



School of
Management and Law

Plenary

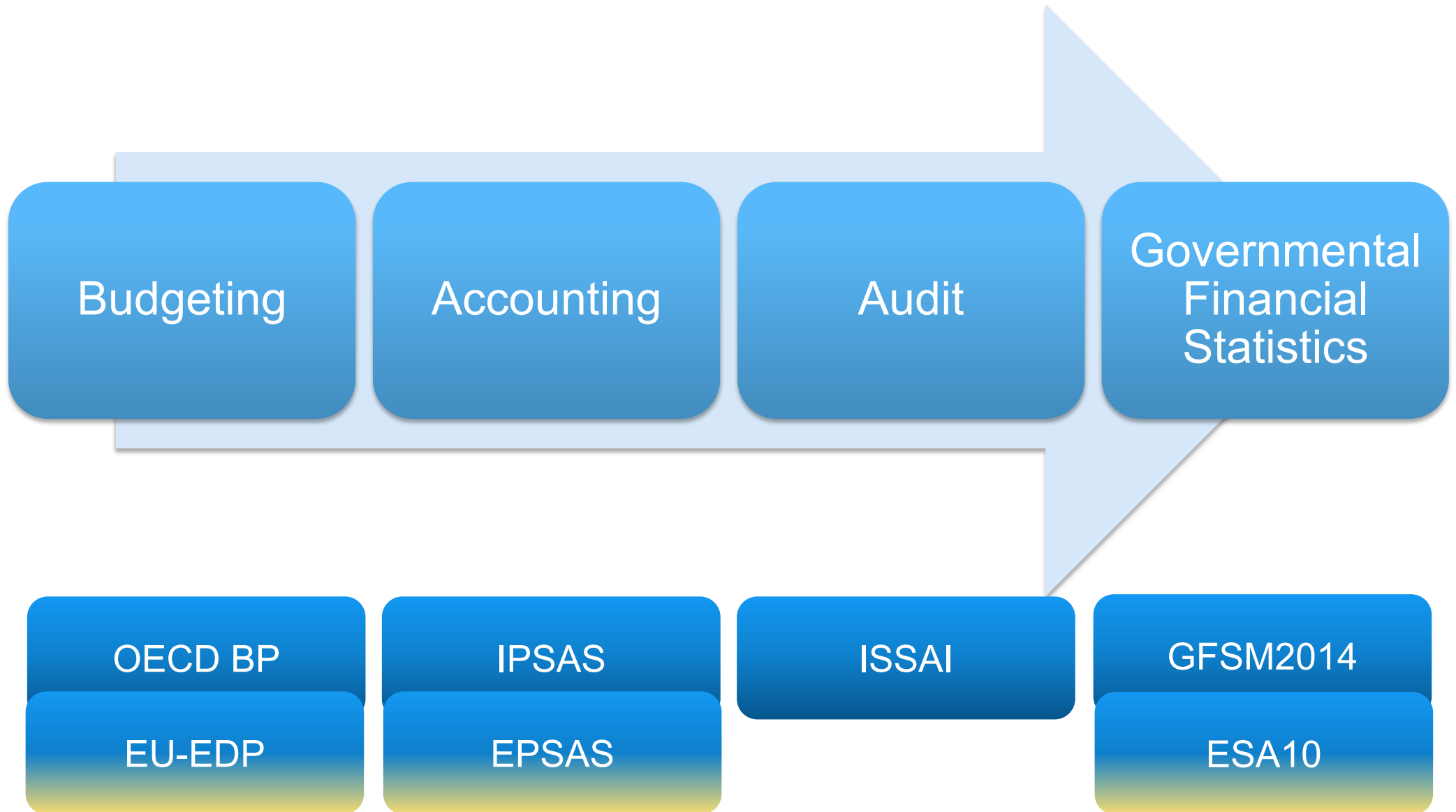
International developments: IPSAS and EPSAS



Building Competence. Crossing Borders.

