SUMMARY OF OTHER DOCUMENTS

The Committee has issued studies, as summarized below. To obtain copies of these documents, please visit the IFAC website at www.ifac.org or contact the IFAC offices.

Study 1

Financial Reporting by National Governments
Issued March 1991

The scope of the Study is to consider:

- Financial reporting by national governments and their major governmental units;
- Financial reports that provide information on government plans, performance and compliance with relevant authorities;
- Information needs of the principal users of government financial reports, with primary emphasis on the needs of external users; and
- The forms of reporting best suited to meeting those information needs.

This Study is of particular interest to senior financial officers in government, politicians, legislative auditors and others who use government financial reports because it addresses the fundamental underpinnings of governmental financial reporting.

Comparative summaries of users, user needs and objectives were prepared. They illustrate that there is concurrence on who users are, what their needs are and, accordingly, the objectives of financial reporting.

The Study develops a logical progression from users and user needs to the objectives of government financial reporting. It provides further context for the discussion of objectives by exploring the governmental environment and the limits of financial reporting.

The Study then discusses financial reporting. Rather than recommending a single, preferred financial reporting model, the Study describes the spectrum of possible bases of accounting and different reporting models (types of reports). It then illustrates their strengths and weaknesses in meeting the objectives of financial reporting. The Study demonstrates that in moving from single displays of cash receipts and disbursements to summary financial reports that account for total economic resources, more of the objectives of financial reporting are met. Since those objectives are derived from user needs, more complete and better information will better meet those needs.

The Study recognizes that financial reporting by national governments is influenced by government financial reporting policies and practices which are embedded in the provisions of legislation and legal prescription.
Study 2

Elements of the Financial Statements of National Governments
Issued July 1993

This Study considers the elements (types or classes of financial information) to be reported in financial statements prepared under the different bases of accounting that may be employed by national governments and their major units and the way in which those elements may be defined. It also considers the implications of reporting particular elements, or subsets thereof, for the messages communicated by financial statements and the achievement of the objectives identified in Study 1.

The Study aims to assist in developing the full potential of the accounting models currently employed in individual jurisdictions to communicate financial information to users. That is useful for accountability and decision making purposes.

This Study focuses on reporting the elements in the financial statements prepared for national governments. However, it is acknowledged that aspects of the delivery of goods and services and the achievement of government objectives will in some cases, be best achieved through the display of financial or non-financial information in notes, schedules or statements other than the statement of financial position or statement of financial performance in the financial report.

Study 3

Auditing for Compliance with Authorities—A Public Sector Perspective
Issued October 1994

This Study addresses aspects of the audit for compliance in the public sector which, in many countries, is subject to very different mandates and objectives than in the private sector. In a democratic system of government, accountability to the public and particularly, to its designated representatives, is an overriding aspect of the management of a public sector entity. Public sector entities are usually established by legislation and their operations governed by various authorities derived from legislation. Management of public sector entities is accountable for operating in accordance with the provisions of the relevant laws, regulations and other authorities governing them. Since legislation and other authorities are the primary means by which legislators control the raising and spending of money by the public sector, auditing for compliance with relevant authorities is usually an important and integral part of the audit mandate, or terms of engagement, for most audits of public sector entities. Because of the variety of authorities, their provisions may be conflicting with one another and may be subject to differing interpretations. Also, subordinate authorities may not adhere to the directions or limits prescribed by the enabling legislation. As a result, an assessment of compliance with authority in the public sector requires considerable professional judgment and is of particular importance.
Study 4

Using the Work of Other Auditors—A Public Sector Perspective
Issued October 1994

This Study addresses using the work of other auditors, including both other external and internal auditors, in financial attest and compliance audits. It considers the matters an auditor has to take into consideration when using the work of another auditor and provides a public sector perspective to International Standard on Auditing (ISA) 600, “Using the Work of Another Auditor” and ISA 610, “Considering the Work of Internal Auditing.”

The Study considers the principles stated in the ISAs noted above and describes their applicability to the public sector. It also discusses some of the particular issues arising in the public sector when a principal auditor considers using the work of another auditor. The areas discussed deserving special attention are the autonomy of different tiers of government, the differing mandates of Higher Audit Institutions (HAI), and the particular problems surrounding using the work of other auditors in an international context.

