

# PIPFA

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- ◆ Digital Marketing
- ◆ Impact of Interest Rate Changes on the Stock Market, Current Account, Savings, and Debt in Pakistan's Economy
- ◆ Global Internal Audit Standards and their Impact on Public Sector Accountability
- ◆ Implementing IPSAS in Pakistan: Challenges, Opportunities, and the Way Forward



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- Good governance
- Transparency
- Accountability
- Innovation
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## Message of the President

It gives me immense pleasure to present this edition of the **PIPFA Journal - January to June 2025**, which continues our commitment to professional growth, knowledge sharing, and institutional development.

The theme of this edition reflects the evolving dynamics of the accounting and finance profession, particularly focusing on sustainable practices, regulatory updates, and technological advancements in our profession. As the regulatory environment becomes increasingly complex and globalized, it is imperative for finance professionals to stay informed. PIPFA, through its various initiatives—including continuous professional development programs, publications, and member engagement activities—strives to empower its members with the knowledge and skills necessary to meet these emerging challenges.



I extend my sincere appreciation to the CPD & Publication Committee, the contributors, and the editorial team for their dedicated efforts in compiling this informative and engaging volume. I also acknowledge the invaluable support of PIPFA's constituent bodies, members, and stakeholders, whose collaboration continues to drive our collective mission forward.

I encourage all readers to actively participate in PIPFA's professional development programs and to share their insights and feedback. Together, we can uphold the highest standards of professionalism and contribute meaningfully to the Public Finance Sector in Pakistan.

Regards,

**M. Ali Latif**  
President

## Message of the Chairman CPD & Publications Committee

*Dear Valued Members and Students,*

As we present the latest edition of the **PIPFA Journal**, I am delighted to reflect on the collective efforts that make this publication a professional excellence and knowledge sharing. This journal is not just a platform for disseminating insights but serves as knowledge sharing, thought leadership, and advocacy in public finance and accountancy, reflecting PIPFA's unwavering commitment to advancing the profession.

You—our members and students—are the essence of PIPFA. Your active participation is what transforms this journal from a mere publication into a dynamic tool for growth and influence. By contributing articles, sharing insights, and engaging with the content, you amplify PIPFA's voice and mission. Your experiences, research, and professional expertise enrich the journal's value, making it a compelling resource for peers, policymakers, and industry leaders.



**To further elevate our collective impact, I urge you to:**

**Contribute Actively:** Share your knowledge by submitting articles on topics of interest. Your unique perspectives can inspire others and foster meaningful dialogue.

**Promote the Journal:** Leverage your professional and social networks to raise awareness about the PIPFA Journal. Encourage colleagues, employers, and institutions to subscribe, advertise, or collaborate.

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**Attract Advertisers:** Partner with us to secure advertisements from businesses and organizations. Their support not only sustains the journal but also expands PIPFA's visibility across industries.

Together, we can propel PIPFA to new heights. Let this journal be a testament to our shared dedication to integrity, innovation, and professional growth. I look forward to your continued engagement and to celebrating our collective achievements in the editions to come.

Warm regards,

**Usman Ahsan**

Vice President and Chairman  
CPD & Publications Committee





# DIGITAL MARKETING

# Digital Marketing

By Zahid Farooq, FCA



Digital marketing is the strategic practice of promoting products and services through digital devices and technologies. It encompasses a wide range of online marketing methods, including search engine optimization (SEO), social media marketing, email campaigns, landing pages, websites, mobile apps, and digital advertisements, all designed to connect businesses with their target audiences.

Beyond the online space, digital marketing also includes traditional electronic media, such as television and radio, broadening its reach to a diverse range of consumers. By leveraging digital channels effectively, businesses can enhance brand visibility, drive engagement, and foster meaningful customer relationships in today's fast-paced digital landscape.

## Key Essentials for Digital Marketing

- Digital marketing uses digital channels to promote a product or service.
- Using digital marketing techniques and strategies helps businesses reach their target audience engage with them, and ultimately convert them into customers.
- Examples of digital marketing include SEO, PPC, social media marketing, content marketing, and leveraging traditional offline media for advertising.
- Offline digital marketing includes out-of-home advertising, TV marketing, and radio marketing.
- Combining online and offline digital marketing is vital to any well-rounded strategy.

## Why is Digital Marketing Important?

- It reaches a broad spectrum of internet users who spend their time and money online.
- It pins small businesses in top-ranking positions over brick-and-mortar firms with a meagre advertising budget.
- It provides businesses with laser-focused control to ensure target audiences read their messages.
- It allows personal-level marketing to provide comfort and security for customers to subscribe to the messages and purchase.
- It enables tracking ads and communicating with the target audience.
- It provides scaling and adaptability for growing businesses to get instant results and optimize accordingly, reducing lost revenues and wasted ad spend.
- It influences the purchase decisions of internet users who look for services, products, or anything they desire online.
- It allows businesses to market to people by various means that show individual respect.

