

# The IPSASB's recent strategies: opportunities for academics and standard-setters

Recent strategies of the IPSASB

Gwenda Jensen

*IPSASB Technical Department, International Federation of Accountants, Toronto, Canada*

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## Abstract

**Purpose** – The purpose of this article is to contribute to an ongoing dialogue between practitioners and academics. This article describes the International Public Sector Accounting Standards Board (IPSASB) recent strategies and highlights the IPSASB's increasing outreach to academics.

**Design/methodology/approach** – This is a practitioner's viewpoint which reflects the IPSASB's publicly available documents, and the opinions of a practitioner directly involved in the IPSASB's work and International Public Sector Accounting Standards (IPSAS) development.

**Findings** – The findings are that the IPSASB has increased its outreach to academics and now academics have more opportunities to engage with the IPSASB and IPSAS developments. The IPSASB's strategy has remained relatively constant over time, focusing on IPSAS to address public sector-specific issues, alignment with the International Financial Reporting Standards (IFRS) and reduction of differences between IPSAS and Government Finance Statistics (GFS) reporting guidelines.

**Research limitations/implications** – The limitations of this article (which are also its strength in terms of fitness for purpose) are that as a practitioner's viewpoint it provides a brief overview and personal judgments, rather than an empirical analysis of developments applying a theoretical framework.

**Practical implications** – The practical implications were IPSASB's increased outreach to the research community providing opportunities for academics to have increased input into IPSAS development, with likely benefits to researchers and the IPSASB.

**Social implications** – Practitioners' engagement with academics supports increased understanding of the respective views leading to better outcomes for practitioners and academics working in the area of public sector financial reporting and its regulation.

**Originality/value** – This article is the first to (a) describe the IPSASB's increasing outreach to academics during 2019–2020 and (b) compare the IPSASB's strategies for the period of 2019–2023, with its strategies since the beginning of IPSAS developments in 1996–1997.

**Keywords** Financial reporting, Strategies, IPSAS, IPSASB, Accounting standard setting

**Paper type** Viewpoint

## Introduction

The International Public Sector Accounting Standards Board (IPSASB) has a central role with respect to public sector financial reporting. One study reports that 65% of governments will use accrual-based reporting by 2023, and International Public Sector Accounting Standards (IPSAS) will be applied –through adoption or reference– by the majority of those governments (CIPFA IFAC, 2018). Academics' interest in the IPSASB is increasing accordingly.

This article describes the IPSASB's recent strategies and highlights that the relationship between the IPSASB and academia is changing, with opportunities for both [1].

## The IPSASB's Strategy—2019 to 2023

The *Strategy and Work Plan. Delivering Global Standards. Inspiring Implementation (Strategy and Work Plan)* includes its strategy, achievements, work plan and links to policy papers and Public Interest Committee and Consultative Advisory Group (CAG) websites



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(IPSASB, 2019a). It reflects extensive input from stakeholders, over three years; 2016–2018 (IPSASB, 2019a).

The IPSASB's objective is to strengthen public financial management globally through increasing adoption of accrual-based IPSAS. This involves two activities –standard setting and outreach– and five strategic themes, as shown in Table 1.

The *Strategy and Work Plan* highlights major changes for the IPSASB, including increasing use of accruals IPSAS worldwide and the IPSASB's governance structure established in 2015–2016. Yet broadly speaking, the IPSASB's latest strategy is the same as that for 2015–2018 (IPSASB, 2015) and consistent with that of its predecessor, the International Federation of Accountants' (IFAC) Public Sector Committee (PSC) (Jensen, 2016). Differences are more of emphasis than overall direction. Table 2 below gives examples of strategic questions raised during development and the answers indicated by the IPSASB *Strategy and Work Plan*.

These strategic questions suggest research topics of interest to standard-setters and policy makers. For example, papers by Caruana *et al.* (2019), Tiron-Tudor *et al.* (2019) and Dasi González *et al.* (2018), all contribute to an understanding of the relationship between the GFS and financial reporting.

### The IPSASB's outreach to the academic community

The IPSASB uses outreach to promote IPSAS adoption and the benefits of accruals. Outreach focuses on particular groups, including governments adopting IPSAS, standard-setters and the GFS community.

Objective: To strengthen public financial management globally through increasing adoption of accrual-based IPSAS

Activities	Strategic themes
(1) Standard setting: developing and maintaining IPSAS and other high-quality financial reporting guidance for the public sector	A: Setting standards on public sector-specific issues B: Maintaining the International Financial Reporting Standards (IFRS) alignment C: Developing guidance to meet users' broader financial reporting needs
(2) Outreach: raising awareness of IPSAS and the benefits of accrual adoption	D: Promoting IPSAS adoption and implementation E: Advocating the benefits of accruals in strengthening public financial management

