

## Introduction to International Public Sector Accounting Standards (IPSAS) Workshop Transcript Session 1: Introduction

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**Antonella Risi:** Let's now start the first session of this workshop.

The purpose of this particular session is to give you a high-level overview on the international public sector accounting standards board, IPSASB, and the work they do on developing the International Public Sector Accounting Standards, IPSAS.

The IPSASB is an independent standard setting board that develops IPSAS for public sector entities. It is established by the International Federation of Accountants (IFAC).

The IPSASB has 18 members from a number of different countries (currently 17). The members include public sector preparers, ministry of finance officials, auditors, academics, and standard setters.

The Canadian member on IPSASB is Renée Pichard. She is a CPA and became a member of the Board in January 2021. She is an advisory partner at Deloitte Canada, with over 28 years of diverse professional and executive leadership experience in the public and private sectors. Prior to joining Deloitte, Renee held the position of Assistant Auditor General at the Office of the Auditor General of Canada, where she spent 17 years developing expertise in advising public sector clients on complex accounting transactions under IFRS as well as Canadian and International Public Sector Accounting Standards.

Renee was a technical advisor with the IPSASB between 2013 and 2019. She has also contributed to the establishment of auditing and accounting standards in Canada as a member of various task forces.

The IPSASB's Strategic Objective is:

Strengthening Public Financial Management (PFM) globally through increasing adoption of accrual-based International Public Sector Accounting Standards™.

This is delivered through two main areas of activity, both of which have a public interest focus:

- Developing and maintaining IPSAS and other high-quality financial reporting guidance for the public sector; and

- Raising awareness of IPSAS and the benefits of accrual adoption.

Now that we understand who IPSASB is, I will elaborate on what IPSAS are.

IPSAS are authoritative standards on accounting for and reporting economic transactions and events in general purpose financial statements of public sector entities.

Public sector entities include national governments, regional governments (for example, state, provincial, territorial governments) and local governments (for example, cities and towns) and their component entities (for example, departments, agencies, boards and commissions).

However, it is up to each jurisdiction to specify which entities apply IPSAS.

**A question that we often receive is whether government not-for-profit organizations apply IPSAS.**

The IPSASB has been silent on government not for-profit organizations. The Chartered Institute of Public Finance and Accountancy (CIPFA) and Humentum issued The International Financial Reporting for Non-Profit Organizations Consultation Paper as part of its global initiative to develop non-authoritative reporting guidance for not-for-profit organizations (NFPOs) in jurisdictions that, unlike Canada, do not have not for profit accounting standards.

**Another question we often receive is how many countries have adopted IPSAS.**

According to the International Public Sector Financial Accountability Index status report, which contains data from 165 jurisdictions, 49 jurisdictions (or 30% of the jurisdictions included in the 2020 Index) reported on an accrual basis in their 2020 published financial statements. Of the 49 jurisdictions that reported on an accrual basis in 2020, 28 (or 57%) are using IPSAS in one of three ways: 4 jurisdictions adopted IPSAS with no modifications; 8 jurisdictions modified IPSAS for the local context; and 16 jurisdictions refer to IPSAS to develop their own national standards.

Now, back to IPSASs.

An IPSAS will be accompanied by a Basis for Conclusion. However, the Basis for Conclusion is not part of the IPSAS, and it is not authoritative. The Basis for Conclusion summarizes considerations that were deemed significant by members of the IPSASB in reaching its conclusions in developing the accounting standard for the public sector. The Basis for Conclusions will include a detailed description of the public sector issue, the rationale for departing from the related IASB document if applicable and the implications of the changes being made.

In addition to that, IPSAS may be accompanied by Implementation Guidance and by illustrative examples neither of which are authoritative. The implementation guidance is intended to assist entities in applying their requirements. The examples are intended to explain and illustrate the application of certain aspects of the standard to various common transactions and events encountered to which the IPSAS requirements are relevant. Changing one or two of the facts assumed in the examples can lead to substantially different conclusions concerning the appropriate application of the standard. In all cases, the provisions of the standard prevail.

When an IPSAS is based on IFRSs, it will be accompanied by a comparison which highlights the changes in accounting treatment and original text of the relevant IFRSs when there is a significant public sector issue which warrants a departure.

When developing an IPSAS, the IPSASB follows an open and transparent due process.

**The steps of the due process are on the slide.**

All projects start with research of the relevant international and national standards and practices and an analysis of various options and approaches. Where the project is based on an IFRS, an assessment is done to identify any public sector issues and whether they warrant a departure from the IFRS.

An exposure draft must be issued for public comment on all projects with a minimum 4 month comment period (except for minor amendments, where a shorter consultation period may be appropriate).

Responses to the Exposure Draft are analyzed and amendments to the draft standard may be made to address comments.

The IPSASB may issue a public consultation paper prior to developing an Exposure Draft, for example if a topic is particularly complex or the IPSASB is seeking views of stakeholders prior to finalizing its positions.

A final IPSAS is issued only upon approval by two thirds vote of the board. If changes to the draft standard as a result of respondents' comment are determined to be substantive the draft standard may need to be re-exposed prior to finalization as an IPSAS.

And that take us to the end of this session.