Study 5

Definition and Recognition of Assets
Issued August 1995

This Study identifies and describes the variety of views which exist about whether, when and how specific assets should be measured and reported in the public sector. It considers and explores:

- The definition and recognition of assets;
- The effect of different bases of accounting on the definition and recognition of assets; and
- The issues associated with certain types of assets.

The Study acknowledges that the demand for government services has increased. This growth in demand has meant increasing competition for government services, stimulated by education standards, communication and community interest in government actions. Consequently, governments are under pressure to manage their assets efficiently and effectively. Accountability for efficiency and effectiveness of public sector asset management can be shown through better financial reporting. Better reporting provides a basis of understanding by the public, elected decision makers and by management. This, in turn, supports better decision making and asset allocation.
Study 6
Accounting for and Reporting Liabilities
Issued August 1995

This Study provides a public sector perspective on the definition and recognition of liabilities. It identifies, considers and explores views held on:

- The definition and classification of liabilities;
- The effect of different bases of accounting on accounting for and reporting liabilities; and
- The issues associated with certain types of liabilities.

The Study describes the variety of views which exist about whether, when and how certain liabilities should be measured and reported. Historically, governments have focused on their outstanding debt as a primary measure of the government’s liabilities or indebtedness, particularly in formulating or assessing economic policy. However, governments assume a variety of commitments and obligations that give rise to other liabilities that are often unreported by governments. Yet information about all of a government’s liabilities and exposure to potential liabilities is vital if governments are to manage their cash flow and make informed decisions about the financing of future services and resource allocation. While governments have liabilities similar to business enterprises, they also have other potential liabilities, such as recurring commitments under established social programs, guarantees and promises made by politicians. The study distinguishes liabilities, commitments and contingencies.

Study 7
Performance Reporting by Government Business Enterprises
Issued January 1996

This Study identifies principal users of performance information, considers the needs of those users, and outlines forms of reporting that could be available to meet those needs. The Study is thereby concerned primarily with the provision of information about an enterprise’s performance (covering both financial and non-financial aspects of performance) supplementary to the information provided in financial statements, in the context of general purpose financial statements.

The need for this Study arises from the fact that financial standards on their own are not always sufficient to give an indication of the overall performance of a particular organization. Public sector bodies can differ from private sector enterprises in both their objectives and finance. Although government business enterprises are normally required to operate commercially and usually take the same legal form as private sector business enterprises, the combination of the fact that they often enjoy a monopoly position and the political context in which they operate means that the user of financial reports can rely less on measures of performance such as return on
capital employed. As a result, groups with an interest in the performance such as return on capital employed. As a result, groups with an interest in the performance of government business enterprises—governments, legislators, taxpayers and consumers—may have difficulty in making informed judgments about the efficiency and effectiveness of government business enterprises.

Government business enterprises may not be delivering services in circumstances that are even close to being a competitive market. So the test of relative market efficiency and effectiveness cannot always be applied. The issue therefore is how to formulate performance measures that will enable judgments about efficiency and effectiveness to be made. This Study considers how such measures might be defined and how a government business enterprise’s performance in relation to these measures might best be reported to those with an interest in its performance.

Study 8
The Government Financial Reporting Entity
Issued July 1996

This Study considers the implications of different approaches to the definition of the government financial reporting entity and different techniques for the construction of government financial reports to the achievement of objectives of financial reports.

This Study is a companion to Study 1, “Financial Reporting by National Governments,” issued in March 1991, and Study 2, “Elements of the Financial Statement of National Governments,” issued in July 1993. Study 8 builds on the discussions and definitions from Studies 1 and 2. Consistent with Studies 1 and 2, the primary focus of this Study is on financial reporting of national governments. However, the matters it addresses may be equally applicable for other levels of governments (state, provincial and local governments).

It is hoped that this Study will lead to improvements in financial reporting by governments and greater comparability of financial reports both within and between jurisdictions.

Study 9
Definition and Recognition of Revenues
Issued December 1996

This Study examines concepts, principles and issues related to the definitions and recognition of revenues in the general purpose financial statements of national governments and other non-business public sector entities. Specifically, this Study identifies and discusses the definition and classification of revenues, issues with certain types of revenue and the effect of different bases of accounting on the definition and recognition of revenues.

