

2019-23 Strategy and Work Plan Consultation

Europe Roundtable

Accountancy Europe Offices
Brussels, Belgium
28th March 2018

Session 1: Event Introduction and Overview

Accountancy Europe Introduction
and Welcome

Agenda

Table Group Introductions

Opening and welcome

Thomas Müller-Marqués Berger,
Accountancy Europe, Public Sector
Group, Chair



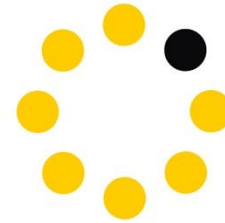
**ACCOUNTANCY
EUROPE.**

WE REPRESENT ACCOUNTANTS, AUDITORS & ADVISORS.

Accountancy Europe is the new name of the
Federation of the European Accountants



**Close to 1 million
professionals**



**28 EU
Member States**



51 institutes



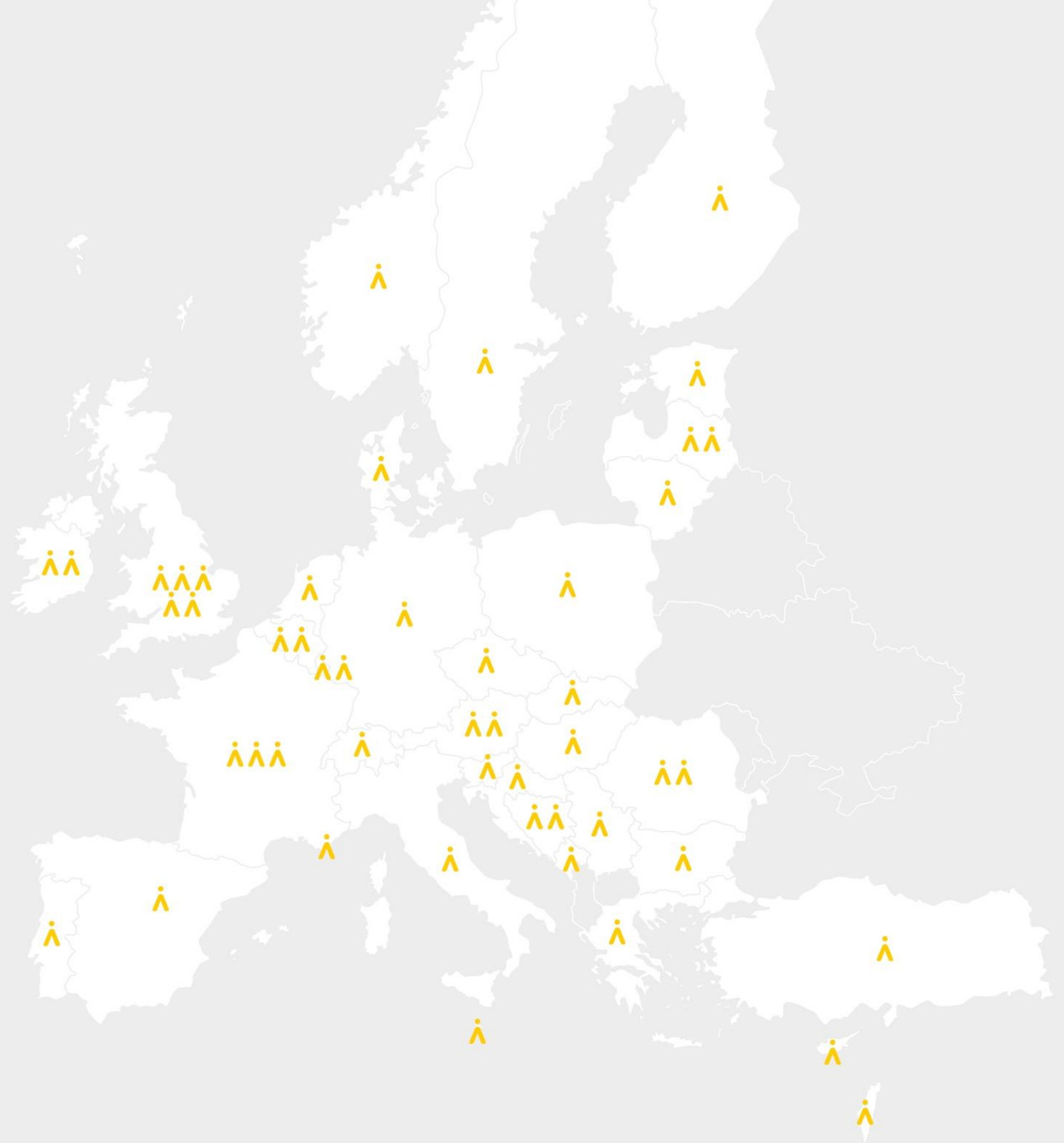
37 countries



**ACCOUNTANCY
EUROPE.**



**BECAUSE
MEMBERS
COUNT.**



Accountancy Europe's overall strategy 2017-2018

Ensure transparency

- **Tax transparency**
- Future of reporting incl.: <IR> & SMEs reporting

Promote trust & integrity

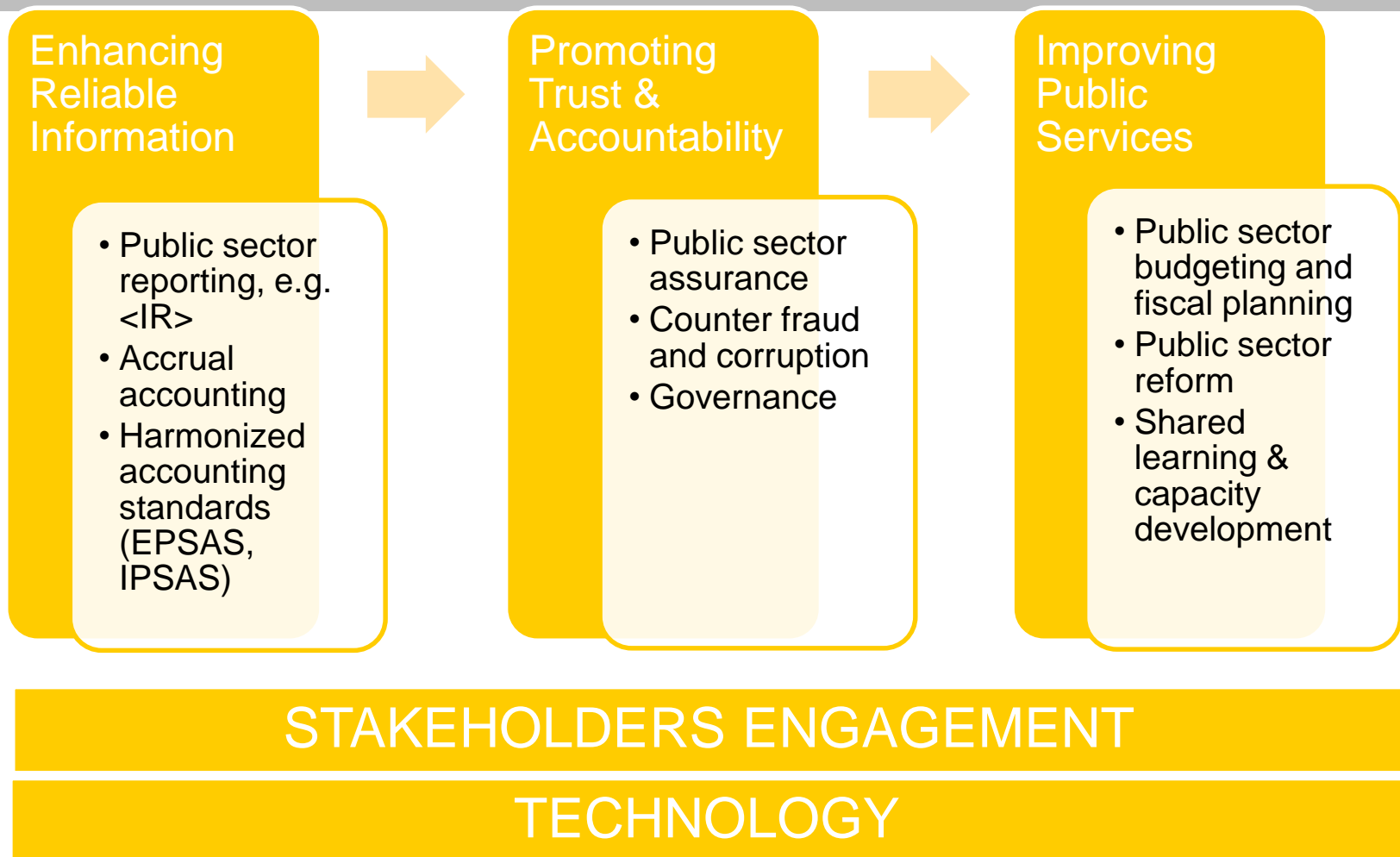
- **Future of audit**
- Assurance services in tax and SMEs
- Audit quality
- AML, anti-terrorist, corruption

Support a sustainable economy

- **Tax policy** (public finance)
- ESG reporting and assurance
- CMU, insolvency
- Public finance (monitor accounting)

Technology

PSG Strategy 2017-2018: Sustainable Public Finance



Stimulating the accruals debate

- Series of 6 events since 2014
- Roundtable “Sovereign debt crisis: How can accounting be (part of) the solution?” June 2016
- Roundtable “Public sector reform: Reporting and auditing accrual based accounts” June 2017
 - Latest trends in public sector reporting: EPSAS, IPSAS, Integrated Reporting, “Core & More” concept
 - Accrual accounting: The role of the auditors

Contributing to the EPSAS debate

- EC initiative since 2013