## Types of Digital Marketing

If you own a computer or smartphone as many of us do you've likely encountered digital marketing in some form. It could be an email in your inbox, a search result on Google, an ad on Facebook, a text message on your phone, or a post by an influencer on Instagram. As you can see, digital marketing is a vast field with numerous specializations. However, the core types of digital marketing include:

### 1. Search Engine Optimization (SEO)

SEO involves optimizing a website's pages to rank as high as possible on search engine results pages (SERPs) when users search for relevant keywords. This helps businesses increase their visibility on platforms like Google.

### 2. Paid Social and Paid Search Advertising

Paid social ads appear on social media platforms, while paid search ads are the sponsored listings you see on search engine results pages (SERPs). Advertisers bid for placements on their chosen platform, competing for visibility based on targeted keywords or demographics.

### 3. Email Marketing

Email marketing includes any promotional or marketing-related communication sent via email. It's not limited to newsletters or coupons it encompasses all interactions aimed at engaging and converting customers.

### 4. Content Marketing

Content marketing focuses on creating valuable and relevant content to attract and engage an audience. This strategy often integrates SEO, paid search, and paid social advertising. Common forms of content marketing include:

- Blog posts
- Infographics
- Videos
- eBooks
- White papers

### 5. Affiliate Marketing

Affiliate marketing involves businesses partnering with third-party websites or influencers to promote their products or services. These affiliates earn incentives based on:

- Registrations
- Email sign-ups
- Sales
- Subscriptions

### 6. Mobile Marketing

Mobile marketing targets users on mobile devices through strategies such as push notifications, SMS marketing, email campaigns, social media posts, and newsletters. Given the widespread use of mobile devices, this approach effectively captures users' attention.

### 7. Social Media Marketing

Social media marketing enhances brand awareness and helps businesses achieve their marketing goals. Content types in social media marketing include:

- Videos
- Memes
- Static posts
- Trending content
- Testimonials
- Stories and reels

When executed effectively, social media marketing can boost conversion rates, increase website traffic, and reduce paid advertising costs.

### 8. Pay-Per-Click (PPC) Marketing

PPC marketing allows advertisers to pay only when users click on their digital ads. This model enables businesses to track conversions and optimize their ad campaigns across selected digital marketing channels.

### 9. Native Advertising

Native advertising is a subtle form of digital marketing designed to blend seamlessly with surrounding content, making it appear less like a traditional advertisement.

### 10. Influencer Marketing

Similar to affiliate marketing, influencer marketing involves partnering with influential individuals who have large followings to promote products or services. This method effectively expands a brand's reach to new audiences.

### 11. Marketing Automation

Marketing automation leverages software to enhance the relevance and efficiency of digital marketing campaigns. It helps businesses streamline their marketing efforts, improve audience engagement, and optimize their advertising strategy.

**About the Author:** The writer is a chartered accountant working as CEO of Zahid Farooq & Co. (ZFC) Chartered Accountants, Cost & Management Accountants.





# Impact of Interest Rate Changes on the Stock Market, Current Account, Savings, and Debt in Pakistan's Economy

By Imran Ahmed Mirza – FPFA, FCIS, MBA

Interest rates are a central part of economic policy, influencing various sectors, including financial markets, households, businesses, and government debt. In the context of Pakistan, changes in the interest rates set by the State Bank of Pakistan (SBP) have a profound impact on the stock market, savings, foreign debt, and current account balance, as well as the general economic environment. Understanding these impacts requires an analysis of the present-day scenario and how future monetary policies are likely to affect Pakistan's financial landscape.

## Interest Rates and the Stock Market in Pakistan

Interest rates have a direct and significant effect on the stock market, which is sensitive to changes in the cost of borrowing and investor sentiment. A reduction in interest rates tends to encourage more borrowing by businesses and consumers, leading to increased investment and spending in the economy. This, in turn, can boost corporate earnings and spur demand for shares, resulting in higher stock prices. Conversely, an increase in interest rates typically raises borrowing costs, reduces corporate profitability, and dampens investor sentiment, often causing a decline in stock prices.

On January 27, 2025, the SBP announced a reduction in its key policy interest rate by 100 basis points (bps), dropping it from 13% to 12%. This move reflects a more cautious stance on inflation, signaling the central bank's attempts to stimulate economic growth while carefully balancing inflation risks. Following this rate cut, the stock market saw positive reactions, especially from interest-sensitive sectors like real estate, banking, and automobiles, which benefit from reduced financing costs.