**Table 1.**  
IPSASB's strategy  
2019–2023

Strategic questions	Indicative answers
(1) Is the conceptual framework the main basis for developing new IPSASs?	The conceptual framework is the basis for addressing public sector-specific issues. Other themes do not refer to the conceptual framework
(2) To what extent should the IPSASB use the IFRS alignment as a basis for IPSAS?	The IFRS alignment is a key pillar of IPSAS development
(3) To what extent should the IPSASB consider Government Finance Statistics (GFS) needs?	Reducing unnecessary differences with GFS reporting guidelines is an important consideration
(4) Should the IPSASB undertake any projects on information outside of the financial statements?	Theme C, on financial reporting needs outside of the financial statements, refers to monitoring user's needs rather than addressing specific issues

**Table 2.**  
Strategic questions and  
indicative answers

Academics are critical to the IPSASB's strategic objective. The IPSASB needs universities to prepare accountants and administrators for careers using IPSAS/accruals financial information. The IPSASB can benefit from academic research into technical issues and the impact of IPSAS adoption on public financial management. Yet, the *Strategy and Work Plan* does not mention academics, and concerns about a gap between academics and practitioners have long existed (See, for example, [Evan et al. \(2011\)](#), [Sinclair and Cordery \(2016\)](#) and [Van Helden \(2019\)](#)). Is the lack of mention in the *Strategy and Work Plan* caused by a gap between the IPSASB and academics, or is it merely an oversight?

Three points are worth highlighting. First, academics have been involved with IPSAS since their inception. The transformation of IFAC's PSC into a standard-setter was conceived by Ian Ball (Professor, Victoria University of Wellington), who chaired the PSC as it developed the first IPSASs. Andreas Bergmann (Professor, Zurich University of Applied Sciences), the IPSASB's longest-serving chairman, led the IPSASB to complete its conceptual framework ([Jensen, 2016](#)). Academics' involvement continues with four academics as IPSASB members in 2020.

Second, the IPSASB's outreach to academics is increasing. The IPSASB had its first research forum in September 2019 and already a second forum will take place in June 2020, in partnership with the Comparative International Government Accounting Research network. The IPSASB issued a *Call for Papers* in November, which for the first time asked academics to undertake research on topics proposed for its work plan with grants for the four best research abstracts. The IPSASB founded its Academic Advisory Group at the end of 2019, which is another first for the IPSASB. This is an unprecedented level of outreach from the IPSASB to academia.

Third, the IPSASB's attention to academic research is increasing as academics do more IPSAS-related research. Recent publications by this journal illustrate the increasing amount of IPSAS-related research. They include research on accruals/IPSAS adoption (e.g. [Caruana and Zammit \(2019\)](#) on the Maltese experience, [Keerasuntonpong et al. \(2019\)](#) on Thailand and [Chow and Aggestam Pontoppidan \(2019\)](#) on the United Nations), on particular financial reporting issues (e.g. the impact of changes to infrastructure reporting in the USA ([Kim et al., 2018](#))) and a whole issue dedicated to "The quest for users' needs in public sector reporting" (JPBAFM 31/4, 2019). That issue's articles range from thought-provoking frameworks (e.g. [van Helden and Reichard, 2019](#)) to empirical evidence on the different ways that users use information reported in financial reports (e.g. [Jorge et al. \(2019\)](#) and [Sinervo and Haapala \(2019\)](#)).

### Conclusion—Bridges and opportunities

The IPSASB's overall strategy has remained remarkably constant over time even as debate continues over strategic questions such as the extent of work to address public sector-specific issues, IFRS alignment and the reduction of differences between IPSAS and GFS reporting guidelines. What has changed is governments' interest in IPSAS adoption and increasing acceptance that accruals are appropriate for public sector financial reporting. This is a fertile ground for researchers. Fundamental issues remain open to new insights. International standards, adopted differently at the national level, present opportunities to research the impact of financial reporting on public financial management.

There are bridges linking academics with practitioners. Academics are reaching out to the IPSASB through comment letters on consultation documents, participation as members of the IPSASB itself, its CAG and the newly formed Academic Advisory Group and support for IPSASB research forums. Academics are doing research that is relevant to the IPSASB's strategic objectives, activities and work plan. The IPSASB's new initiatives to reach out to academics, including its appeal for academic research on topics proposed for its work plan create another bridge and more opportunities for academics and the IPSASB.

Academics outreach to and perspectives on IPSASs and the IPSASB are also changing. The author looks forward with anticipation to learning more from academics on their perspectives and believing that we can work constructively together through research and standard setting in the public interest.

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- (1) The study's focus is national governments. It considers IPSASs' adoption (direct and indirect) and using IPSASs to develop national standards (Baskerville and Grossi (2019) discussed these modalities).
- (2) Recent research considers universities' preparation of students for an accrual-based/IPSASs environment (Adam *et al.*, 2019).

Disclaimer: The information and views set out in this article are those of the author and do not necessarily reflect the official opinion of the IPSASB or the IFAC.

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### Corresponding author

Gwenda Jensen can be contacted at: [GwendaJensen@ipsasb.org](mailto:GwendaJensen@ipsasb.org)

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