- Publications: issues paper, briefing paper, consultation responses
- Participation in EPSAS Working Group and Cells
- Speaking engagements

Accountancy Europe on EPSAS

- Global solution preferred

EPSAS risks

- Isolation of the EU on global financial markets
- Duplication of work
- Long process
- Political interference

EPSAS conditions

- Transparent
- Independent
- Well-explained
- Close to IPSAS/IFRS
- Consistently applied

Investing in IPSAS development

- Input to IPSASB consultations
- Member of IPSASB CAG
- Joint meetings
- Happy to host “IPSASB’s 2019-23 Strategy and Work Plan”

**BECAUSE
QUESTIONS
COUNT.**



**ACCOUNTANCY
EUROPE.**

Agenda

Session 1:

- Event Introduction and Overview

Session 2:

- 2019-2023 Strategy: Objective and Strategic Themes
- Ian Carruthers

Session 3:

- Work Plan: Standard Setting Priorities
- Marc Wermuth
- Sebastian Heintges

Session 4:

- Work Plan: IPSAS Adoption and Raising Accrual Awareness
- Bernhard Schatz
- Francesco Capalbo

Session 5:

- Broader Financial Reporting- Public Sector
- Ian Carruthers
- John Stanford

Session 6:

- Summary and Close
- Ian Carruthers

Table Group Introductions

- Name and organisation
- Reason for attending

Session 2: Current IPSASB Strategic Objective

Strengthening Public Financial Management and knowledge globally through increasing adoption of accrual-based IPSASs by:

- Developing high-quality financial reporting standards
- Developing other publications for the public sector
- Raising awareness of the IPSASs and the benefits of their adoption

2019-2023 Strategy and Work Plan: Proposed Strategic Objective

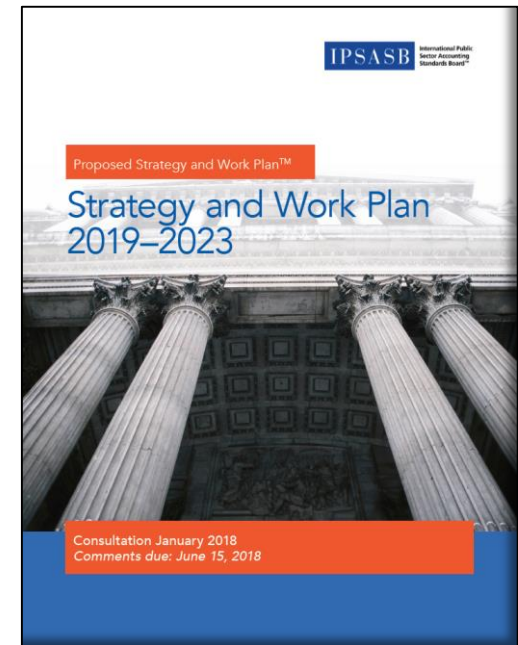
Strengthening Public Financial Management (PFM) globally through increasing adoption of accrual-based IPSAS.



