

International Federation of Accountants

**Introduction to IPSASB Project and Purpose of the
Day: IPSASB Perspective**

**Joint OECD-IPSASB Seminar on the Long-Term
Sustainability of Public Finances**

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and Chair of IPSASB Task Force

Paris: March 10th 2010



Introduction to IPSASB Project

- Arose from IPSASB work on social benefits/social policy obligations
- Reinforced by consideration of objectives of financial reporting
- Task Force accessing different skills and professions established in 2006
- How financial reporting might use information on the fiscal sustainability/sustainability of public finances
- No intention or competence to dictate/recommend how sustainability projections are made
- Consultation Paper issued: November 2009 with consultation period until April 30 2010

Composition of Task Force overseeing project

- Chaired by Ian Carruthers
- Includes Members from:
 - Eurostat
 - French Cour des Comptes
 - Swiss Federal Ministry of Finance
 - Swedish Audit Office
 - Australian Department of Finance and Deregulation
 - Canadian Public Sector Accounting Board
 - New Zealand Treasury
 - US Federal Accounting Standards Advisory Board
 - Organisation for Economic Co-operation and Development
 - International Monetary Fund

Purpose of Day: IPSASB Perspective

- Raise awareness of the Consultation Paper and Preliminary Views
- Encourage responses
- Interact with and get views from economists, budget specialists & statistical accountants
- Obtain views on the proposed approaches
- Learn from participants

Consultation Paper: Preliminary Views (1)

1. Presentation of information on long-term fiscal sustainability necessary to meet objectives of financial reporting
2. Presentation of information on long-term fiscal sustainability through additional statements or narrative reporting
3. Guidance based on concept of reporting entity & recommended practice for consolidated reports at all levels of government

Consultation Paper: Preliminary Views (2)

4. Selection of long-term fiscal sustainability indicators based on (a) relevance to entity, (b) extent to which indicators meet qualitative characteristics, and (c) ability to describe scale of fiscal challenge. Provision of comparative information and disclosure of reasons for ceasing to report previously reported indicators.

5. Disclosure of:
 - Deviations from principle of projections based on current policy
 - Basis on which projections of inflows from taxation and other material revenue sources have been made
 - Other key assumptions underpinning projections
 - Details of key aspects of governing legislation & regulation and underlying macro-economic policy and fiscal framework

Consultation Paper: Preliminary Views (3)

6. Disclosure of:

- Time horizons for projections presented or discussed in GFRs, as well as reasons for modifying time horizons and any published plans to modify
- Discount rates and reason for selection
- Results of key sensitivity analyses
- Steps taken to ensure that projections are reliable.

7. Guidance should recommend that (a) underlying projections should have been prepared or updated within 5 years of reporting date, and (b) the date of preparation or update should be disclosed