Historically, the Pakistani stock market has exhibited volatility in response to changes in monetary policy, with investors reacting swiftly to rate cuts or hikes. With the SBP's policy rate now at 12%, the stock market is expected to see further upside

momentum, particularly in sectors reliant on borrowing, as businesses may increase expansion plans, fueled by cheaper financing costs.

However, in the longer term, the relationship between interest rates and stock market performance may become more complicated as inflationary pressures may persist and influence investor behavior. In particular, if the SBP continues to lower rates in the upcoming quarters, it might lead to concerns about currency devaluation, which could dampen foreign investor confidence.

## Impact of Interest Rates on Pakistan's Current Account Balance

Underdeveloped economies like Pakistan, which are heavily reliant on imports, are particularly sensitive to fluctuations in interest rates due to their direct impact on exchange rates and trade balances. Changes in interest rates can influence a country's currency value, foreign capital inflows, and subsequently, the current account balance.

A reduction in interest rates, such as the one implemented by the SBP, typically results in a depreciation of the local currency. For Pakistan, this could result in an increase in the cost of imports and a widening current account deficit as the country faces rising import costs and diminishing foreign exchange reserves. At the same time, cheaper local financing could spur domestic consumption, exacerbating import dependency.

For the underdeveloped economies, the impact on current account balances due to monetary policy changes is critical. Countries like Pakistan, which already have persistent trade deficits and borrowing needs, face more significant challenges when interest rates decrease. As the Pakistani rupee depreciates in the aftermath of lower interest rates, importers will have to pay more in local currency for the same volume of imports, potentially worsening the current account deficit further.

The current account is an important indicator of an economy's overall external economic health. Pakistan's deficit has already been a concern, with the most recent data indicating a sharp rise in its current account deficit by over 25% in 2024. By 2025, the expected depreciation resulting from a rate cut could lead to further deterioration, with estimates pointing to a widening of the deficit unless supported by export growth or inflows of foreign direct investment (FDI).

### **Effects of Interest Rate Reduction on Savings Behavior**

The impact of interest rate changes on savings behavior is notable. When interest rates fall, the returns on traditional savings instruments (like fixed deposits and government bonds) decline, which can demotivate individuals and businesses from saving. In Pakistan, many households rely on these instruments for income, and lower interest rates reduce the incentive to save money in banks.

The recent cut in interest rates from 13% to 12% is expected to have a more moderate effect on savings in the short run. Historically, Pakistan's population has tended to hoard savings in cash rather than placing them in formal banking channels, a practice driven by inflationary concerns and a lack of financial literacy. With inflation running high, lower interest rates might not lead to an immediate shift toward higher consumption, as many citizens are likely to retain their savings out of caution.

The general public's view on saving is deeply tied to inflation and the eroding value of money. While a lower interest rate environment may encourage higher consumption in theory, the practical impact on savings in Pakistan may be less pronounced, given the broader socio-economic dynamics of inflation fears and savings habits.

### **Impact on Public and Foreign Debts**

An important consequence of changes in interest rates is the effect on public and foreign debts. Pakistan's public debt has reached alarming levels, with its external debt alone exceeding \$100 billion as of the latest available data. A reduction in interest rates has mixed consequences for countries with heavy borrowing in foreign currencies. On one hand, it lowers the servicing cost of existing debt, making it easier for the government to meet its debt obligations in the short term. On the other hand, a currency depreciation resulting from interest rate cuts means that foreign-denominated debt becomes more expensive in local currency terms.

For Pakistan, this policy shift is likely to decrease the domestic cost of government borrowing, as the government may find it cheaper to finance its budget deficit. However, this benefit

could be offset by a weaker Pakistani rupee, which would increase the local currency equivalent of external liabilities. Foreign loans, in particular, would become more expensive to service in terms of the rupee, thus threatening the sustainability of the fiscal position.

From an international perspective, the anticipated impacts on the rupee and debt service obligations could dissuade new foreign capital inflows. Any weakness in the rupee—caused by the rate cuts—raises the risk for foreign lenders that their investments could diminish in value. On the other hand, if Pakistan succeeds in maintaining economic stability and inflation control alongside rate cuts, these actions may eventually build investor confidence.

### **Future Projections: More Rate Cuts?**

The recent interest rate cut from 13% to 12% marks a trend towards potentially further easing, with analysts predicting additional rate cuts in the upcoming monetary policy review in the next quarter. There are expectations that the SBP may continue with a cautious easing stance, adjusting rates downward incrementally to balance the need for economic growth without exacerbating inflation.