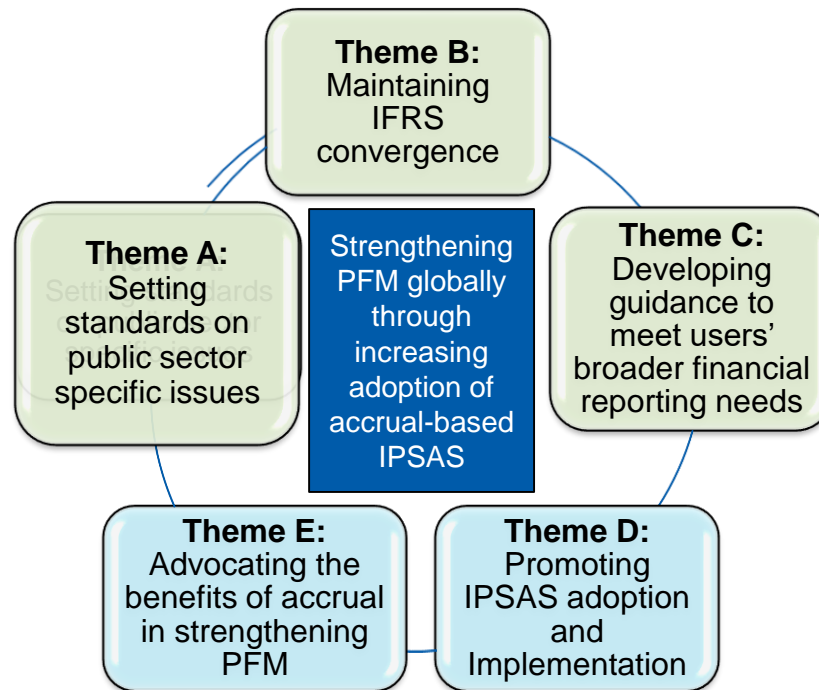
This Strategic Objective will be delivered through two main areas of activity both of which have a public interest focus:

Developing IPSAS and other high-quality financial reporting guidance for the public sector; and

Raising awareness of IPSAS and the benefits of their adoption.



Session 2: 2019–2023 Strategic Themes



Session 2: 2019-2023 Strategic Objective and Strategic Themes–Table Discussions

SMC 1

- Do you agree with the IPSASB’s proposed Strategic Objective 2019-2023?

SMC 2

- Do you agree with the 5 proposed Strategic Themes?
 - Additional reasons not already discussed?
 - Any proposed alternatives, and why?

20 minutes (total)

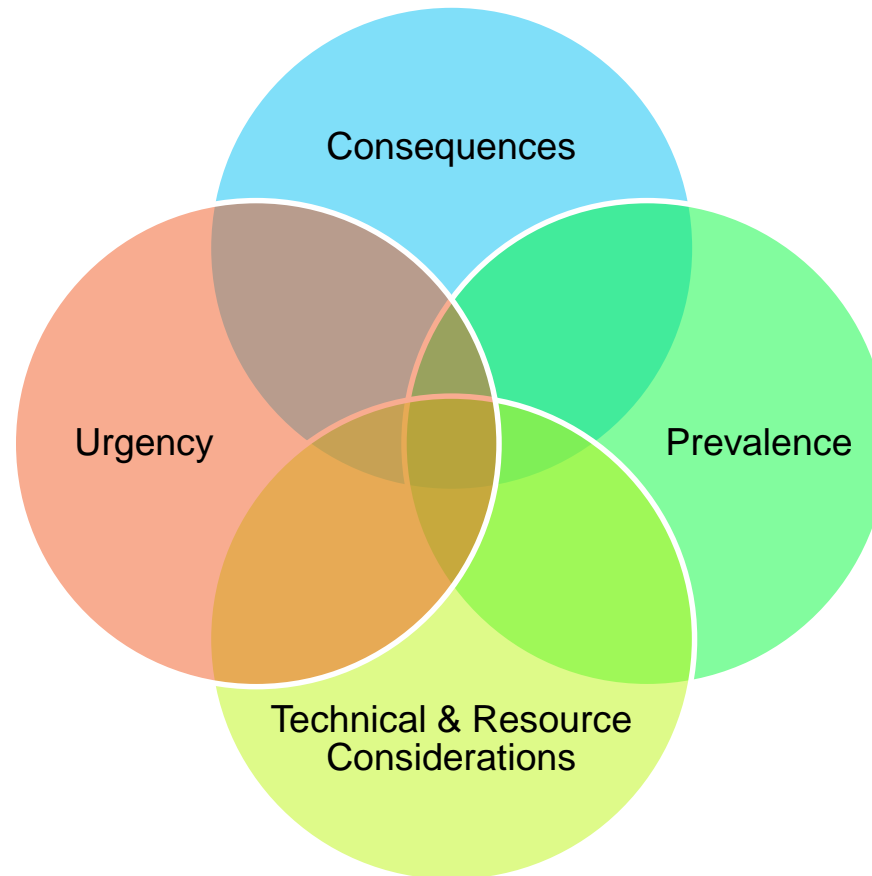
BREAK

Session 3: Work Plan–Standard Setting Priorities

Current Work Plan

Project	Public sector specific	IFRS convergence
Social Benefits	✓	
Revenue	✓	✓
Non-Exchange Expenses	✓	✓
Financial Instruments	✓	✓
Leases	✓	✓
Public Sector Measurement	✓	
Heritage	✓	
Infrastructure Assets	✓	

Session 3: Criteria for Project Prioritization

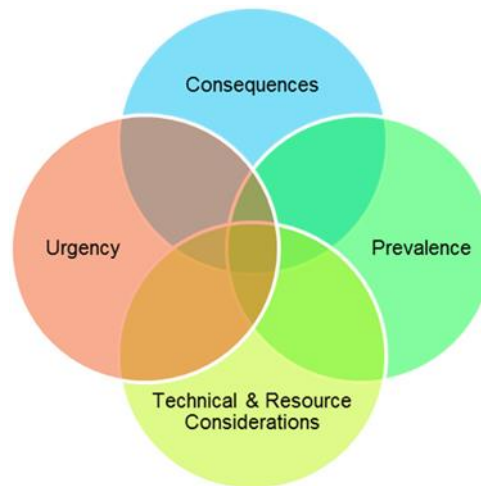


Session 3: Table Discussions on Criteria for Project Prioritization

SMC 3

- Do you agree with the criteria used for prioritising the proposed projects?
 - If not, proposed alternatives, and why?