Information on revenues is important in assisting users to assess the financial condition and performance of governments. Comparing revenues with expenses
helps users to assess interperiod equity (that is, whether current revenues are sufficient to cover the costs of programs and services provided in the current period).


The primary focus of this Study is on the financial statements prepared for national governments and for the entities and units they establish for the delivery of goods and services and the achievement of government objectives. However, the matters it addresses may be equally applicable for other levels of governments (state, provincial and local governments).

**Study 10**

**Definition and Recognition of Expenses/Expenditures**

**Issued December 1996**

This Study examines the concepts, principles and issues related to the treatment of expenses/expenditures in general purpose financial statements of governments and other non-business public sector entities.

Governments are under growing pressures not only to manage their funds effectively, but also to show their management has been effective. To achieve this, governments need complete information about their expenses/expenditures in order to assess their revenue requirements, the sustainability of their programs and their flexibility.


The primary focus of this Study is on the financial statements prepared for national governments and for the entities and units they establish for the delivery of goods and services and the achievement of government objectives. However, the matters it addresses may be equally applicable for other levels of governments (state, provincial and local governments).

**Study 11**

**Governmental Financial Reporting: Accounting Issues and Practices**

**Issued May 2000**

This Study aims to assist governments at all levels in the identification of issues associated with financial reporting. Although some parts of the Study may relate to national governments only, other parts are applicable to all levels of government.
The Study contains a detailed description of both accrual and cash bases of accounting and provides examples of actual financial statements prepared under each basis. The document explains common practice within each basis of accounting, and provides examples of the variations within those bases. Governments wishing to change their basis of accounting or modify their accounting policies will be able to use this document as a source of information about a basis of accounting, including accounting policy issues associated with that basis and the format of financial statements prepared under that basis. This may assist governments in changing their basis of accounting and ultimately contribute to greater comparability within and between financial statements of governments.

**Study 12**

**Perspectives on Cost Accounting for Governments**  
**Issued September 2000**

This Study intends to aid government financial officers and other government accountants in their efforts to develop and implement cost accounting. It provides government perspectives on cost accounting not available elsewhere, but it is not an in-depth exposition of the subject of cost accounting. The Study includes the following:

- Descriptions of the extent of governmental uses of cost accounting, recent growth, and prospects for future growth.
- Explanations of cost concepts that are relevant to various management objectives.
- Discussions of accounting standards issues where the resolution may affect the values used in the cost accounting exercise.
- Descriptions of how specific concepts and processes might be applied in designing and implementing a cost accounting system.
- Discusses major issues of importance to senior management.

It is designed to help fill the void by providing reference material for governments on this important topic.

**Study 13**

**Governance in the Public Sector: A Governing Body Perspective**  
**Issued July 2001**

This Study outlines principles of governance and their application to public sector entities. Governance practices will need to be tailored according to the circumstances of individual public sector entities and the jurisdictions within which they operate. As entities develop and change over time, it will be necessary for the governing body, on an on-going basis, to review and amend governance practices. This Study aims to provide advice by defining common principles and recommendations concerning the governance of public sector entities in certain key areas. Its purpose
is to consider an appropriate framework from the perspective of the governing body to assist in ensuring an appropriate balance between freedom to manage, accountability and the legitimate interests of different stakeholders. The Study defines common principles and recommendations concerning the governance of public sector entities with the objective of providing guidance to assist these entities in developing or reviewing their governance practices in such a way to enable them to operate in a more effective, efficient and transparent manner.

**Study 14**

*Transition to the Accrual Basis of Accounting: Guidance for Governments and Government Entities*

*Issued April 2002, Second Edition Issued December 2003*

The Study provides guidance to help government entities intending to move to the accrual basis of accounting and present financial statements which comply with the accrual-based IPSASs.

It is separated into four parts:

Part I addresses general issues associated with the transition to accrual accounting, including factors influencing the nature and speed of the transition, options in respect of the transition paths, and the management of the transition process. It notes the importance of the identification, design and delivery of training programs, and the involvement of the external auditor in the development process. The potential impact of differing systems of government and the existing political environment on the transition process are also discussed.

