Principle
- Strong argument für accrual accounting and reporting
- Sectorisation relevant for definition of financial reports

Overview of IPSAS

Part of System of National Accounts (G)

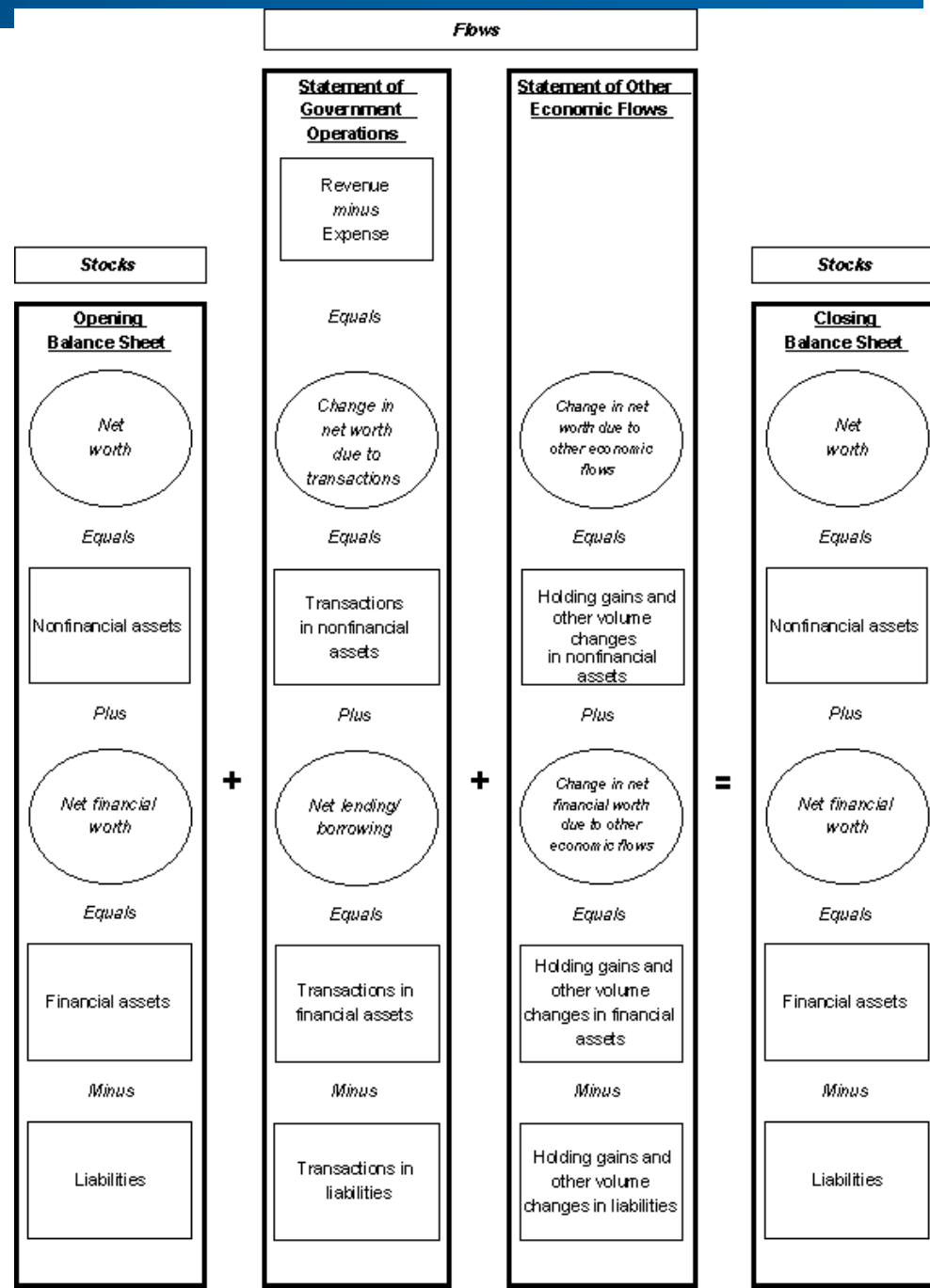
- Base: SNA93 → GFSM2001 → ESA95 → application in Switzerland in accordance with bilateral treaties
- Accrual Principle with few exceptions (mainly defense material)
→ Strong argument for accrual accounting
- Sectorization



