



**IPSASB**

International Public  
Sector Accounting  
Standards Board®

# **IPSAS STANDARDS – ACCOUNTING FRAMEWORK IN SUBNATIONAL GOVERNMENTS**

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## IPSASB Standards – Subnational Governments

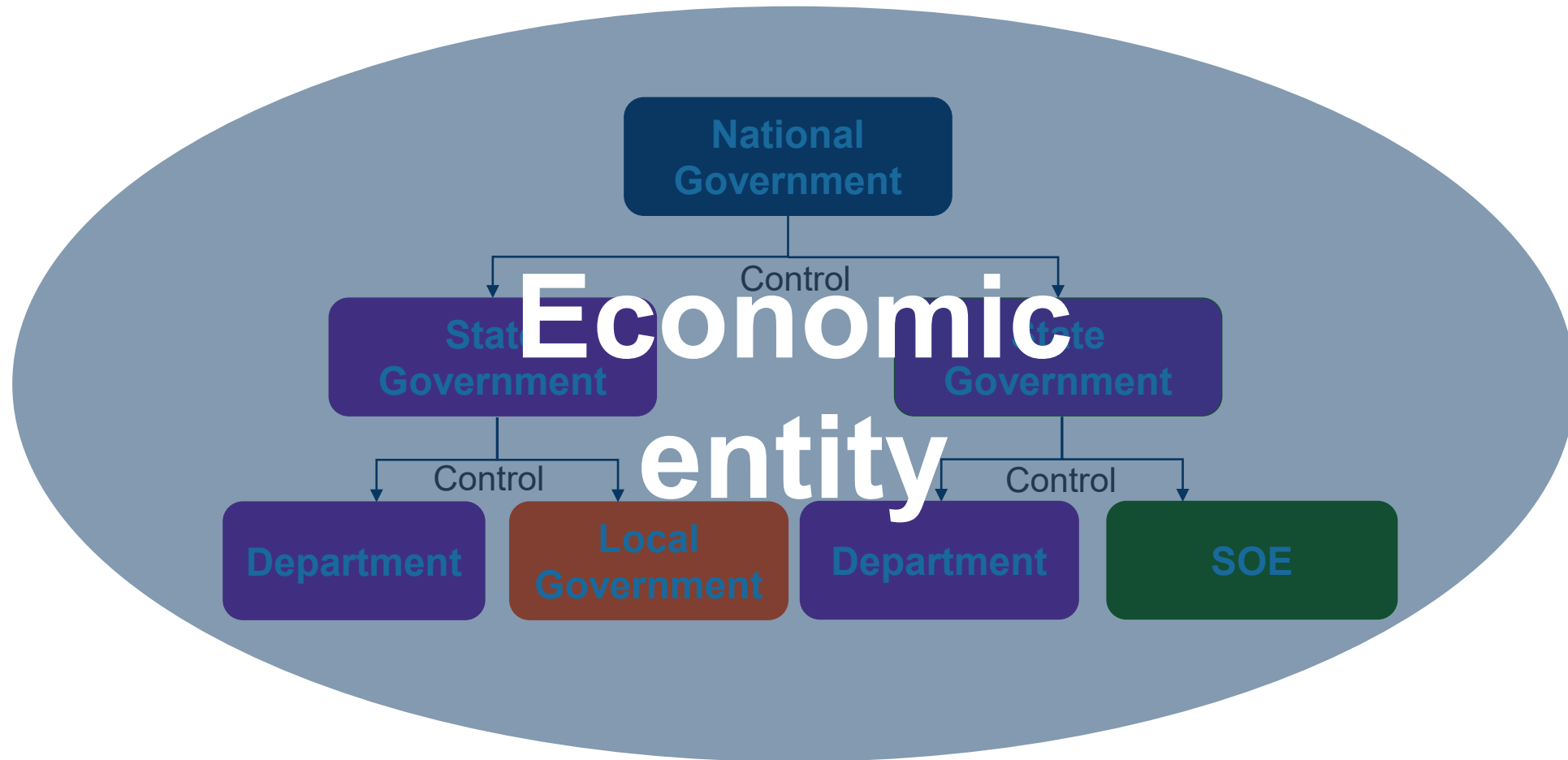
### IPSAS Consolidation – Subnational Governments

- IPSAS consolidation is based on the degree of control & Influence
  - All material-controlled entities should be consolidated (line-by-line consolidation)
- IPSAS are principle-based – No requirements specific to subnational governments
  - Have to apply judgment to the facts and circumstances to determine degree of control over other entities (and whether subnational government controlled by another entity)
- Consider structure and degree of control to determine how to apply IPSAS principles related to consolidation
  - Different outcomes based on different structures of different governments

# Interest in Other Entities – Control and Influence

Influence	Meaning	Accounting
Control (IPSAS 35)	<ul style="list-style-type: none"> <li>• Exposure, or has rights, to <b>variable benefits</b>; and</li> <li>• <b>Ability to affect</b> the nature or amount of those benefits</li> </ul>	Line by Line - Consolidation
Joint control (IPSAS 37)	Agreed <b>sharing</b> of control	Joint venture – equity method Joint operation – assets, liabilities, revenue, expenses
Significant influence (IPSAS 36)	<b>Power to participate</b> in the financial and operating policy decisions	Equity Method
Lack of influence (IPSAS 41)	None of the above	Financial Instruments

# Controlled Entities – Economic Entity



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