



How IPSAS Can Increase Transparency

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IPSASB Chair

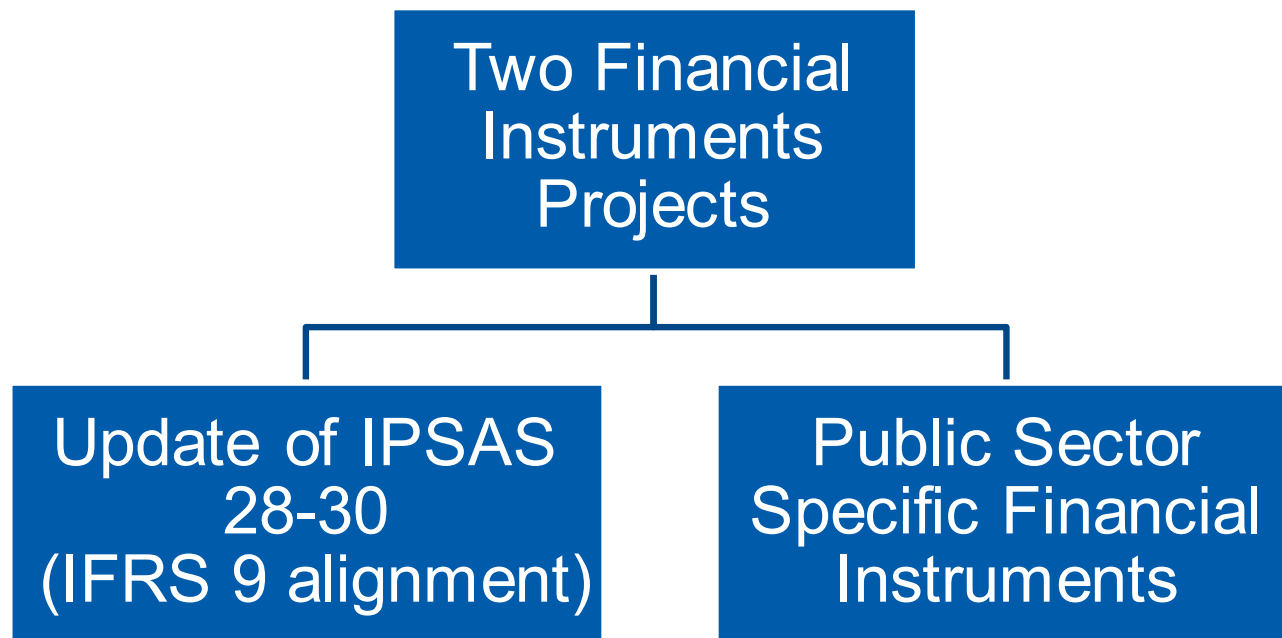
PULSAR
Financial Reporting for Debt and Investment Transparency
1st December 2020

Overview of IPSAS

“IPSASs are high quality global financial reporting standards for application by public sector entities”

- 37 accrual IPSAS deal with transactions and events in general purpose financial statements (annual accounts)
- IPSAS set out principle-based requirements for:
 - recognition
 - measurement
 - presentation
- Where appropriate, IPSAS on the accrual basis are based on private sector IFRS, but interpreted / adapted for the public sector context
- New IPSAS developed on topics unique to public sector (e.g. Taxation)
- One third of IPSAS wholly / mainly public sector specific

IPSASB Financial Instruments guidance



Financial Instruments: IPSAS 41

Update of IPSAS 28-30

Initiated in 2016 as IFRS alignment project to update for publication of IFRS 9, *Financial Instruments*

- New classification and measurement requirements - assets and liabilities
- Expected credit loss impairment model replaced incurred loss model
- Additional flexibility for hedge accounting models – allows for greater alignment with risk management practices
- Additional public sector specific illustrative examples and implementation guidance included
- IPSAS 41 approved June 2018 – published August 2018
- Effective date delayed by one year until 1 January 2023 due to COVID-19 pandemic

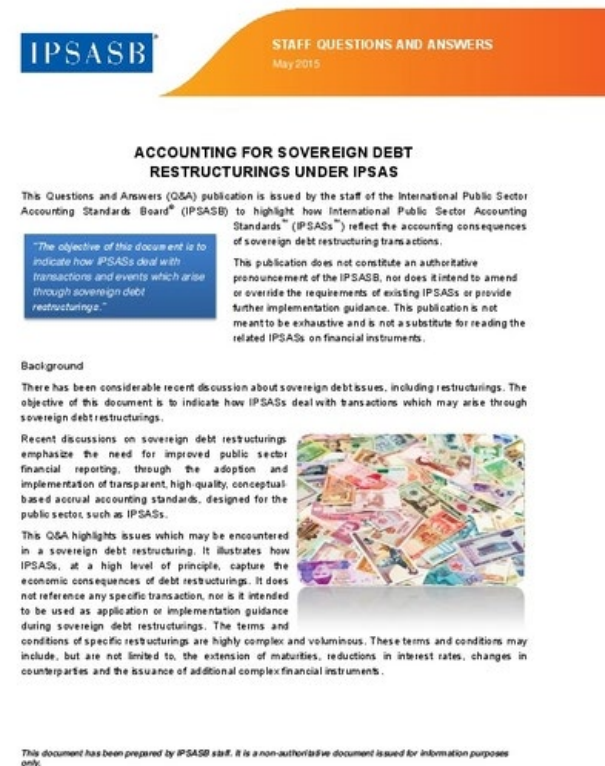
Public Sector Specific Financial Instruments: Issues coverage

