This document was developed and approved by the International Public Sector Accounting Standards Board® (IPSASB®).

The objective of the IPSASB is to serve the public interest by setting high-quality public sector accounting standards and by facilitating the adoption and implementation of these, thereby enhancing the quality and consistency of practice throughout the world and strengthening the transparency and accountability of public sector finances.

In meeting this objective the IPSASB sets International Public Sector Accounting Standards™ (IPSAS™) and Recommended Practice Guidelines (RPGs) for use by public sector entities, including national, regional, and local governments, and related governmental agencies.

IPSAS relate to the general purpose financial statements (financial statements) and are authoritative. RPGs are pronouncements that provide guidance on good practice in preparing general purpose financial reports (GPFRs) that are not financial statements. Unlike IPSAS RPGs do not establish requirements. Currently all pronouncements relating to GPFRs that are not financial statements are RPGs. RPGs do not provide guidance on the level of assurance (if any) to which information should be subjected.
THE IPSASB’S MISSION IS:

TO SERVE THE PUBLIC INTEREST BY DEVELOPING HIGH-QUALITY ACCOUNTING STANDARDS AND OTHER PUBLICATIONS FOR USE BY PUBLIC SECTOR ENTITIES AROUND THE WORLD IN THE PREPARATION OF GENERAL PURPOSE FINANCIAL REPORTS.
This Strategy of the International Public Sector Accounting Standards Board® (IPSASB®) covers the period from 2015 forward.

High-quality, robust, and effective accrual-based financial reporting systems, such as those based on IPSAS™, are integral to enhancing accountability and transparency in government financial reporting. In the wake of the sovereign debt crisis, the IPSASB is facing increasing demands for its standards and for guidance on their adoption and implementation. In light of its limited resources, the IPSASB is eager to ensure that its priorities are aligned to meet stakeholder needs.

This strategy has been developed after consultation with stakeholders. The strategic objective will guide the IPSASB’s activities from 2015 forward so that the IPSASB can fulfill its public interest mandate.

1 International Public Sector Accounting Standards are developed and promulgated by the International Public Sector Accounting Standards Board.
The following environmental factors have been taken into account in the development of the Strategy:

**INCREASED FOCUS ON PUBLIC SECTOR FINANCIAL MANAGEMENT**

The lack of complete and audited information about government finances continues to be a major cause of concern, with an impact on government accountability and informed decision making. Moreover, concerns about the sustainability of key government programs are widespread.

**GOVERNANCE AND OVERSIGHT**

To sustain the IPSASB’s growing reputation as the international standard setter for the public sector, public interest oversight is being implemented so that those adopting the standards are assured that the IPSASB is acting in the public interest and that its standards result from an appropriate due process.

**COMPLETION OF THE CONCEPTUAL FRAMEWORK**

The IPSASB completed the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities (the Conceptual Framework) in the second half of 2014. The Conceptual Framework establishes and makes explicit the concepts that are to be applied in developing IPSAS and Recommended Practice Guidelines (RPGs) applicable to the preparation and presentation of the general purpose financial reports (GPFRs) of public sector entities.

**MOMENTUM IN ADOPTION GLOBALLY**

The enhanced focus on public sector financial management has increased demand for high-quality standards and for guidance on how to adopt and implement such standards.

**RESOURCE CONSTRAINTS**

The structures and processes that support the operations of the IPSASB are facilitated by the International Federation of Accountants® (IFAC®). The IPSASB members, currently including the chair, are all volunteers. The IPSASB therefore relies on the continued support of members’ employing organizations in providing the time for them to prepare for and attend meetings. This strategy has been developed on the basis that, at a minimum, the current level of funding will be maintained.
THE IPSASB’S STRATEGIC OBJECTIVE

THE IPSASB’S FORWARD STRATEGY FROM 2015 HAS A SINGLE STRATEGIC OBJECTIVE:

Strengthening public financial management and knowledge globally through increasing adoption of accrual-based IPSAS by:

- Developing high-quality public sector financial reporting standards;
- Developing other publications for the public sector; and
- Raising awareness of the IPSAS and the benefits of their adoption.
Public financial management, in its broadest sense, is the system by which financial resources are planned, directed, and controlled, both externally to and internally within the public sector entity, to enable and influence the efficient and effective delivery of public service goals.

The longer-term impacts of the sovereign debt crisis emphasize the urgent need to strengthen the quality of financial management in governments around the world. The IPSASB is committed to developing high-quality accounting standards for the public sector that will serve the objectives of financial reporting by public sector entities. Credible and transparent financial reporting is in the public interest. It has the potential to improve decision making in the public sector, facilitate holding governments more accountable to their citizens, and enhance global fiscal stability and sustainability. Citizens are affected by a government's financial management decisions. Strong and transparent financial reporting using IPSAS has the potential to improve public sector decision making and make governments more accountable to their constituents.

Adoption of accrual accounting is a fundamental step governments can take to improve their financial reporting and public financial management. Accrual-based accounting practices provide a comprehensive picture of the financial performance and position of public entities.