While analysts project future cuts, the trajectory of these cuts is still a subject of debate. Some experts argue that inflationary risks and an already vulnerable balance of payments might lead the SBP to move cautiously. Others suggest that continued rate cuts are necessary to stimulate growth amidst global economic challenges.

### **Conclusion**

Changes in interest rates have wide-reaching implications for Pakistan's economy, affecting everything from the stock market to foreign debts and current accounts. The reduction of the SBP policy rate by 100 basis points to 12% reflects a balancing act between stimulating economic growth and mitigating inflationary pressures. While this rate cut is expected to improve stock market sentiment and reduce debt servicing costs, the challenges of a widening current account deficit and currency depreciation remain a concern for underdeveloped countries like Pakistan.

As anticipate future monetary policy actions by the SBP, all eyes are on the delicate balance the central bank must maintain between fostering economic growth and safeguarding macroeconomic stability. The trajectory of interest rates, particularly in response to inflation and the state of the external account, will continue to shape Pakistan's financial landscape in the coming months.



# Global Internal Audit Standards and their Impact on Public Sector Accountability

By: Muhammad Abrar Khan, APFA-8495

## Introduction

Internal audits are essential for ensuring transparency and accountability in the public sector. They help identify inefficiencies, prevent fraud, and ensure compliance with regulations, thereby safeguarding public resources and fostering public trust.

As of January 9, 2025, the Global Internal Audit Standards (GIAS) have become the new benchmark for internal auditing, replacing the older IPPF 2017 standards. Developed by The Institute of Internal Auditors (IIA), GIAS provides a consistent and professional framework for internal audits worldwide. These standards promote best practices, enhance the credibility of internal audits, and ensure alignment with globally recognized benchmarks.

In Pakistan, adopting GIAS will significantly improve the quality and effectiveness of internal audits, contributing to better governance and resource management. This transition marks a significant step towards standardizing audit practices and fostering international cooperation in public sector auditing. By aligning with GIAS, Pakistan can enhance its internal audit functions, ensuring greater accountability and transparency in government operations.

## Understanding Global Internal Audit Standards

### Definition and Purpose of Global Internal Audit Standards

The Global Internal Audit Standards (GIAS) are a comprehensive set of principles and guidelines designed to standardize internal audit practices worldwide. Developed by The Institute of Internal Auditors (IIA), GIAS aims to ensure consistency, professionalism, and effectiveness in internal auditing, regardless of geographic location or industry. The primary purpose of GIAS is to provide a unified framework that enhances the quality and credibility of internal audits, promoting transparency, accountability, and sound governance in both public and private sector organizations.

### Key Principles and Objectives of GIAS

GIAS is built on several key principles that guide internal audit practices globally:

1. **Integrity:** Internal auditors must maintain high standards of honesty and ethical conduct.

2. **Objectivity:** Auditors should be impartial and free from any conflicts of interest that could compromise their professional judgment.

3. **Confidentiality:** Protecting sensitive information obtained during audits is crucial.

4. **Competency:** Auditors must possess the necessary knowledge, skills, and experience to perform their duties effectively.

The main objectives of GIAS include:

- Enhancing the reliability of internal audit reports.
- Promoting best practices in internal auditing.
- Ensuring compliance with legal and regulatory requirements.
- Supporting the continuous improvement of internal audit functions.

### Overview of the International Professional Practices Framework (IPPF)

Before the introduction of GIAS, the International Professional Practices Framework (IPPF) served as the cornerstone of internal auditing standards. Developed by The Institute of Internal Auditors (IIA), the IPPF provided a structured approach to internal auditing, encompassing mandatory elements like the Core Principles, the Code of Ethics, the Standards, and the Definition of Internal Auditing. Additionally, the IPPF included recommended guidance such as Implementation Guidance and Supplemental Guidance, which offered practical advice for applying the standards in various contexts.

The IPPF was structured around key domains:

1. **Core Principles:** Define the fundamental principles that guide internal auditing and ensure its effectiveness.
2. **Code of Ethics:** Outlines the ethical conduct expected of internal auditors.
3. **Standards:** Establish the criteria for evaluating the performance of internal audit activities.
4. **Definition of Internal Auditing:** Provides a concise explanation of what internal auditing entails.



- 5. Implementation Guidance and Supplemental Guidance:** Offer practical advice for applying the standards in different situations.

### Transition to GIAS

Effective from January 9, 2025, the GIAS incorporates the core principles of the IPPF while addressing emerging challenges and trends in internal auditing. This evolution marks a significant step towards a more integrated and comprehensive framework. The domains and principles of GIAS are designed to enhance the relevance and effectiveness of internal audit standards in a dynamic global environment.

