



# Using Accrual Data in GFS

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# Outline

- How GFS Methodology developed
- How GFS Provides An Integrated Approach to Fiscal Analysis and Fiscal Transparency
- Why a choice between IPSAS and GFS is a false choice
- GFS & IPSAS: Relationships with the fiscal cycle
- GFS & IPSAS: Conceptual differences
- Challenges and Opportunities going forward
- Concluding remarks



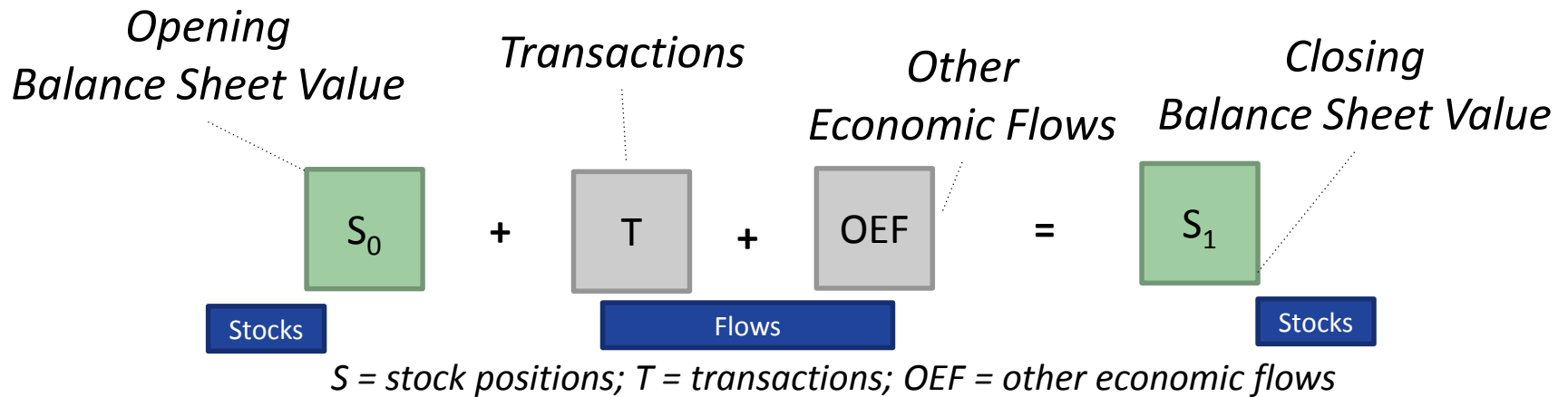
# GFS Methodology developed out of Macroeconomic Analytical Needs

- Traditional fiscal reports became too limiting
- Complexities of fiscal activities increased
- The GFS methodology is a powerful tool for economic and fiscal analysis using **CASH** and **ACCRUAL** data
- Some of Fund's membership face challenges with implementing accrual accounting
- .... but the complementarities that have evolved between statistical reporting and accounting standards support the migration toward accrual accounting



# GFS Provides An Integrated Approach to Fiscal Analysis and Fiscal Transparency

- GFS enhances fiscal transparency because it integrates flows and stock positions, thereby offering a complete picture...



... but also because it allows distinction between:

- transactions (*under direct control of fiscal authorities*)
- other economic flows (*impact of internal or external shocks*)



