

65% of Governments Globally Will Report on an Accrual Basis by 2023, Finds New Report

Joint report by IFAC and CIPFA forecasts rapid acceleration of accrual accounting and international standards adoption

Within five years, 65% of governments will report on an accrual basis, according to a [recent report](#) by IFAC (the International Federation of Accountants) and CIPFA (the Chartered Institute of Public Finance and Accountancy). The report was drawn from the International Public Sector Financial Accountability Index, which captures current and future use of public financial reporting bases and frameworks by governments around the world.

The [2018 Index Status Report](#), which captures information from 150 countries, finds that while 25% of governments currently report on an accrual basis, 65% of governments will report on accrual by the end of 2023. Asia, Africa, and Latin America and the Caribbean will lead the projected increase by the end of 2023.

By providing a comprehensive view of government finances, accrual reporting helps ensure that expenditure of public funds is transparent, public officials are held accountable, and future liabilities are recognized officially and planned for properly.

“Accruals-based accounting and auditable financial statements are essential if governments are to promote trust and transparency, identify and fight corruption, and above all deliver the outcomes their citizens expect and deserve,” said Rob Whiteman, Chief Executive of CIPFA.

Public financial reporting frameworks are developed in various ways, with many using International Public Sector Accounting Standards (IPSAS). IPSAS provide high quality financial reporting guidance for governments and other public bodies around the world, in order to improve their consistency and transparency. 51% of governments that currently report on an accrual basis use IPSAS directly, indirectly or as a reference point. By the end of 2023, nearly three-quarters (73%) of governments that report on accrual will use IPSAS in one of these three ways.

The report also outlines key actions for successful accrual reforms. According to the report, successful implementation of accrual reforms requires coordinated planning and sustained support. Additional recommendations include: frequent and clear communications, a change management program, and coordinated training and capacity building.

“The rapid acceleration of accrual reporting in the public sector, and IPSAS in particular, is a promising sign for citizens across the globe. Professional accountants play a critical role in unlocking the full benefits of accrual accounting and in improving decision making, transparency and accountability throughout the economy,” said Kevin Dancey, IFAC Incoming CEO.

IFAC and CIPFA plan to expand the Index progressively in terms of both coverage and information depth and to provide periodic status reports throughout this crucial uptake period for accrual financial reporting globally.