## Importance of Internal Audit in the Public Sector

### Unique Challenges in the Public Sector

The public sector faces unique challenges in terms of financial management and accountability. Unlike the private sector, public entities are responsible for managing taxpayer money and ensuring that resources are allocated efficiently and effectively to meet public needs. This responsibility entails a higher level of scrutiny and demands robust mechanisms to prevent misuse of funds, inefficiencies, and corruption. Additionally, public sector organizations often operate within complex regulatory environments, with multiple layers of oversight and compliance requirements. The need to balance competing priorities, such as public welfare, economic development, and social justice, further complicates financial management and accountability.

### Role of Internal Audits

Internal audits play a crucial role in addressing these challenges by providing independent and objective evaluations of an organization's internal controls, risk management, and governance processes. Through systematic and disciplined auditing practices, internal auditors help public sector entities:

- **Mitigate Risks:** Internal audits identify potential risks, such as financial mismanagement, operational inefficiencies, and compliance gaps. By assessing these risks, auditors provide recommendations to mitigate or eliminate them, ensuring that the organization operates smoothly and securely.
- **Prevent Fraud:** Internal audits serve as a deterrent to fraud by creating an environment of accountability and transparency. Auditors detect and investigate instances of fraud or misconduct, ensuring that appropriate actions are taken to address them.
- **Ensure Compliance:** Internal audits verify that public sector organizations adhere to relevant laws, regulations, and policies. This compliance is critical for maintaining public trust and avoiding legal repercussions.

## Implementation of GIAS in the Public Sector

### Steps for Adopting and Implementing GIAS

The adoption and implementation of the Global Internal Audit Standards (GIAS) in public sector entities involve a systematic approach to ensure alignment with the new framework. The process begins with a thorough assessment of the existing internal audit practices and identifying areas that require improvement. This is followed by the development of a comprehensive implementation plan, which includes setting clear objectives, timelines, and resource allocation. Public sector entities must also update their internal audit policies and procedures to reflect the GIAS principles and guidelines.

### The Role of Internal Audit Departments and Collaboration

Internal audit departments play a pivotal role in the successful implementation of GIAS. They are responsible for driving the adoption process, ensuring that all audit activities are conducted in accordance with the new standards. Collaboration with other departments is essential to achieve a seamless transition. Internal audit teams must work closely with finance, compliance, risk management, and operational departments to gather relevant information, share best practices, and address any challenges that may arise during the implementation process. Effective communication and cooperation among departments are key to fostering a culture of transparency and accountability.

### Training and Professional Development

Training and professional development are critical components of implementing GIAS in the public sector. Internal auditors must receive comprehensive training on the new standards to understand their principles, objectives, and practical applications. This can be achieved through workshops, seminars, online courses, and certifications offered by professional bodies such as The Institute of Internal Auditors (IIA). Continuous professional development ensures that internal auditors stay up-to-date with the latest trends and best practices in internal auditing, enhancing their skills and competencies to effectively perform their roles.

## Benefits and Challenges of GIAS in the Public Sector

### Benefits

The adoption of Global Internal Audit Standards (GIAS) in the public sector brings several key benefits:

1. **Enhanced Transparency:** GIAS promotes standardized auditing practices, ensuring that public sector entities operate transparently. Consistent and objective audits foster a culture of openness, making it easier to detect and address discrepancies or irregularities.
2. **Improved Risk Management:** By adhering to GIAS, internal auditors can more effectively identify, assess, and



mitigate risks. This proactive approach helps public sector organizations manage uncertainties and prevent potential issues before they escalate, thereby safeguarding public resources.

3. **Increased Public Trust:** Transparent and accountable internal audit processes build public confidence in government operations. When the public knows that their taxes are being managed responsibly and efficiently, it strengthens trust in public institutions and enhances the overall credibility of the government.
4. **Better Resource Allocation:** GIAS helps public sector entities optimize resource allocation by providing insights into areas of inefficiency and waste. By streamlining processes and implementing recommendations from internal audits, organizations can allocate resources more effectively, ensuring that public funds are used wisely.

### Challenges

However, the implementation of GIAS also presents certain challenges:

1. **Resistance to Change:** Public sector entities may face resistance to adopting new standards and practices. Employees may be accustomed to existing procedures and reluctant to change. Overcoming this resistance requires effective change management strategies, including clear communication and stakeholder engagement.
2. **Limited Resources:** Implementing GIAS can be resource-intensive, requiring investments in training, technology, and additional audit staff. Public sector organizations, often operating with constrained budgets, may find it challenging to allocate the necessary resources for full implementation.
3. **Need for Continuous Improvement and Adaptation:** The dynamic nature of the public sector and the evolving landscape of internal auditing require continuous improvement and adaptation of audit practices. Public sector entities must stay updated with the latest developments in GIAS and regularly review and enhance their internal audit functions to remain effective.

