Agenda Item 5: IPSASB Landscape

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IPSASB meeting
March 10–13, 2020
New York, USA
# Types of Guidance - Overview

<table>
<thead>
<tr>
<th>Authoritative Standards</th>
<th>IPSASB</th>
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<tbody>
<tr>
<td>42 accrual-based IPSAS issued (37 accrual-based IPSAS currently applicable)</td>
<td></td>
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<tr>
<td>1 Cash-basis IPSAS</td>
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<table>
<thead>
<tr>
<th>Non-Authoritative Guidance</th>
<th>Conceptual Framework</th>
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<tr>
<td>3 Recommended Practice Guidelines (RPG)</td>
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<tr>
<th>Staff</th>
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<tbody>
<tr>
<td>Q&amp;A</td>
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<td>Papers</td>
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<tr>
<th>Other</th>
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<tr>
<td>Study 14</td>
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### IPSASB Conceptual Framework
- Establishes the concepts that underpin general purpose financial reporting by public sector entities
- Concepts are applied to develop IPSAS and RPGs
- The Conceptual Framework does not establish authoritative requirements, nor does it override the requirements of IPSAS or RPGs
- Authoritative requirements are specified in IPSAS

### RPGs
- Provide guidance on good practice in preparing general purpose financial reports General Purpose Financial Reports
- Unlike IPSAS, do not establish requirements
- Not mandatory, however, if adopted must be applied in full to claim compliance the RPG

### Other Staff Publications
- Includes Question and Answers documents, and other Staff papers which are not formally approved or endorsed by the IPSASB.

Examples include:
- Emission Trading Paper Schemes–Staff Background Paper
- IPSASB Staff Questions and Answers Documents covering various topics including:
  - Sovereign Debt Restructurings under IPSAS;
  - Materiality;
  - Service Concession Arrangements: Grantor; and
  - State-Owned Enterprises.
Due Process Requirements

IPSASB adopts due process in promulgating IPSAS
• PIC oversees application of due process

Approval votes
• Votes on all pronouncements
• Approval requires ⅔ of members in favor (12 members)

Consultation Papers (CPs)
• Optional stage
• Seek preliminary views on complex or new topics

Exposure Drafts (EDs)
• Mandatory stage
• Seek views on firm proposals
### IPSAS – What is Authoritative vs. Non-Authoritative

<table>
<thead>
<tr>
<th>Authoritative</th>
<th>Core Text</th>
<th>Principles and requirements</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Application Guidance</td>
<td>Application of main principles/requirements</td>
</tr>
<tr>
<td></td>
<td>Some IPSAS appendices</td>
<td>Specific application of principles / main requirements</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-authoritative</th>
<th>Basis for Conclusions</th>
<th>Provide the IPSASB’s rationale/thinking</th>
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<tbody>
<tr>
<td></td>
<td>Illustrative Examples</td>
<td>Examples of principles/requirements applied to fact pattern</td>
</tr>
<tr>
<td></td>
<td>Implementation Guidance</td>
<td>Detailed Q&amp;A of principles/requirements</td>
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</tbody>
</table>
## Types of IPSASB guidance

### IPSAS

Relates to general purpose financial statements (financial statements) and are authoritative. IPSAS develops accrual IPSAS by:

- Developing IPSAS that are aligned with IFRS; and
- Addressing public sector financial reporting issues that are not dealt within existing IFRS.

### IPSAS Authoritative Sections

Includes:

- Core text;
- Application Guidance (AGs); and
- Some IPSAS Appendices¹.

At the front of the AGs or Appendix of IPSAS it says, "This AG/Appendix is an integral part of IPSAS XX”.

### IPSAS Non-Authoritative Sections

Includes:

- Illustrative Examples (IEs);
- Implementation Guidance (IGs); and
- Basis for Conclusions (BCs).

At the front of the non-authoritative sections of IPSAS it states “This IE/IG/BC accompanies, but is not part of IPSAS XX”.