10 minutes



Session 3: Projects Proposed for Addition to the Work Plan 2019-2023

Theme A: Public Sector Specific

Natural Resources

Discount Rates

Differential Reporting

Limited Review of the Conceptual Framework

Accounting for Tax Expenditures

Military Assets

Intangible Assets – Public Sector Specific

Sovereign Powers & Impact on Financial Reporting

IPSAS 22, Disclosure Gen Govt Sector

Asset Retirement Obligations

Theme B: IFRS Convergence

Update of IPSAS 18, Segment Reporting

IASB 'catch up' (narrow scope projects)

IPSAS 1, Presentation of Financial Statements

IPSAS 20, Related Party Transactions

IFRS 5, Non Current Assets Held for Sale and Discontinued Operations

IFRS 6, Exploration for and Evaluation of Mineral Resources

IFRS 14, Regulatory Deferral Accounts

IFRS 17, Insurance Contracts

IAS 34, Interim Financial Reporting

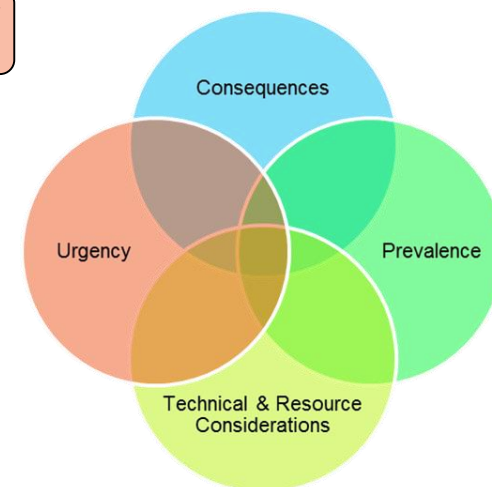
Theme C: Broader Reporting

Revising RPG 1, Long-Term Sustainability of an Entity's Finances

IASB Initiative – Better Communication in Financial Reporting

Defining Public Sector Key Financial Performance Indicators

Public Sector Guidance for Cost Accounting



Session 3: Table Discussions on Strategic Themes A & B—Proposed Projects

SMC 4

- Theme A: Setting standards on public sector specific issues - Do you agree with the prioritised projects?
 - If not, proposed alternatives, and why?

20 minutes

Session 3: Table Discussions on Strategic Themes A & B—Proposed Projects

SMC 5

- Theme B: Maintaining IFRS convergence - Do you agree with the prioritised major project?
 - If not, proposed alternative, and why?