### Case Studies

#### Examples of Successful Implementation of GIAS

Several countries have successfully implemented the Global Internal Audit Standards (GIAS) in their public sectors, demonstrating the standards' effectiveness in enhancing governance and accountability:

1. **United Kingdom:** The UK National Audit Office (NAO) has adopted GIAS to improve the quality and consistency of its internal audits. This implementation has led to better risk management practices, increased transparency, and enhanced public trust in governmental operations.

2. **Australia:** The Australian National Audit Office (ANAO) has integrated GIAS into its auditing framework, resulting in more efficient use of resources and improved compliance with regulations. The adoption of these standards has helped the ANAO identify areas for improvement and implement effective corrective actions.
3. **Canada:** The Office of the Auditor General of Canada has embraced GIAS to strengthen its internal audit functions. This move has facilitated better collaboration between departments, improved accountability, and ensured that public funds are managed responsibly.

### Lessons Learned and Best Practices

From these case studies, several key lessons and best practices emerge:

- **Clear Communication:** Ensuring that all stakeholders understand the benefits of adopting GIAS and are committed to the process is crucial. This involves clear and consistent communication about the standards, their objectives, and the implementation plan.
- **Capacity Building:** Investing in training and professional development for internal auditors is essential. Continuous learning ensures that auditors are well-equipped to apply the standards effectively and stay updated with the latest developments in the field.
- **Collaborative Approach:** Successful implementation of GIAS requires collaboration between internal audit departments and other organizational units. This cooperation fosters a culture of transparency and accountability, making it easier to identify and address issues.

### Conclusion

The adoption of Global Internal Audit Standards (GIAS) is pivotal in promoting accountability and transparency in the public sector. By standardizing internal audit practices, GIAS helps public sector organizations manage risks, prevent fraud, and ensure compliance with regulations. The successful implementation of these standards in countries like the UK, Australia, and Canada highlights their effectiveness in improving governance and resource management.

### Future Outlook

Looking ahead, GIAS will significantly shape the future of internal auditing in the public sector. As governments confront growing service demands and financial challenges, GIAS offers a robust framework for enhancing audit functions. Embracing continuous improvement, adapting to emerging trends, and fostering international cooperation will be key to maximizing the benefits of GIAS.

# Implementing IPSAS in Pakistan: Challenges, Opportunities, and the Way Forward

By Muhammad Jawwad Aftab, FPFA

## Introduction

The International Public Sector Accounting Standards (IPSAS) are a globally recognized framework designed to enhance the quality of financial reporting in the public sector. IPSAS focuses on accrual-based accounting principles, promoting transparency, accountability, and consistency. For Pakistan, adopting these standards represents a transformative step in improving financial management practices, ensuring better governance, and fostering stakeholder trust. While neighboring countries such as India, Sri Lanka, and Bangladesh have made strides in adopting IPSAS, Pakistan remains in the early stages, facing both challenges and opportunities that demand careful consideration.

## Benefits of IPSAS Implementation

The implementation of IPSAS in Pakistan offers multiple advantages that can significantly enhance public financial management:

- **Enhanced Transparency and Accountability:** By shifting to accrual-based accounting, public entities can present a clearer picture of their financial position and performance. This fosters greater trust among citizens, investors, and international stakeholders.
- **Improved Resource Management:** IPSAS provides insights into liabilities, asset utilization, and financial risks, aiding in more effective resource allocation and decision-making.
- **Better Policy Formulation:** Reliable and standardized financial data strengthens the government's ability to design fiscal and monetary policies based on accurate information.
- **Increased Public Trust:** Enhanced financial reporting under IPSAS builds confidence in government institutions by reducing instances of corruption and financial mismanagement.
- **Alignment with Global Practices:** Adopting IPSAS aligns Pakistan with international financial reporting standards, paving the way for global recognition and improved creditworthiness.

## Challenges in Adopting IPSAS

Despite its advantages, implementing IPSAS in Pakistan is not without challenges. Key issues include:

- **Limited Technical Expertise:** A significant knowledge gap exists within the public sector regarding accrual-based accounting. Many professionals are unfamiliar with IPSAS requirements, necessitating extensive training and capacity-building initiatives.
- **Data Deficiency:** The transition from cash-based to accrual-based accounting requires comprehensive historical data, which is often incomplete or unavailable.
- **Resistance to Change:** Institutional inertia and a reluctance to depart from traditional accounting practices hinder progress.
- **High Implementation Costs:** Adopting IPSAS involves significant financial investment in training, system upgrades, and process redesigns, which may strain limited public sector budgets.
- **Lack of Coordination:** Successful implementation requires strong coordination among various public entities, which can be challenging in Pakistan's fragmented institutional framework.