Part II outlines the steps required to develop and approve accounting policies. It also identifies the types of issues that need to be addressed in identifying controlled entities for the purpose of preparing consolidated financial statements.

Part III considers the classes of assets, liabilities, revenues and expenses that occur in public sector entities. It outlines how these items should be defined, recognized, measured and disclosed in general purposes financial statements. The Study outlines the requirements of key IPSASs and other sources of relevant authoritative guidance, and the types of implementation tasks and issues that arise when complying with these requirements.

Part IV discusses implementation issues arising from a range of specific items, for example, cash, intangible assets, financial instruments, employee-related liabilities, liabilities arising from social policy obligations, non-exchange revenue and foreign currencies.
SUMMARY OF OTHER DOCUMENTS

Summary of main changes to the previous edition of Study 14

IPSASs Published

Subsequent to the publication of the first edition of Study 14 (issued in April 2002), three accrual-based IPSASs and the Cash Basis IPSAS have been issued. Study 14 (2nd edition) has been updated to reflect:

- International Public Sector Accounting Standard (IPSAS) 18, “Segment Reporting;”
- International Public Sector Accounting Standard (IPSAS) 19, “Provisions, Contingent Liabilities and Contingent Assets;”
- International Public Sector Accounting Standard (IPSAS) 20, “Related Party Disclosures;” and

References and Websites Updated

References and websites have been updated to link with the electronic address of the references used.

Others

The Study has also been updated to reflect other developments including:

- IPSASB has established two steering committees to prepare Invitation to Comment (ITCs) on revenue from non-exchange transactions (including taxes and transfers) and accounting for social policies of governments. Both these ITCs were issued in January 2004; and
- IPSASB has issued an exposure draft on impairment of assets.

Where the IPSASB has not addressed or developed guidance on particular issues, the Study has used examples from IASs. The Study has been updated to reflect recent Exposure Drafts and Standards published by the IASB.

Occasional Paper 1

Implementation of Accrual Accounting in Government: The New Zealand Experience

Issued October 1994

The New Zealand public sector experienced major reform in the late 1980s and early 1990s. This reform changed public sector management from a system based on compliance with detailed and restrictive rules and budget cash limits to a performance and accountability-based regime. The successful implementation of these reforms demanded considerable effort at both strategic and operational levels and led to fundamental and extensive changes in both the management of public
sector operations and also in the financial results of those operations. The New Zealand experience demonstrates that such change is not only possible but can also be highly successful.

This paper focuses on the move (migration was the colloquialism) by New Zealand government departments from cash to accrual accounting, and the project to produce the first set of Financial Statements for the New Zealand Government. The paper also attempts to draw out the key management issues in the implementation of full accrual accounting in a national government. The paper is written from the viewpoint of the Treasury which played a central role in the change.

Occasional Paper 2
Auditing Whole of Government Financial Statements: The New Zealand Experience
Issued October 1994

This paper describes the role played by the Audit Office in the development of the Crown financial statements. Following an explanation of the role of the Audit Office in New Zealand, the role played by the Audit Office is analyzed in terms of fundamental audit characteristics such as independence, criteria (in particular, accounting practices to provide a true and fair view in the absence of relevant accounting standards) and evidence. The audit and management processes involved in auditing the Crown financial statements—including planning, setting of materiality levels, project control, training and reporting—are then described. The paper concludes with lessons for other countries.

Occasional Paper 3
Perspectives on Accrual Accounting
Issued 1996

This paper aims to inform readers about a range of perspectives on accrual accounting from a number of contributors who have experience in implementing this accounting reform or who have observed its progress.

The IPSASB believes that by sharing perspectives of those who have been involved in the use of accrual accounting information for decision making purposes, others may gain insights into the value of this form of financial reporting to their own governments and other public sector entities.

The IPSASB deliberately set out to obtain the views of a wide range of people with a range of occupational backgrounds. The IPSASB also set out to focus on people who have experience of changing information outputs. The contributors to this paper are politicians, economists, academics, administrators and accountants.
Occasional Paper 4

The Delegation of Public Services in France: An original Method of Public Administration: Delegated Public Service
Issued September 2001

Government services can be provided in various ways. Usually they are delivered directly by government agencies. In some cases they can be contracted to private sector entities for them to deliver the public service under agreed conditions.