**International  
Public Sector  
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Standards**

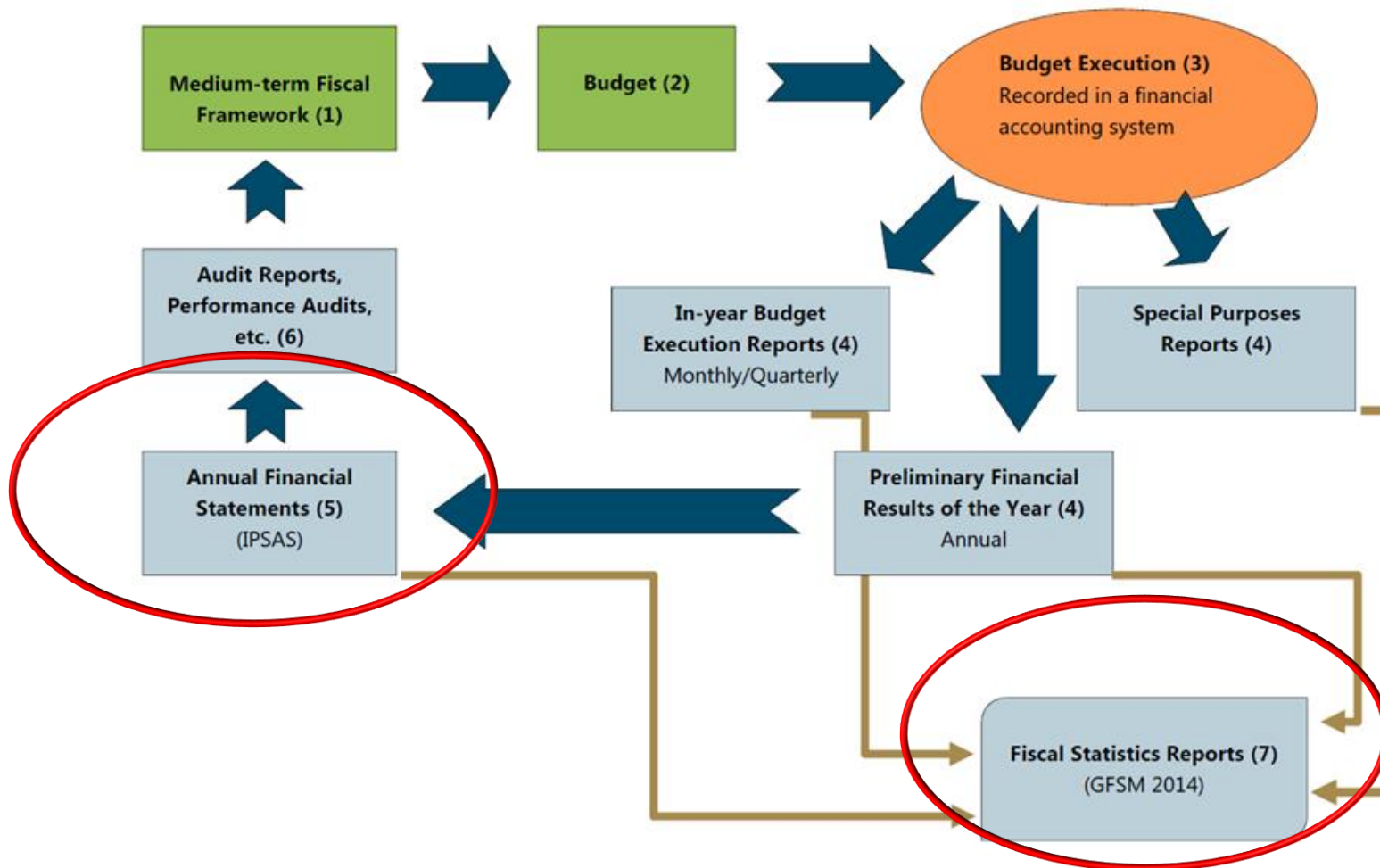
**Government  
Finance  
Statistics**



**No need to choose between the systems  
IPSASs and GFS are complementary  
Accounting records are an important source for high  
quality statistics**



# GFS and the fiscal cycle





# GFS & IPSAS: Conceptual differences

- **Impact:** different objectives do result in some fundamental differences in how and what information is reported
  - ✓ **GFS:** Economic analyses
    - Analyze financial/economic impact of fiscal policy options
    - Evaluate economic impact on other sectors of the economy
    - Compare outcomes nationally and internationally
  - ✓ **IPSAS:** General purpose financial statements useful for
    - Evaluating financial performance/financial position
    - Managerial accountability and oversight
    - Inform decision making by users of general purpose info

But both systems often require reforms – IMF supports these initiatives through our Capacity Development initiatives



# Some challenges remain

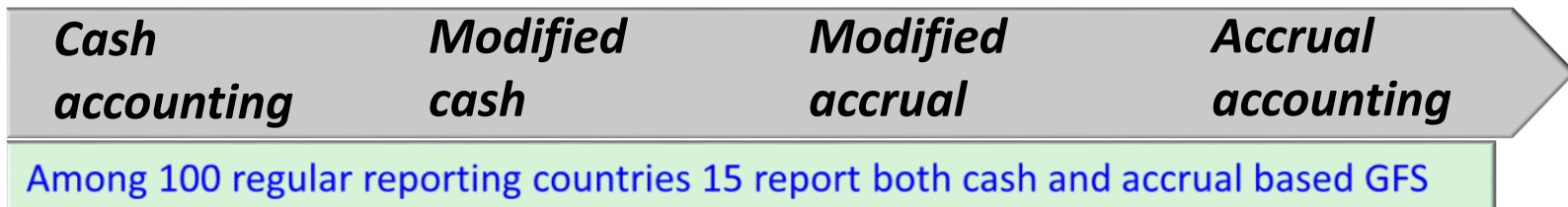
- Often requires a more comprehensive public financial management reforms.
- Reforms may take time and resources
- Need for reporting reforms must often be balanced against other demands on member's resources
- Country specific challenges may exist
- .....but an increased demand for better fiscal data could support reforms





# Opportunities to collaborate / Looking forward

- IPSAS 2019-2023 Forward Strategy – increasing use of accrual accounting in compiling GFS
  - possible implications for STA/FAD/IPSAS CD program
  - Difficulties/challenges for countries in making a transition.....
- The IMF membership covers the full spectrum of accounting:



- How best to increase the number of countries?



# Concluding Remarks

- **Remember, we live in a dynamic world – change happens**
  - Linking GFS implementation and IPSAS-based reforms provides value
- **Consultative process continues**
  - Staff mutually involved in various working groups
  - IMF is represented as observer on IPSAS Board
  - IPSASB is represented on the GFS Advisory Committee