## Opportunities for Pakistan

The challenges notwithstanding, several opportunities can facilitate IPSAS adoption in Pakistan:

- **Capacity Development:** Comprehensive training programs for accountants, auditors, and policymakers can bridge the technical skills gap. Local professional bodies such as PIPFA, ICAP, and ICMAP can play a pivotal role in this endeavor.
- **Technology Integration:** Leveraging modern financial management systems can streamline the transition to accrual accounting while improving the accuracy and timeliness of financial reporting.

- **International Collaboration:** Partnerships with global organizations and neighboring countries that have implemented IPSAS can provide valuable insights and resources for a smoother transition.
- **Institutional Strengthening:** IPSAS implementation offers an opportunity to modernize Pakistan's public sector institutions, ensuring greater operational efficiency and stronger governance.

## Lessons from Global Case Studies

Countries such as New Zealand and South Africa have successfully adopted IPSAS, reaping significant benefits, including enhanced fiscal discipline and improved public trust. These examples highlight the importance of political commitment, stakeholder engagement, and phased implementation. Pakistan can draw valuable lessons from these countries to address its unique challenges.

## A Phased Roadmap for IPSAS Implementation

To ensure a smooth transition, a phased approach over 3-5 years is recommended:

- **Phase 1 (Years 1-2):**
  - o Establish an IPSAS steering committee comprising representatives from the Office of the

Auditor General, ICAP, PIPFA, and relevant government departments.

- o Develop a tailored IPSAS framework and provide initial training for key personnel.
- o Pilot the implementation in select ministries and departments to identify potential challenges and refine processes.
- **Phase 2 (Years 3-4):**
  - o Expand IPSAS adoption across all federal and provincial government entities.
  - o Upgrade financial systems to support accrual-based accounting.
  - o Address legal and regulatory gaps to align with IPSAS requirements.
- **Phase 3 (Year 5):**
  - o Conduct independent reviews and audits to assess implementation success.
  - o Institutionalize continuous learning and improvement mechanisms.

## Pakistan's Strategy for Implementing Accrual-Based International Public Sector Accounting Standards (IPSAS) :

Implementation 5 Year's	Balance Sheet - Assets	Balance Sheet - Liabilities	Operating Statement - Revenues	Operating Statement - Expenses	Other Flows	Institutions (Federal & Provincial)
2025: Cash Accounting	Cash Balances	Bank Overdrafts	Cash Receipts	Cash Payments	None	General Government; Autonomous Bodies
2026: Modified Cash Accounting	Lending - Stocks and Flows, Fixed Assets Registers	Borrowing - Stocks and Flows, Public Accounts & Grants	Cash Receipts	Cash Payments	Foreign Currency Valuation Changes in Foreign Debt (Disclosure), Third-Party Payments	General Government, Autonomous Bodies, Commercial Entities
2027: Elementary Accrual Accounting	Trade Receivables, Prepayments	Trade Payables	Accrued Trade Revenue	Accrued Expenses (excluding Depreciation)	None	General Government, Autonomous Bodies, Commercial Entities
2028: Advanced Accrual Accounting	Equity Investments	Other Financial Long-term Liabilities	Accrued Non-Tax Revenues	None	Valuation Changes in Financial Assets and Liabilities, Provisions	General Government, Autonomous Bodies, Commercial Entities
2029: Full Accrual Accounting	Fixed, Intangible Assets, Inventories, Tax Receivables	Monetary Financial Instruments	Accrued Receivables	Depreciation	Evaluation Changes in Non-Financial Assets and Liabilities	General Government, Autonomous Bodies, Commercial Entities

### **Transitioning from Cash to Accrual Accounting**

The transition to IPSAS necessitates a systematic shift from cash-based to accrual-based accounting. This process involves:

- Conducting readiness assessments to gauge institutional preparedness.
- Running parallel accounting systems during the initial years to facilitate a gradual transition.
- Providing targeted training programs to equip personnel with the necessary skills.
- Establishing clear timelines and milestones to monitor progress.

### **The Role of the Government**

The government's leadership is crucial for successful IPSAS implementation. Key responsibilities include:

- Creating a supportive regulatory environment by enacting laws that mandate IPSAS adoption.
- Ensuring adequate funding and resources for capacity-building initiatives.
- Promoting stakeholder engagement to address concerns and build consensus.