Implementing high-quality accrual-based accounting standards improves the quality and usefulness of financial information for all stakeholders, thereby helping to strengthen public finance management. High-quality accrual-based accounting standards reinforce the principles of transparency and accountability by providing faithful, understandable, and comparable information for a wide set of national and international users. And they can also reduce the risk of financial reporting fraud.

This strategic objective will determine the IPSASB’s future direction when considering the overall balance and timing of all planned initiatives for 2015 forward.
MEETING THE STRATEGIC OBJECTIVE

TO MEET ITS STRATEGIC OBJECTIVE, THE IPSASB HAS IDENTIFIED THE FOLLOWING OUTCOME:

That decision making and accountability of public sector entities are improved and global fiscal stability and sustainability are enhanced by credible and transparent financial reporting that results from the adoption of accrual-based IPSAS.

To achieve this outcome the IPSASB will focus on delivering two outputs:

- Developing high-quality financial reporting standards and other publications for the public sector; and

- Undertaking presentations, speeches, and other outreach activities in order to engage with stakeholders.
As the international standard-setter for the public sector, the IPSASB’s role is to provide governments and other public sector organizations with high-quality financial reporting standards and other publications. By developing accrual-based IPSAS and RPGs, the IPSASB will be assisting governments in “getting the numbers right.” This addresses a fundamental aspect of strengthening public financial management and enhancing accountability and decision making in the public sector.

Integral to this is the need to engage with stakeholders. The IPSASB is interested not only in continuing its communications and strong outreach program, but also in exploring additional ways to establish credible feedback mechanisms. Examples include enhancing efforts using technology, such as webcasts and podcasts, and co-organizing an annual meeting of public sector national standard setters.

Through all of these activities, the IPSASB aims to raise awareness of the IPSAS and the benefits of adopting them. The activities will focus on persuading governments to prepare accrual-based financial reports using IPSAS and encouraging users of government financial reports to demand better information from governments – information that would be available by reporting in accordance with IPSAS.

The figure below portrays the relationship between inputs, outputs, and outcome and how these contribute to achieving the strategic objective.
An important focus for the IPSASB will be on reviewing this strategy periodically to determine whether the strategic objective remains relevant. The IPSASB will continue to communicate transparently about its efforts in a manner that highlights its accountability in ensuring that the planned initiatives for 2015-2019 meet the needs of stakeholders.

This section provides an overview of planned actions and related priorities and timing that the IPSASB believes would best fulfill its strategic objective and meet the needs of stakeholders. Stakeholders indicated a strong preference for IPSASB to focus on public sector-specific projects as well as to ensure that the existing IPSAS are maintained. In this way the IPSASB’s suite of standards will continue to be fit for purpose. Consequently the IPSASB’s Work Plan has been developed to concentrate on these two categories. The factors that the IPSASB takes into account in prioritizing projects for the work plan are shown in Appendix A.

This process will include the new Public Interest Committee (PIC). The PIC will review IPSASB’s governance arrangements and advise the IPSASB—and where appropriate, IFAC—on the public interest responsiveness of the processes and structures of the IPSASB; and promote the public interest in the standard-setting activities of the IPSASB.

MONITORING OUR SUCCESS IN IMPLEMENTING THIS STRATEGY

WORK PLAN FOR 2015-2018:

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THE IPSASB HAS APPROVED EIGHT PROJECTS TO BE ADDED TO THE WORK PLAN STARTING IN 2015 AND 2016:

- Public Sector Measurement
- Heritage Assets
- Infrastructure Assets
- Revenue (Exchange and Non-Exchange);
- Non-Exchange Expenses;
- Limited scope review of Financial Reporting Under the Cash Basis of Accounting (the Cash Basis IPSAS);
- Limited scope review of IPSAS 25, Employee Benefits; and
- Consequential amendments arising from Chapters 1-4 of the Conceptual Framework.

Brief details of these projects are provided in Appendix B. The IPSASB is also committed to a project on Leases, when the IASB has issued a new or revised standard on Leases.

2 The PIC currently comprises representatives of the World Bank Group, the International Monetary Fund, the Organisation of Economic Cooperation and Development and the International Organization of Supreme Audit Institutions
FACTORS TO BE CONSIDERED IN PRIORITIZING PROJECTS IN THE WORK PLAN

The IPSASB has to balance financial reporting needs for the public sector with constraints faced by the board and stakeholders, within the context of this strategic objective, outcome and outputs, and considering existing commitments.

In setting work plans, the IPSASB assesses potential projects from a number of perspectives. Ultimately the IPSASB has to balance and weigh many factors. In consultation with its stakeholders, the IPSASB has identified key factors to be considered in deciding whether to initiate a project and to assess its relative priority. These are:

1. **Significance for the public sector** – generally this would be a public sector-specific project of high relevance to the public sector, for which there is likely to be no private-sector equivalent.

