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New International Public Sector Accounting Standards Promote Greater Accountability with Budget Disclosures

(New York/January 10, 2007) -- The International Public Sector Accounting Standards Board (IPSASB) of the International Federation of Accountants (IFAC) has released International Public Sector Accounting Standards (IPSASs) which identify disclosures to be made by governments and other public sector entities that make their approved budgets publicly available. These disclosures will contribute greatly to improving accountability by helping readers to compare budget amounts with actual amounts arising from carrying out the budget.

A new standard, IPSAS 24, *Presentation of Budget Information in Financial Statements*, applies to entities that adopt the accrual basis of financial reporting. In addition, the cash basis IPSAS, *Financial Reporting under the Cash Basis of Accounting*, has been updated to include both required and encouraged disclosures that apply to entities that adopt the cash basis of financial reporting.

Both standards require that a comparison of budget and actual amounts for the reporting period be included in the financial statements. They also require explanations for material differences between the budget and actual amounts in the notes to the financial statements or in a separate report issued in conjunction with those statements.

"Reporting the actual amounts resulting from execution of budget against the approved budget and explaining the variance will enhance the transparency of financial statements," states Philippe Adhémar, immediate past Chair of the IPSASB who oversaw the development of the new standards. "Compliance with the standards enables public

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sector entities to better discharge their accountability obligations by demonstrating compliance with the approved budget for which they are held publicly accountable."

IPSAS 24 and *Financial Reporting under the Cash Basis of Accounting* can be downloaded free-of-charge from the IFAC online bookstore: <http://www.ifac.org/store>. Both standards will also be included in the 2007 edition of the *Handbook of International Public Sector Pronouncements*.

IFAC is the worldwide organization for the accountancy profession dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies. IFAC is comprised of 155 members and associates in 118 countries, representing more than 2.5 million accountants in public practice, education, government service, industry and commerce. In addition to setting international public sector financial reporting standards through the IPSASB, IFAC, through its independent standard-setting boards, sets ethics, auditing and assurance, and education standards. It also issues guidance to encourage high quality performance by professional accountants in business.

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