15 minutes

LUNCH

Session 4: Accrual Adoption by Governments: Current Position

Current Financial Reporting Basis
for the Federal / Central Government

Accrual

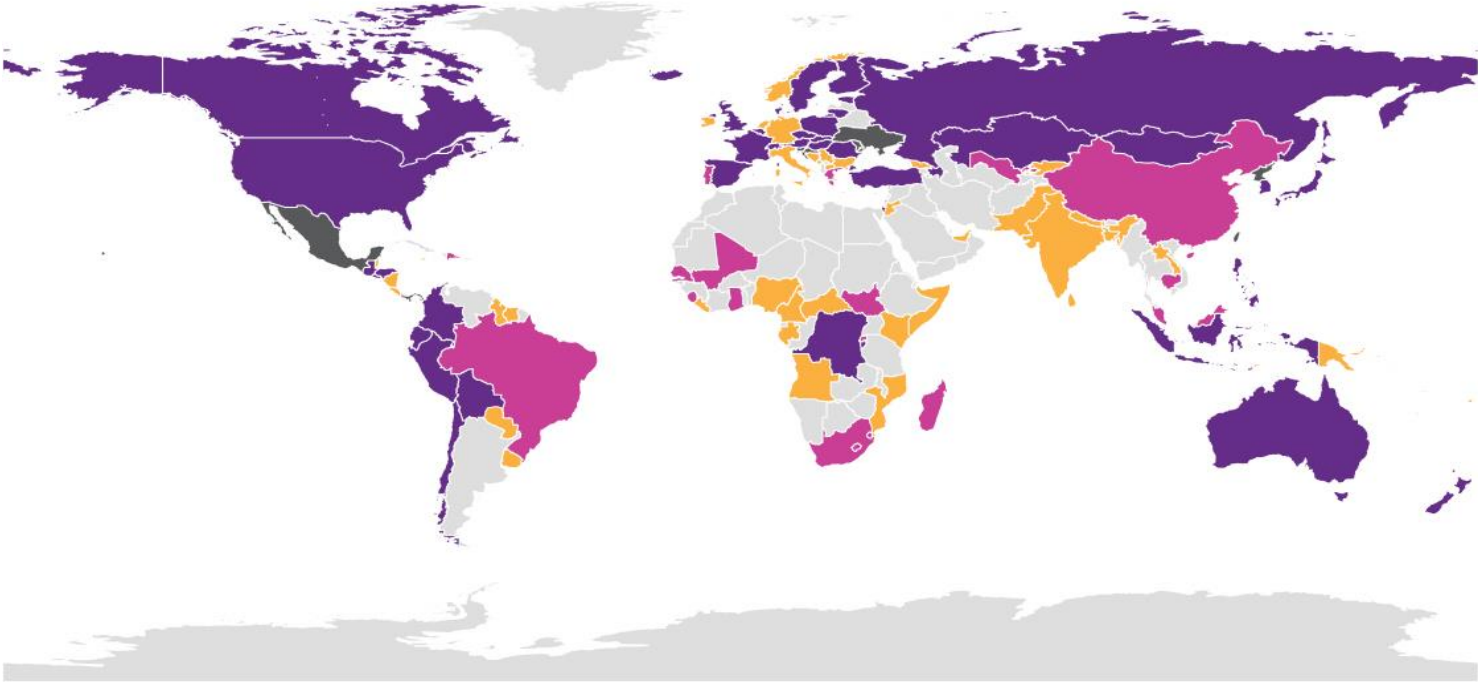
Cash transitioning to accrual

Cash

Other

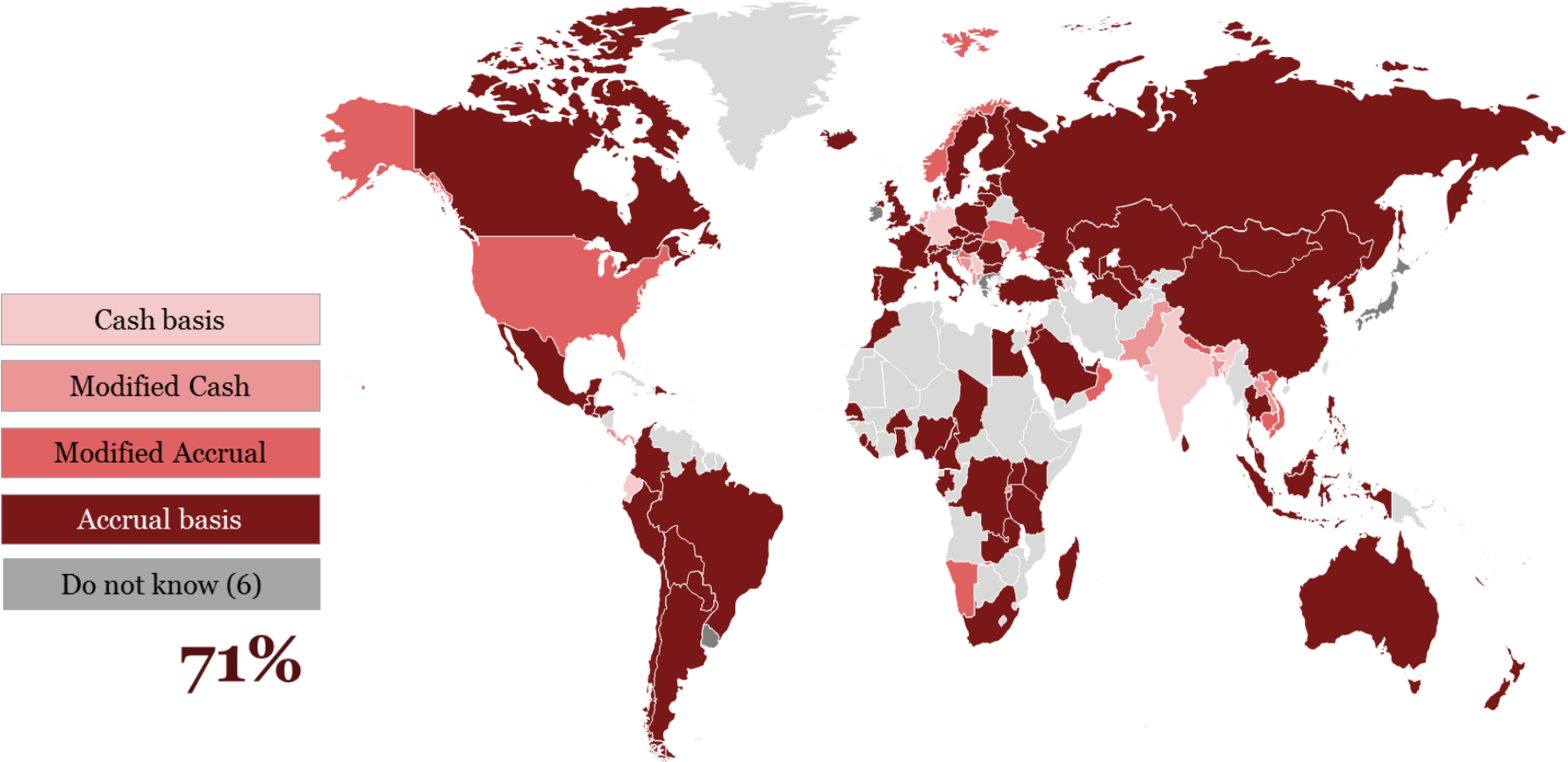
Missing

Across 140 countries = 38%



Session 4: Accrual implementation–Future Outlook

Trend toward accrual accounting is clear.....



Source: PWC Global Survey on Accounting and Reporting by Central Governments (2nd edition)

Session 4: Theme D–Promoting IPSAS adoption and implementation

- PFM reform landscape within individual jurisdictions is complex, and the IPSASB’s role is more limited than other groups

Type of Support	Entity Staff	Consultants / Contractors	Supranational & Regional Organizations	IPSASB
Promotion	✓	✓	✓	✓
Technical Guidance	✓		✓	✓
Financial	✓		✓	
Practical / Technical	✓	✓	✓	
Capacity Development	✓	✓	✓	

- Promotion
 - Active outreach programme – Chair, Members, TAs, CAG
- Technical Guidance
 - ‘At a Glance’ summaries
 - Webinars
 - Staff Papers / Q&A

Session 4: Theme D Example: IPSASB work in relation to EPSAS

- Observing and contributing to EPSAS events
 - Early project group meetings
 - Brussels conference
 - EPSAS Working Group meetings
- Participation in EPSAS ‘Cells’
 - First Time Adoption
 - EPSAS Governance
 - EPSAS Principles
- Regular updates to IPSASB from EPSAS staff and vice versa
- Cooperation with EPSAS project team

Session 4: Table Discussion on Strategic Theme D

Proposed Approach

SMC 7

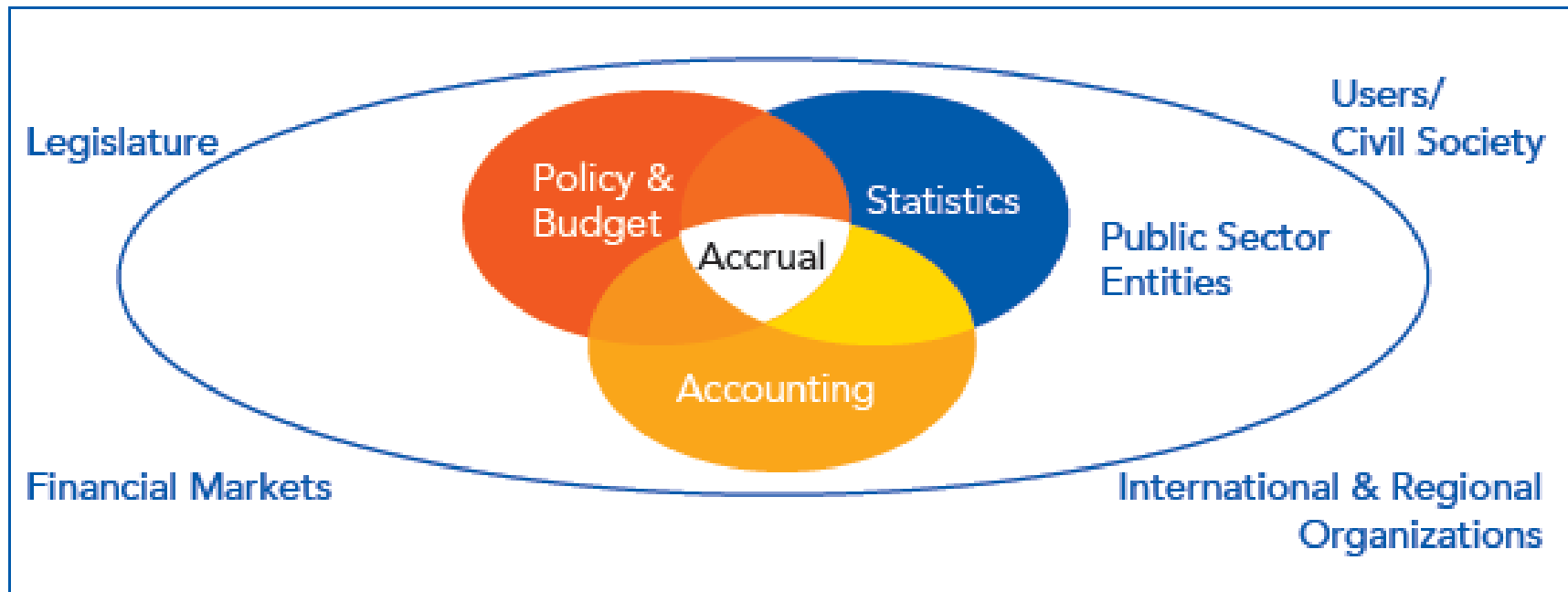
- Do you agree with the IPSASB's proposed approach for Theme D?
 - If not, proposed alternatives, and why?

