

Experiences from the IPSASB Conceptual Framework

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FEE Roundtable: Shaping European public
sector accounting: A conceptual framework - an
imperative?

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Brief background on IPSASB project

- Absence of Framework a significant gap in literature
 - Identified in 2013 Eurostat report on IPSAS suitability
- Initiated late 2006
- Originally collaborative with national standard setters and finance ministries
- Accelerated late 2009
- First four chapters issued: January 2013
- Final approval: September 2014

Purpose, scope and status (1)

- Establishes concepts that underpin general purpose financial reporting by public sector entities on accrual basis
- Just financial statements or broader financial reporting?
 - IPSASB: Broad scope but elements, recognition and measurement limited to financial statements
- For both standard setters and preparers?
 - Guidance for preparers where no standard?
 - Reserve some parts for standard setter?
 - IPSAS and “Other Economic Phenomena”

Purpose, scope and status (2)

- Authoritative or Non-Authoritative?
 - IPSASB: Non-authoritative and does not override requirements of Standards (IPSASs) or Guidance (RPGs)
 - IPSASs not automatically updated by Framework
 - Program of updating likely in future
 - Implications of EPSAS legislative framework
- Overriding the Framework in standard setting
 - Accountability of standard setter
 - Explain departures

Phasing and development responsibilities

- Big bang or phased?
 - IPSASB: Four phases
 1. Role and authority, objectives and users, qualitative characteristics & reporting entity
 2. Elements and Recognition
 3. Measurement
 4. Presentation
- Use of existing sources
- In-house/outsourced development and coordination

Due process and timetable

- Consultation process
 - Consultation Papers
 - Generally 6 month comment period
 - Exposure Drafts
 - Generally 6 month comment period
- Analysis of comments
- Phased process extends timetable
 - Enables linkages to be made

Identifying key public sector characteristics with impact on concepts

- Primary service delivery objective
- Nature and purpose of assets
- Volume and significance of non-exchange transactions
- Financing through compulsory transfers
- Importance of approved budget
- Longevity of public sector and nature of programs
- Regulatory role
- Relationship to ESA

A few conceptual issues (1)

- Primary Users
 - Service recipients and resource providers and their representatives
 - Parliamentarians/Legislators?
- Qualitative Characteristics
 - Prudence?
 - Reliability?
 - Fundamental v Enhancing

A few conceptual issues (2)

- Elements
 - Deferred flows
- Measurement
 - Historical cost and current values?
 - Fair value?

Final words

- An imperative for a mature standard setter
- Not just an academic exercise
- A powerful tool
- Don't underestimate overall time
- Sound due process essential
- Coordination important



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