The public service can be said to be “delegated,” Such delegations occur, at the local authority level, in diverse fields such as water distribution, waste management and heating. Delegations are subject to special rules, and are contractual arrangements which balance the interests of the delegating authority and the private enterprise responsible for delivery of the service. Examples of collaborative arrangements of this type exist in other countries (Australia, Canada and New Zealand for example). This Occasional Paper describes the specific framework designed in France to manage the relationship between the parties and to ensure an adequate level of information and accountability.

Occasional Paper 5

Resource Accounting: Framework of Accounting Standard Setting in the UK Central Government Sector
Issued June 2002

The challenges for those moving to the accrual basis can be daunting. It can therefore be helpful for jurisdictions to know something of the issues, both anticipated and unanticipated, which have arisen in jurisdictions adopting the accrual basis and how those issues have been dealt with.

This paper considers the experiences of the United Kingdom, which decided to move to an accrual basis for both budgeting and financial reporting in 1995. It highlights some of the key arguments influencing the decision to adopt an accrual system, not just for financial reporting, but also for budgeting. It also locates accrual based budgeting and reporting in a wider performance management context. It particularly considers how the UK undertook the task of creating the infrastructure for accrual accounting and budgeting in the form of a standard-setting framework and an authoritative manual of accounting policies, principles and treatments.

Occasional Paper 6

Issued January 2003

This paper outlines the process of modernization of the French government accounting system that is currently underway. The paper is organized around three sections:
The current state of public sector accounting practices. This section outlines current practice. It explains that central government, national public establishments, local governments and social security funds do not follow the same accounting and budgetary practices. However, the present reform of central government accounting will lead to the adoption of uniform principles (including faithful representation, and the requirement to present a “true and fair view” of government accounts) and methods (accrual accounting), that French and foreign companies practice every day in their accounting systems.

The transition to accrual accounting: a goal for the near future. This section describes the consequences of the new Constitutional Bylaw 2001 on Budget Acts (known as the new Budgetary Constitution) on the government accounting system. The Budget Acts mandate the very clear distinction between accrual accounting and cash parliamentary appropriation. In France, a dual system will be applied: the national budget (appropriation) is and will continue to be expressed (and executed) on a modified cash basis, whereas the General Account of the Finance Administration (CGAF) (balance sheet and statement of revenue and expenditure) will be expressed on an accrual basis. The CGAFs (Compte général de l’administration des Finances) represent the financial statements of the central government.

Action: progress to date and future development. This section traces the progress made in the CGAF presentation since 1999. It outlines a description of the measures undertaken to develop and implement accrual accounting, including the evolution of the information system.

Occasional Paper 7

The Governmental Accounting System in Argentina
Issued January 2004

This Paper provides background to the development of the accounting profession in Argentina and its influence in the public sector. It also provides an overview of the evolution of the public sector accounting system in Argentina from the onset of the Argentine Confederation.

The cash basis of accounting was adopted in the public sector in Argentina in 1859. In 1947, the financial statements were modified to include recognition of expenses on a commitment basis. The Paper outlines the weaknesses in the public sector accounting system which led to subsequent reform of the Governmental Financial Administration and, consequently, the adoption of accrual accounting in 1993.

The Paper outlines challenges and issues that arose in data collection, practice and culture as part of the reform process. It also notes that the reform has brought about a positive impact in Government Financial Administration, including an increase in efficiency and effectiveness in public administration, and delivered more accurate information to support political decision-making.
Finally, the Paper outlines anticipated future developments in the Governmental Accounting System. These include improving management accounting in the public sector to further enhance decision-making, consolidating all public sector entities, creating a continuous training program for public sector employees and harmonizing the Argentine public sector generally accepted accounting principles with International Public Sector Accounting Standards (IPSASs).

**Information Paper**

**The Road to Accrual Accounting in the United States of America**

*Published March 2006*

This information paper considers the experiences of the United States of America in its movement to accrual accounting. It outlines the development of administrative arrangements for formal standards setting over 70 years at the local, state and federal Government levels in the US and highlights key factors shaping the standards setting structure. It also provides a detailed overview of the conversion to accrual accounting by state and local governments, the standards issued by the Government Accounting Standards Board to lead and support that conversion, and identifies key milestones in the conversion process.