15 minutes

Session 4: Theme E—Advocating the benefits of accrual in strengthening PFM

In order to maximize the benefits of accrual-based information, it should be used for as many purposes as possible:

Uses/Users of accrual in PFM



Session 4: Theme E–Advocating the benefits of accrual in strengthening PFM

Build relationships with key international organisations and donors – IMF, World Bank, OECD, regional development banks, etc

Raise awareness among other potential advocates – capital markets, ratings agencies, civil society groups, INTOSAI

Participate in key events and engage in the work of others in the PFM space

Encourage development of accrual impact evidence base – key role of academic community

Contribute to guidance development by other professional groups e.g. Government Finance Statistics (GFS)

Session 4: Table Discussion on Strategic Theme E

Proposed Approach

SMC 7

- Do you agree with the IPSASB's proposed approach for Theme E?
 - If not, proposed alternatives, and why?
 - Additional initiatives which the IPSASB should monitor and/or engage with?

20 minutes

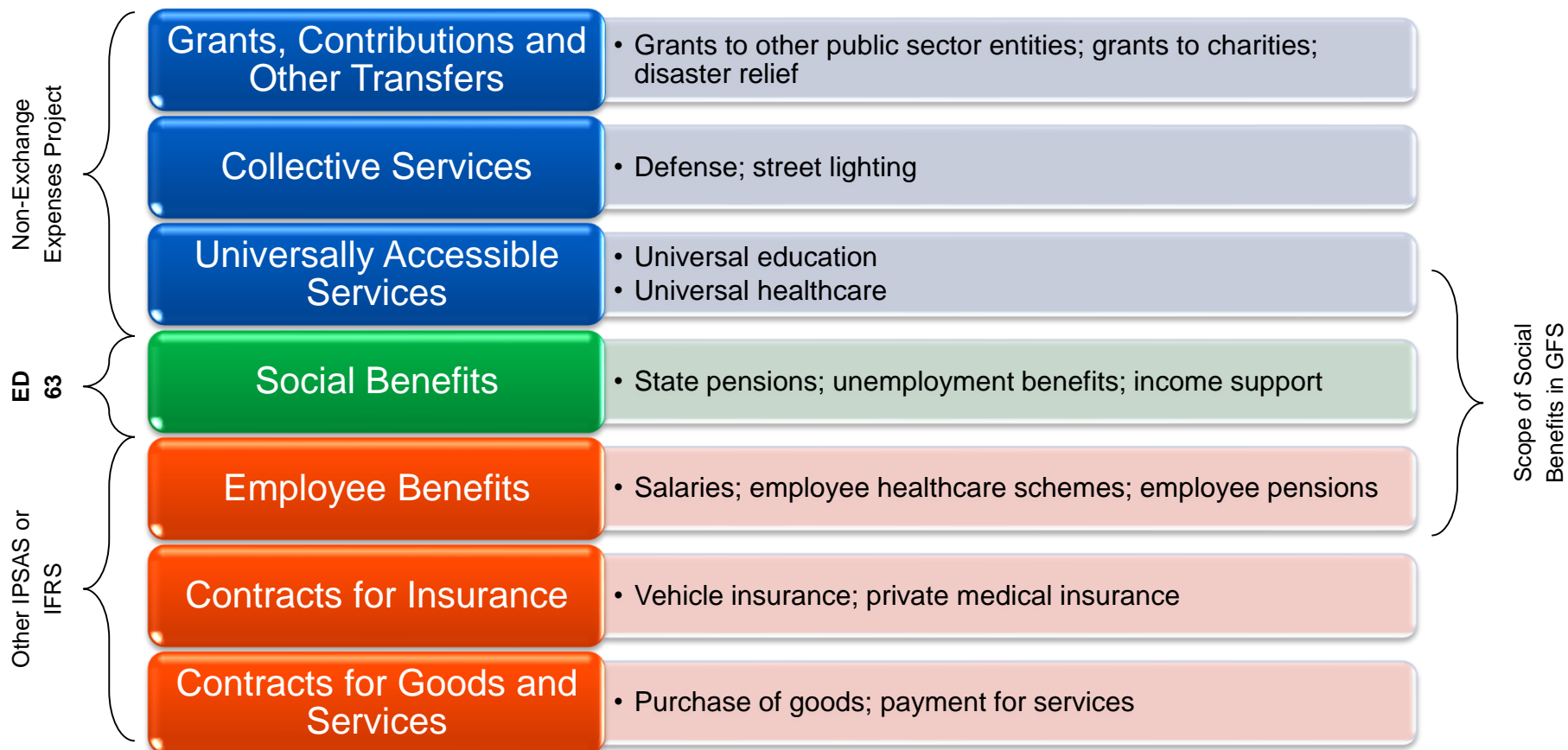
BREAK

Session 5: Broader Financial Reporting in the Public Sector

Theme C – *Developing guidance to meet users' broader financial reporting needs*

- No projects currently proposed given other priorities
- IPSASB proposes to monitor developments in the broader narrative reporting area, and to input as appropriate
 - Specifically, monitor progress related to Integrated Reporting <IR>, the Corporate Reporting Dialogue and the IASB's project on Better Communication in Financial Reporting.
- Consider further work on Long-term Financial Sustainability in context of ED 63 *Social Benefits* responses
- Consider need for specific projects through 2020 mid-period review.