Public Sector Specific Financial Instruments Topics	How and Where Topic Considered
Concessionary Loans	Application Guidance originally included in IPSAS 29 (retained in IPSAS 41)
Financial Guarantees	Application Guidance originally included in IPSAS 29 (retained in IPSAS 41)
Public Sector Specific Securitizations	New application Guidance in IPSAS 41
Monetary Gold Special Drawing Rights IMF Quota Subscription Currency in Circulation	Public Sector Specific Financial Instruments Project - IPSAS 41 Implementation Guidance & Example - Approved September 2020

Debt Support and restructuring: Key differences between IPSAS and GFS

- IPSAS core requirements based on IFRS
- Recognition of:
 - Expected losses on loans
 - Subsidies on concessionary loans (not at nominal value)
 - Impact of debt rescheduling – terms and interest rates
 - Derecognition of financial assets

<https://www.ipsasb.org/publications/accounting-sovereign-debt-restructurings-under-ipsas>



IPSASB STAFF QUESTIONS AND ANSWERS
May 2015

ACCOUNTING FOR SOVEREIGN DEBT RESTRUCTURINGS UNDER IPSAS

This Questions and Answers (Q&A) publication is issued by the staff of the International Public Sector Accounting Standards Board[®] (IPSASB) to highlight how International Public Sector Accounting Standards[™] (IPSASs[™]) reflect the accounting consequences of sovereign debt restructuring transactions.

"The objective of this document is to indicate how IPSASs deal with transactions and events which arise through sovereign debt restructurings."


This publication does not constitute an authoritative pronouncement of the IPSASB, nor does it intend to amend or override the requirements of existing IPSASs or provide further implementation guidance. This publication is not meant to be exhaustive and is not a substitute for reading the related IPSASs on financial instruments.

Background

There has been considerable recent discussion about sovereign debt issues, including restructurings. The objective of this document is to indicate how IPSASs deal with transactions which may arise through sovereign debt restructurings.

Recent discussions on sovereign debt restructurings emphasize the need for improved public sector financial reporting, through the adoption and implementation of transparent, high-quality, conceptual-based accrual accounting standards, designed for the public sector, such as IPSASs.

This Q&A highlights issues which may be encountered in a sovereign debt restructuring. It illustrates how IPSASs, at a high level of principle, capture the economic consequences of debt restructurings. It does not reference any specific transaction, nor is it intended to be used as application or implementation guidance during sovereign debt restructurings. The terms and conditions of specific restructurings are highly complex and voluminous. These terms and conditions may include, but are not limited to, the extension of maturities, reductions in interest rates, changes in counterparties and the issuance of additional complex financial instruments.



This document has been prepared by IPSASB staff. It is a non-authoritative document issued for information purposes only.

COVID-19: IPSASB Staff Q&A

- Summarises key IPSASB guidance on main COVID-19 related interventions:
 - Direct government expenditure
 - Support for individuals
 - Support for businesses and other public sector entities
 - Support for financial systems
- Published early April
- IPSASB COVID-19 web-page and help line

<https://www.ipsasb.org/focus-areas/covid-public-sector>

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STAFF QUESTIONS AND ANSWERS

April 2020

COVID-19: RELEVANT IPSASB ACCOUNTING GUIDANCE

This Questions and Answers (Q&A) publication is issued by the staff of the International Public Sector Accounting Standards Board (IPSASB) to provide insight into the financial reporting issues associated with COVID-19 government responses, and the relevant International Public Sector Accounting Standards (IPSAS) and other guidance already available.

"The objective of this document is to indicate the accounting implications of COVID-19-related government initiatives, including how IPSAS and other IPSASB guidance deal with transactions and events which arise because of the pandemic."

This publication does not constitute an authoritative pronouncement of the IPSASB, nor does it intend to amend, or override the requirements of existing IPSAS or provide further implementation guidance. This publication is not meant to be exhaustive and is not a substitute for IPSAS.