2. **Urgency of the issue** – developments globally may result in changes in the environment and therefore an issue becoming more important. For example, as a result of the global financial crisis in 2008, the IPSASB accelerated work on IPSAS 28-30 as it considered it a priority to have a complete set of standards on financial instruments.

3. **Gaps in standards** – the project addresses an issue that has not previously been addressed in IPSAS or RPGs.

4. **IFRS convergence** – the project meets the goal of convergence with the IFRS where deemed appropriate. This would allow leveraging resources and possibly collaborating with the International Accounting Standards Board.

5. **Alignment with Government Finance Statistics (GFS)** – the project helps to reduce divergence between IPSAS and GFS.
BRIEF DESCRIPTIONS
OF NEW PROJECTS

PUBLIC SECTOR MEASUREMENT
This is a multi-phase project that will inventory measurement requirements in existing IPSAS (except for financial instruments which will be considered in a committed project to update IPSASB’s standards on financial instruments). It will evaluate the extent to which there is a dislocation between measurement requirements in the current literature and the Conceptual Framework.

The second phase is also likely to consider the need for, and extent of, implementation guidance. The second phase is likely to involve a number of specialized professions.

HERITAGE ASSETS
Both heritage assets and infrastructure assets (see right) are complex classes of public sector assets. Currently IPSAS 17, Property, Plant and Equipment, includes a discussion of heritage assets, noting the cultural, environmental and historical significance of heritage assets, it provides examples and indicative characteristics. IPSAS 17 does not require an entity to recognize heritage assets that would otherwise meet the definition of, and recognition criteria for, property plant and equipment.

This project will develop a definition of heritage assets, reflecting flora and fauna, as well as monuments, historical buildings, works of art and archaeological sites. It will develop recognition and measurement requirements, evaluate how depreciation and impairment testing should be applied to heritage assets and consider the need for enhanced and additional disclosures.
INFRASTRUCTURE ASSETS

Infrastructure assets are particularly significant to service delivery in the public sector. IPSAS 17 discusses infrastructure assets and highlights some of their common characteristics. However, IPSAS 17 does not provide specific requirements related to such assets. This project will develop on a definition of infrastructure assets, develop measurement, depreciation and impairment requirements, and consider the need for additional disclosures, which reflect the interdependency of many infrastructure assets.

REVENUE (EXCHANGE AND NON-EXCHANGE)

The objective of the project is to develop IPSAS dealing with revenue that are consistent with the Conceptual Framework, and to the extent appropriate, IFRS 15, Revenue from Contracts with Customers. It will consider the extent to which the performance obligation approach in IFRS 15, is appropriate for transactions in the public sector. The project will affect IPSAS 9, Revenue, IPSAS 11, Construction Contracts and potentially IPSAS 23, Revenue from Non-Exchange Transactions (Taxes and Transfers). The project will also address issues raised by constituents in relation to IPSAS 23, such as the treatment of time requirements by the recipients of financial support.

NON-EXCHANGE EXPENSES

The objective of the project is to develop requirements and guidance for non-exchange expenses that are outside the scope of the project on social benefits. The project will examine definitions, recognition and measurement. Jointly with the project on revenue it will consider symmetrical accounting for both transferors of resources and the recipients of those resources.
LIMITED SCOPE REVIEW OF
FINANCIAL REPORTING UNDER
THE CASH BASIS OF ACCOUNTING
(THE CASH BASIS IPSAS);”

The IPSAS, Financial Reporting under the Cash Basis of Accounting, (the Cash Basis IPSAS), was issued in January 2003. The Cash Basis IPSAS was subsequently updated with additional requirements and encouragements about the presentation of budget information in 2006 and external assistance in 2007.

This is a limited scope project that will review the requirements and guidance in the Cash Basis IPSAS on consolidation, external assistance and payments by third parties. In particular the project will consider whether provisions in these areas should be recast as disclosures rather than requirements.

LIMITED SCOPE REVIEW OF IPSAS
25, EMPLOYEE BENEFITS

IPSAS 25, Employee Benefits, was published in 2007 and was primarily drawn from IAS 19, Employee Benefits. This limited scope project will consider whether the amendments to IAS 19 approved by the IASB in April 2011 should be adopted in IPSAS 25. These include the elimination of the “corridor” for actuarial gains and losses. The project will also review the public sector specific guidance on composite social security schemes.

CONSEQUENTIAL CHANGES FROM
FIRST FOUR CHAPTERS OF THE
CONCEPTUAL FRAMEWORK

The first four chapters of the Conceptual Framework cover role and authority; objectives and users; the qualitative characteristics (QCs) and constraints on information included in general purpose financial reports; and the reporting entity.

This is a limited scope project that will propose changes to the current suite of IPSAS arising from Chapters 1-4 of the Conceptual Framework. These include principally amendments to update IPSAS 1, Presentation of Financial Statements, and in other IPSAS to reflect the qualitative characteristics and constraints on information in general purpose financial reports and to update the hierarchy that provides preparers with requirements and guidance for accounting for transactions, events and other conditions where there is no IPSAS.