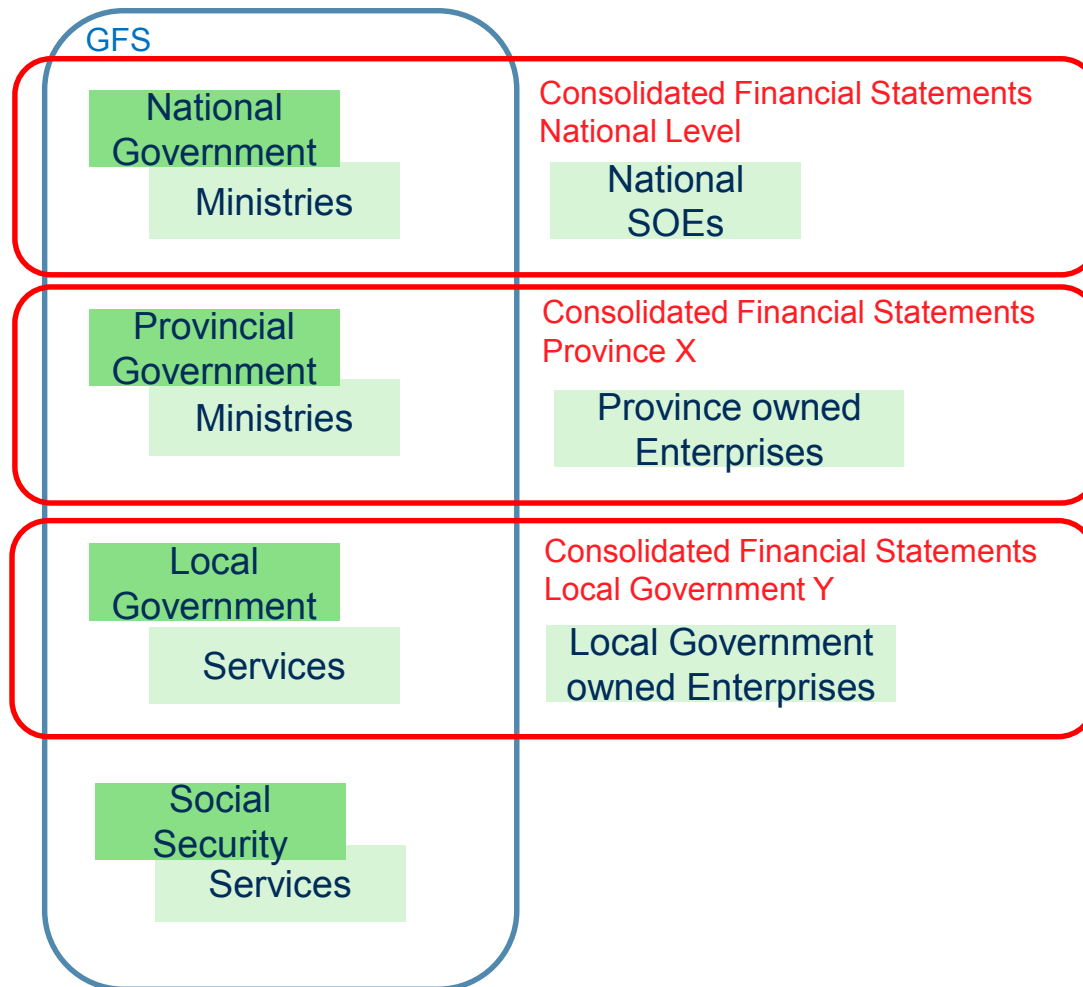
Overview of IPSAS

Part of System of National Accounts (G)

– Analytic Framework



Government Financial Statistics (GFS)



Interaction of GFS with Financial Statements

OECD Principles of Budget Governance

1. Manage budgets within clear, credible and predictable limits for fiscal policy
2. Closely align budgets with the medium-term strategic priorities of government
3. Design the capital budgeting framework in order to meet national development needs in a cost-effective and coherent manner
4. Ensure that budget documents and data are open, transparent and accessible
5. Provide for an inclusive, participative and realistic debate on budgetary choices
6. Present a comprehensive, accurate and reliable account of the public finances
7. Actively plan, manage and monitor budget execution
8. Ensure that performance, evaluation & value for money are integral to the budget process
9. Identify, assess and manage prudently longer-term sustainability and other fiscal risks
10. Promote the integrity and quality of budgetary forecasts, fiscal plans and budgetary implementation through rigorous quality assurance including independent audit

1. Founding Principles: The Lima Declaration (ISSAI 1)
2. Prerequisites for functioning SAIs: ISSAI 10-40
3. Fundamental Auditing Principles: ISSAI 100-400
 - ISSAI 100: Fundamental Principles of Public Sector Audit
 - ISSAI 200: Fundamental Principles of Financial Audit
 - ISSAI 300: Fundamental Principles of Performance Audit
 - ISSAI 400: Fundamental Principles of Compliance Audit
4. Auditing Guidelines: ISSAI 1003-5800 – based on ISA
5. Guidance for good governance: ISSAI 9100-9400

Audit implications

Types of Audit in Public Sector

Financial (Statement) Audit

Historically 0-10%
In future 33%

Compliance Audit

Historically 70-90%
In future 33%

Performance Audit

Historically 10-20%
In future 33%