Background

The COVID-19 pandemic and the government interventions to mitigate its effects have both immediate and on-going financial impacts. The nature and scale of these interventions vary widely across jurisdictions, as will their longer-term impacts. However, the significant fiscal interventions launched by many governments mean that high-quality accrual-based financial reporting is needed now, more than ever, as it provides better information for decision-making, improves transparency on how public resources are used, allows citizens to hold decision makers to account, and better positions governments to address the balance sheet impact of the pandemic. It is therefore important that the recent momentum towards greater adoption and implementation of accrual financial reporting in the public sector is maintained.

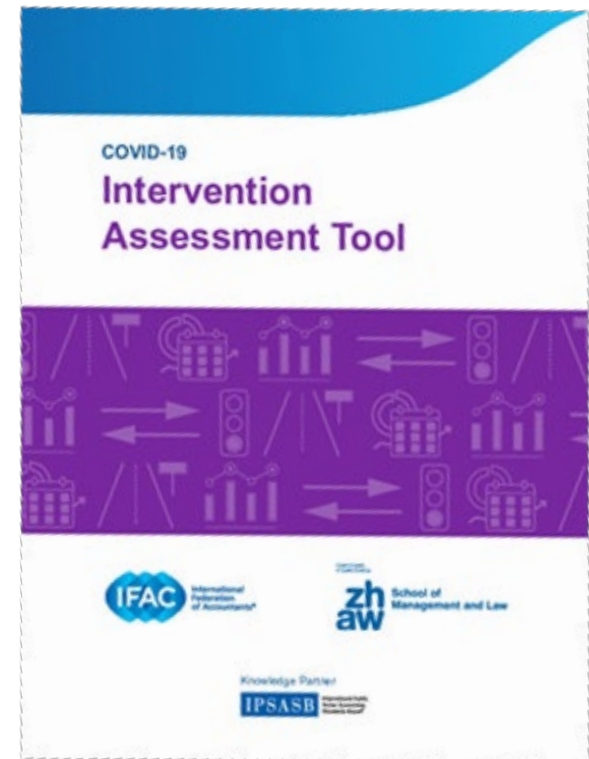
This Q&A highlights issues which may be encountered as a result of COVID-19 and the related jurisdictional responses to dealing with the pandemic. While not exhaustive, it identifies a number of IPSAS which may be applicable in order to capture the economic consequences of the different types of transactions. It does not reference any specific transaction, nor is it intended to be used as application or implementation guidance. The terms and conditions of specific transactions can be highly complex and wide-ranging.

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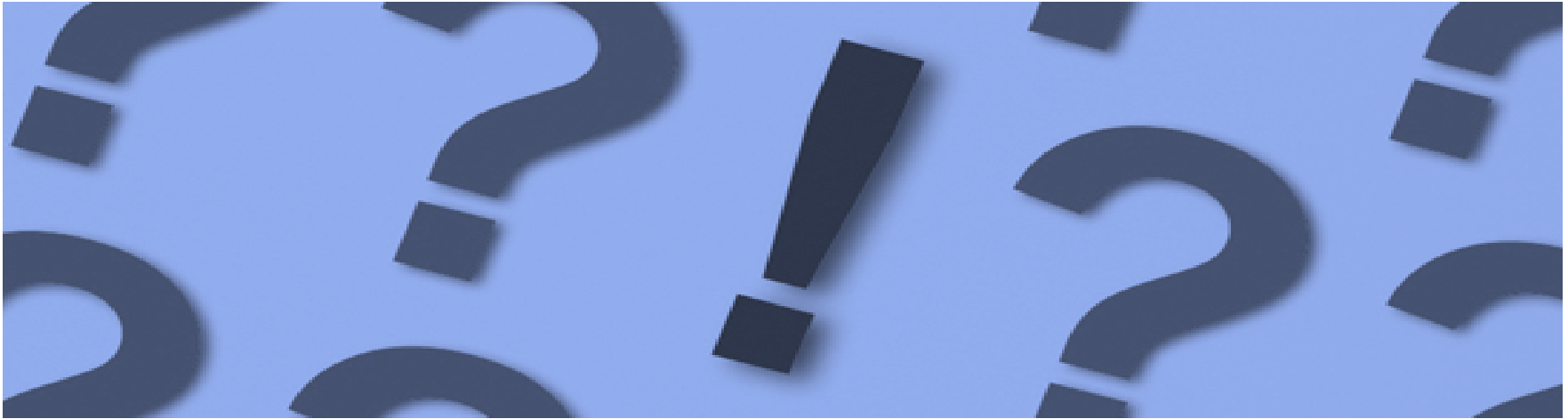
COVID-19 Intervention Assessment Tool

- Decision support tool
- Identify differences between accrual and cash impacts of interventions
- Encourage focus on interventions not involving immediate direct expenditure
- Can be used to analyse all major new government programs
- Companion document – Tool complements work on pathway to accrual
- Can be used by any Government regardless of progress towards accrual implementation



<https://www.ifac.org/knowledge-gateway/supporting-international-standards/discussion/covid-19-intervention-assessment-tool>

Questions, discussion & further information



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