Recent developments in International Public Sector Accounting Standards (IPSAS)

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1. Focus on the Conceptual Framework Initiative by the IPSAS Board

Everyone who is frequently dealing with the IPSAS, knows that the (the lack of) conceptual framework is one of the main issues concerning the success of IPSAS. Therefore, the IPSASBoard is accelerating its efforts in the development of the *Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities* (the “Framework”). They recently made this announcement in the latest IFAC newsletter May 25, 2010. The development of the “Framework” is the IPSASB's most important project over the next three years. During this initiative the main target is identifying and explaining the concepts, definitions and principles underpinning IPSASs.

It is a project that will take place in four stages and has started in 2006.
“1. Reviewing the responses (now over 50) from stakeholders to the Consultation Paper *Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities: The Objectives of Financial Reporting; The Scope of Financial Reporting; The Qualitative Characteristics of Information Included in General Purpose Financial Reports; The Reporting Entity*.
2. Discussing issues related to the definition and recognition of elements
3. Discussing issues related to measurement
4. Discussing issues related to presentation and disclosure, “so the IPSASB says.

Hopefully, the ‘Framework’ will meet the different user needs (citizens, credit institutions, oversight bodies, employees, suppliers, etc.) so that the standards will lead to financial reporting the users expect.

2. New standards IPSAS 27-31

In the past few months the IPSASB introduced five new IPSAS standards:

• IPSAS 27 Agriculture: As based on IAS 41, this standard focuses on assets in the agricultural sector including livestock, plantations, fruit trees, as well as the agricultural products achieved, e.g. milk, wool, fruit, wood, ... As inspired by the IAS / IFRS perspective, the rule in this standard is one of fair value in measuring assets and products.

Following three standards are all about the accounting rules for financial instruments. These standards are fully based on the principles of IAS / IFRS.

• IPSAS 28 Financial Instruments- Presentation: the goal here is to establish requirements for the classification and presentation of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and net assets / equity.

• IPSAS 29 Financial Instruments: Recognition and Measurement: it is about recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

• IPSAS 30 Financial Instruments: Disclosures: this standard prescribes disclosure requirements for financial assets, financial liabilities and net assets / equity, the risks associated with holding financial instruments and the strategy of the entity to absorb these risks.

These three standards cover more than 360 pages and undoubtedly many aspects of them are relevant for governments. On the other hand, one can question somehow their relevance and applicability within the public sector. They focus on businesslike characteristics and provide much less insight on the perspective of macroeconomics and public finance.

• IPSAS 31 Intangible Assets: This standard is based on IAS 38 for companies where some concepts of governments were integrated. Unlike companies this standard will also focus on government licenses, "broadcasting' rights, etc. To an important extent this standard is in line with the previous standard IPSAS 17 Property, plant and equipment.