¹ IPSAS Appendices may contain content that is not part of IPSAS but is integral to understanding and implementing IPSAS.
Guidance Development Approach: Heritage and Infrastructure
Question 1

- Do members have any questions or comments on:
  - Types of guidance developed by IPSASB and staff
  - Authoritative vs. non-authoritative guidance
  - Guidance development flowchart developed for Heritage and Infrastructure
Process followed to deliver work program in an integrated manner

• Process occurs within confines of and in accordance with due process

Board discussions result in decisions and instructions

• Reviewed day 4 of meeting and reflected in minutes

Instructions

• Operational views on approach to issues, including organization and arrangement of material

Decisions

• Explained in BCs
Task Forces

Task Forces for most major projects

• Member-chaired – include other Members, TAs, Observers
• External members – expertise, build potential member pipeline
• Assist staff in progressing projects
• Conference calls between meetings – face to face meetings exceptionally
• Task Forces provide recommendations
• Some non-authoritative material may be delegated by IPSASB to Task Force
Editorial Groups

• Purpose is to remove detailed drafting from IPSASB plenary, so debates can focus on substantive matters;
• Actions editorial changes to documents subsequent to their approval;
• IPSASB Members, Technical Advisors and Observers can volunteer to contribute;
• Technical Director reviews and informs IPSASB Chair final to ensure changes are editorial in nature.
Program Management – Balance of Complexities

Cross cutting issues  Multiple staff and task forces  Tight timelines and need for decisions  Coordination of outputs  Stakeholders capacity and ability to respond

Work Program Delivery Process

Project Staff
Project Task Forces
IPSASB
Outputs
IPSASB: Rigorous standard-setting process

Stakeholder Input

Project Briefs → Consultation Papers → Exposure Drafts → IPSASs RPGs → High-Quality Public Sector Financial Reporting Standards and Other Publications

Due Process – PIC and CAG
Conceptual Framework

- Role and Authority of the Conceptual Framework
- Objectives and Users of General Purpose Financial Reporting
- Qualitative Characteristics
- Reporting Entity
- Elements in Financial Statements
- Recognition in Financial Statements
- Measurement of assets and liabilities in Financial Statements
- Presentation and Disclosure
IFRS Convergence – “Rules of the Road”

- Process for reviewing and modifying IASB Documents

1. Are there public sector issues that warrant departure?
   - No
   - Yes

2. Should a separate public sector project be initiated?
   - No
   - Yes

3. Modify IASB documents

4. Make IPSASB style and terminology changes

5. Separate public sector project

6. IPSASB document
Guidelines on Statistical Reporting

Unnecessary differences between GFS reporting guidelines and IPSASs should be avoided.

The reduction of unnecessary differences is an important factor in the review and development of IPSASs.

Process for Considering Differences between IPSASs and GFS Reporting Guidelines

1. Is there any significant difference between IPSASs and GFS?
   - Yes: Step 2
   - No: Unnecessary differences should not be exercised.

2. Is the difference so fundamental that it cannot be addressed through an IPSAS or GFS change?
   - Yes: Step 3
   - No: Consider guidance or pronouncement to manage the difference.

3. Would necessary revisions be appropriate for IPSAS?
   - Yes: A3
   - No: Unnecessary differences should be avoided.

4. Could IPSAS revisions fit annual improvements criteria?
   - Yes: A3
   - No: A4

A3. Indicate in next annual improvements project.

A4. Consider the difference during an IPSAS project (new or revised IPSAS).
Question 2

• Do members have any questions or comments on:
  – The work program delivery process
  – IPSASB policies
  – Due process and project management
IPSASB Guidance: Landscape Discussion

Interrelated Projects – Management Plan

Projects
Infrastructure Assets
Heritage
Measurement
Conceptual Framework – limited scope update

Exposure Drafts
ED XX: IPSAS 17 Update
ED XX: Measurement
ED XX: Conceptual Framework – limited scope update

Pronouncements
IPSAS XX – PPE
IPSAS XX – Measurement
Revised Conceptual Framework
Measurement, Heritage and Infrastructure: IPSAS 17 Impact

Inputs

- IPSAS 17
  - Generic Measurement Guidance

Outputs

- ED [73], Measurement
- ED [74], Amended IPSAS 17

Infrastructure Project
- All guidance (except generic measurement)
- Heritage Project
Question 3

• Do members agree with the proposed approach to manage the interrelated Measurement, Heritage, Infrastructure and Conceptual Framework-Limited Scope Update Projects