Session 5: Theme C Potential Linkage to Social Benefits Project - Coverage



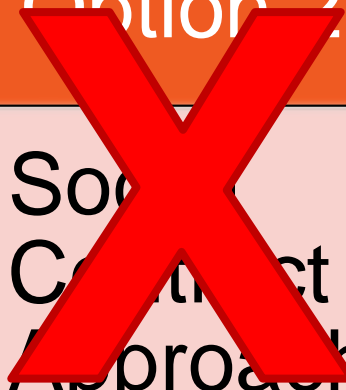
Session 5: Social Benefits CP–Recognition and measurement options

Option 1

- Obligating Event Approach

Option 2

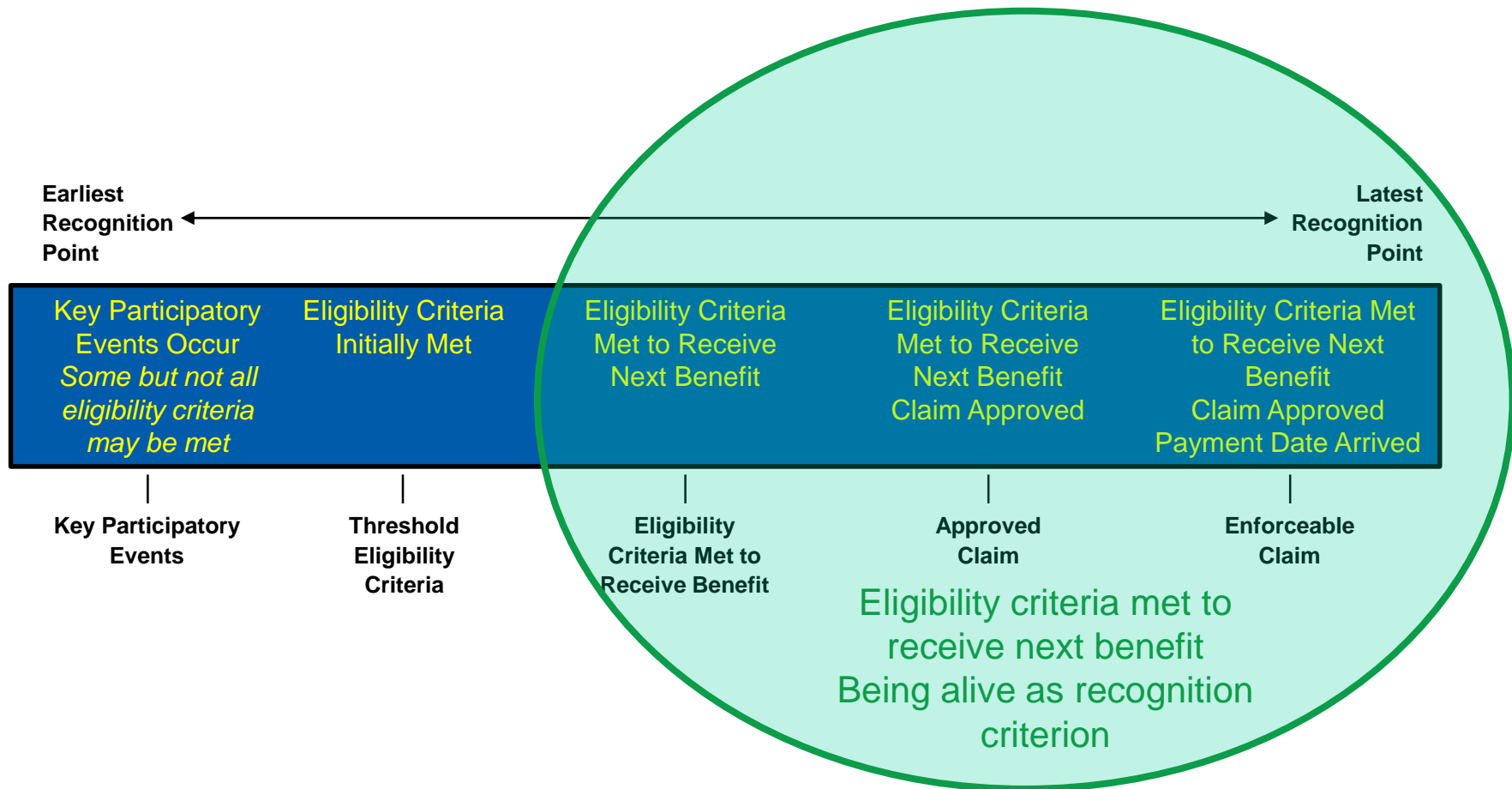
- Social Contract Approach



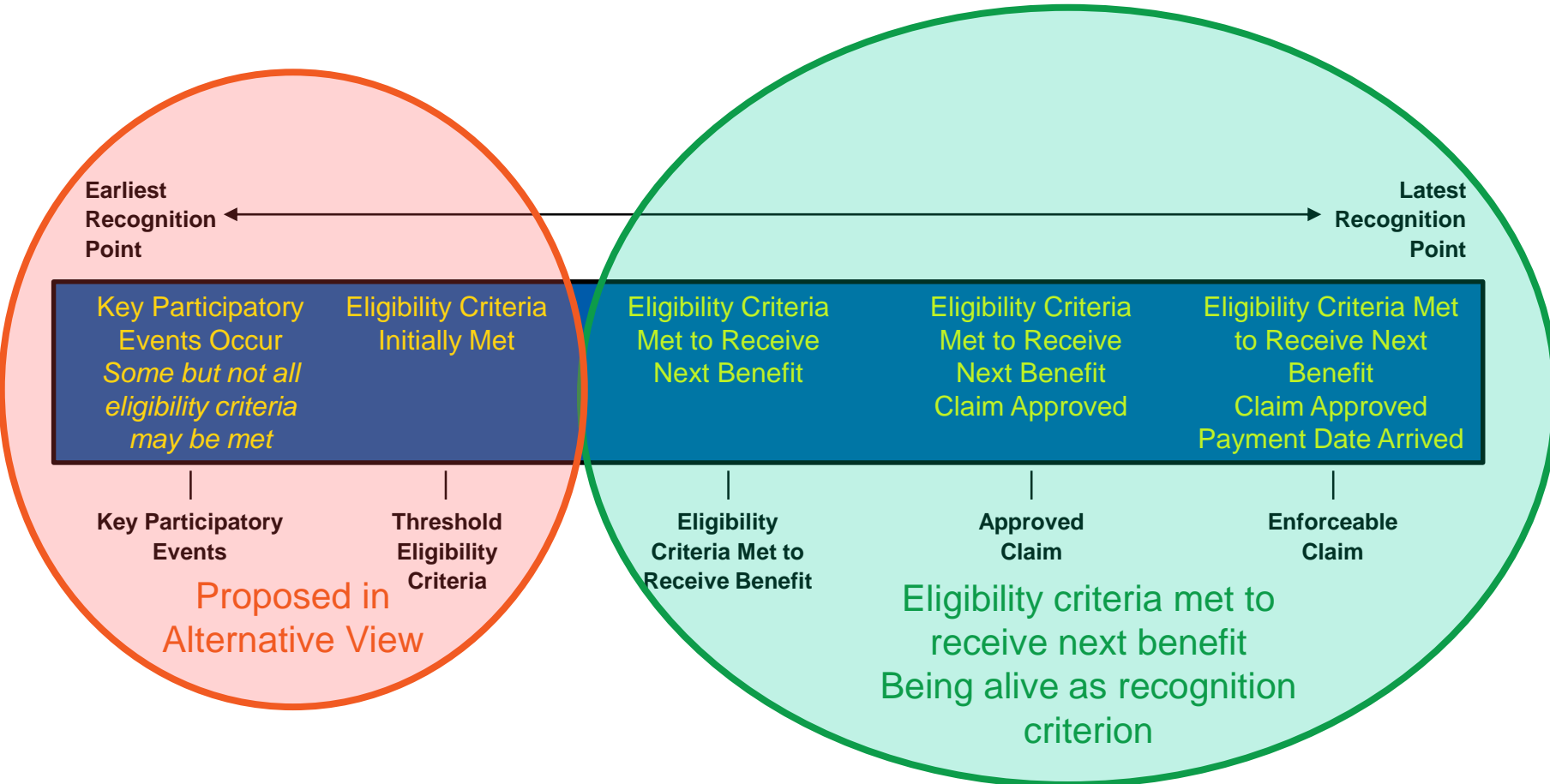
Option 3

- Insurance Approach (optional)


Session 5: Social Benefits ED—Obligating event approach



Session 5: Social Benefits ED–Obligating event approach AV

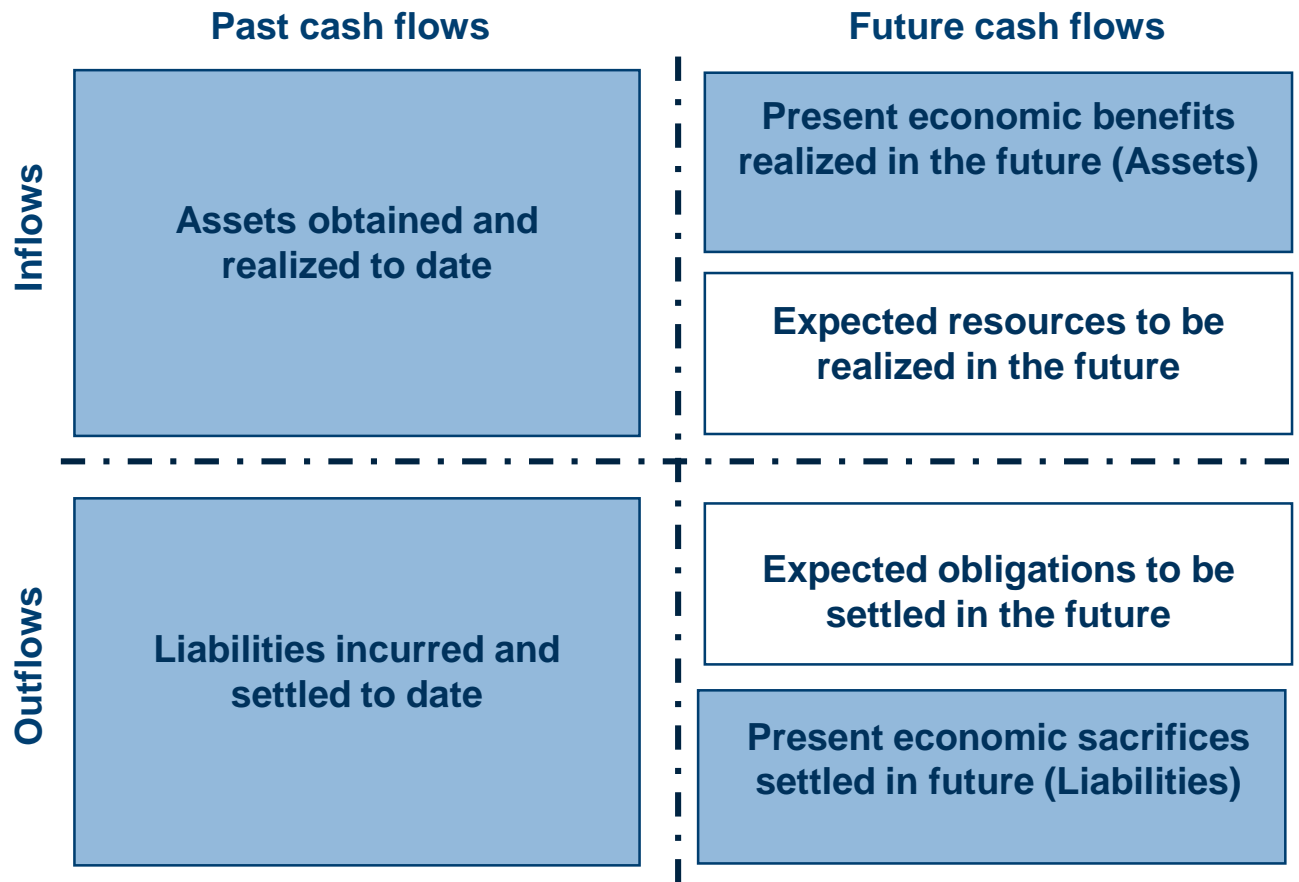


Session 5: Obligating Event Approach—Disclosures



Characteristics of Social Benefit Schemes	<ul style="list-style-type: none">• Nature of social benefits provided• Key features of social benefit scheme• Description of funding• Description of significant amendments
Amounts in the Financial Statements	<ul style="list-style-type: none">• Total expense recognized (not extending beyond point which eligibility next required to be satisfied)• Reconciliation from the opening balance to the closing balance of the liability
Explanation of Future Cash Flows	<ul style="list-style-type: none">• Best estimate of the undiscounted projected cash outflows• Key assumptions used

Session 5: Social benefits–Balance sheet as basis for financial sustainability projections



Session 5: Table Discussions

Social Benefits Recognition & Potential Theme C Link

Question 1

- Obligating event: Do you agree with IPSASBs proposed recognition approach (the green option)?

Question 2

- Do you think that reporting on long term financial sustainability should be mandatory?

20 minutes (total)

Session 6: Summary and Close

Summary of
Key Points

Thanks!

Please take the time to submit formal
comments – **June 15th deadline**

The IPSASB needs your input!

Closing Remarks

Thomas Müller-Marqués Berger,
Accountancy Europe, Public Sector
Group, Chair

IPSASB over the years

- Advice on 2015 – 2019 strategy
 - Concentrate on standard setting and fill gaps
 - Build on existing best practices
 - Focus on accruals based standards
 - Promote the use of accruals
 - Conceptual framework is important
- Advice on 2019 – 2023 strategy coming

Stay connected



www.accountancyeurope.eu



**Connect with European
Professional Accountants**



@AccountancyEU

@AccountancySME