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Internationally recognized PFM Standard Frameworks



IPSAS

- 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- 40 accrual basis standards, thereof 5 withdrawn/replaced → 35 accrual basis standards, plus 1 cash basis standard as a temporary solution only, when implementing accrual IPSAS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

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

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



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

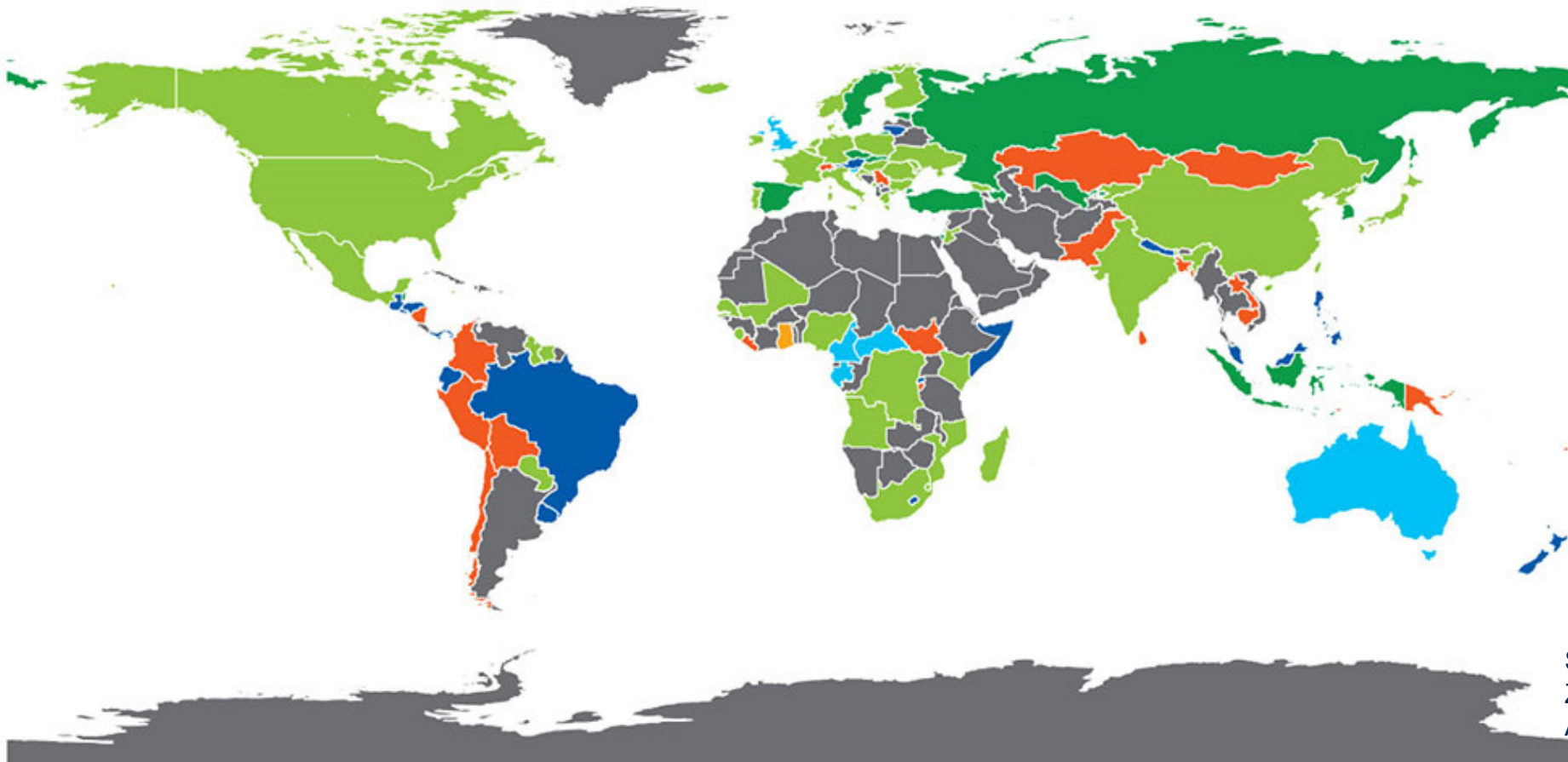
Source: Eurostat, 2017

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?



Source: IFAC/CIPFA/
ZHAW
AccountabilityIndex