

Agenda Item 8: Cash Basis IPSAS

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IPSASB Consultative Advisory Group Meeting

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Project Background

Cash Basis IPSAS Issued January 2003 (updated 2006 & 2007)

- Part 1 – Requirements
- Part 2 – Encouraged Additional Disclosures

2008 Task Force

- Implementation Issues

Task Force Recommendations

- IPSASB Strategy & Work Plan 2015 Consultation Paper

Decision - Strategy & Work Plan 2015 Forward

- Limited Scope Project – Focused on Implementation Issues

ED 61, *Amendments to Financial Reporting under the Cash Basis IPSAS of Accounting*

- Issued February 2016
- Cash Basis IPSAS is Not an Endpoint – Step on Path to Accrual Basis IPSAS
- ED 61 Proposed Relocation of the Following from Part 1 to Part 2:
 - Requirement to Prepare Consolidated Financial Statements for all Controlled Entities
 - Requirement to Disclose External Assistance Information
 - Requirement to Disclose Third Party Payments Information

CAG Views – Public Interest Issues

Objective of CAG Discussion:

- Consider High-Level Analysis of ED 61 Responses
- Provide CAG Views on Public Interest Issues Arising from ED 61 Responses

ED 61 Responses (1/2)

SMC 1 - Proposals to Move the Following Provisions From Part 1 (Requirements) to Part 2 (Encouragements):

(a) Preparation of Consolidated Financial Statements

(b) Disclosure of Information about External Assistance

(c) Disclosure of Information about Payments to Third Parties

ED 61 Responses (2/2)

Majority Support for All Three SMC 1 Proposals

- Less Support for Proposals on External Assistance and Third Party Payments

Respondents, Opposing the Proposals on External Assistance and Payments to Third Parties – argued:

- They Reduce the Transparency of the Financial Statements
- Public Sector Entities May Not Disclose Significant Benefits Received, Depriving Donors and Others of Useful Information
- Donors Would be Unable to Assess How the Funds Were Being Utilized

Counter arguments to objections to proposals

- General Purpose Financial Statements are Produced for Users That Cannot Demand Specific Information
- Donors Can Demand Such Information Through Special Purpose Financial Reports

Project - Next steps

September 2017 meeting

- Receive Staff Analysis of Responses
- Discuss and Review Analysis of Responses
- Decide on Proposals in ED 61

December 2017 meeting (if necessary)

- Review of Draft IPSAS Amendments
- Approval of Draft IPSAS Amendments

Questions to the CAG

Is the public interest better served by the Cash Basis IPSAS having less requirements and more encouraged disclosures?

Is the public interest better served by the IPSASB focusing entirely on developing accrual IPSASs after this limited scope project?

Is the public interest better served with a Cash Basis IPSAS that is easier to adopt and implement to help constituents build capacity to allow progression towards accrual IPSASs?



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