- Monitoring and evaluating progress to ensure accountability.

### **PIPFA's Contribution**

As a leading professional accounting body, PIPFA can play a vital role in driving IPSAS adoption in Pakistan. By offering specialized training programs, collaborating with international bodies, and advocating for policy reforms, PIPFA can help bridge the gap between global standards and local practices. Its initiatives can enhance public sector financial management, contributing to sustainable economic growth and improved governance.

### **Conclusion**

Implementing IPSAS in Pakistan is a challenging yet transformative endeavor. By adopting a phased and collaborative approach, the country can overcome existing barriers and achieve significant improvements in financial transparency, accountability, and efficiency. The successful adoption of IPSAS will not only strengthen public trust but also position Pakistan as a model of fiscal discipline in the region. With the right mix of commitment, resources, and strategic planning, Pakistan can pave the way for a brighter financial future.





International Public Sector Accounting Standards (IPSAS) are designed to enhance the quality and transparency of public sector financial reporting. Many IPSAS are based on International Financial Reporting Standards (IFRS) to promote consistency between public and private sector accounting.

## List of IPSAS and Corresponding IFRS / IAS / IFRIC Interpretations:

Below is a selection of IPSAS along with their corresponding IFRS or IAS counterparts:

<b>IPSAS</b>	<b>Corresponding IFRS / IAS</b>	<b>"IFRS vs. IPSAS: A Global Finance Face-Off – Where Standards Clash, Converge, and Redefine Transparency"</b>
IPSAS 1 Presentation of Financial Statements	IAS 1 Presentation of Financial Statements	IPSAS is largely derived from IAS 1, with modifications tailored for the public sector. It may incorporate specific requirements for public entities, including disclosures about budget information and performance indicators.
IPSAS 10 Financial Reporting in Hyperinflationary Economies	IAS 29 Financial Reporting in Hyperinflationary Economies	Both standards address financial reporting in hyperinflationary economies, aiming to maintain the relevance and reliability of financial information despite inflation. Key similarities include the necessity to restate financial statements to reflect inflation effects and the application of a general price index for adjustments.
IPSAS 11 Construction Contracts	IFRS 15 Revenue from Contracts with Customers	IPSAS 11 focuses on accounting for construction contracts, emphasizing revenue and expense recognition throughout the project duration, commonly using the percentage-of-completion method. IFRS 15, on the other hand, establishes a structured approach for revenue recognition from contracts with customers. It introduces a five-step model that prioritizes identifying performance obligations and recognizing revenue upon fulfillment.
IPSAS 12 Inventories	IAS 2 Inventories	IPSAS 12 and its IFRS counterpart share principles for recognizing and measuring inventory, such as valuing inventory at the lower of cost and net realizable value. IPSAS 12, however, includes specific guidelines for the public sector, particularly for inventory acquired through non-exchange transactions.
IPSAS 13 Leases	IFRS 16 Leases, (IAS 17)	IPSAS 13 and IFRS provide guidance on lease accounting, distinguishing between finance and operating leases. However, IPSAS 13 may incorporate unique public sector elements, such as budgetary considerations and the influence of government policies on leasing decisions.
IPSAS 14 Events After the Reporting Date	IAS 10 Events after the Reporting Period	IPSAS 14 and its IFRS equivalent deal with subsequent events, those occurring after the reporting period but before financial statements are authorized. IPSAS 14 includes considerations specific to the public sector, such as government policy impacts on subsequent events.
IPSAS 16 Investment Property	IAS 40 Investment Property	IPSAS 16 is closely aligned with IAS 40, defining investment properties and permitting either a cost or fair value measurement model. However, IPSAS 16 accounts for the public sector's unique circumstances, such as property used for social services, whereas IAS 40 is primarily private-sector-focused, emphasizing fair value measurement.
IPSAS 17 Property, Plant and Equipment	IAS 16 Property, Plant and Equipment	IPSAS 17 and IAS 16 share core principles regarding recognition, measurement, and depreciation of assets. However, IPSAS 17 includes additional considerations for the public sector, especially concerning assets with service potential.

IPSAS 18 Segment Reporting	IFRS 8 Operating Segments	IPSAS 18 and IFRS 8 both provide segment reporting to enhance financial transparency. IPSAS 18 is structured for the public sector, while IFRS 8 caters to private entities, leading to differences in scope, measurement methods, and disclosure requirements.
IPSAS 19 Provisions, Contingent Liabilities and Contingent Assets	IAS 37 Provisions, Contingent Liabilities and Contingent Assets	IPSAS 19 and IAS 37 both address provisions, contingent liabilities, and contingent assets. However, IPSAS 19 may include adjustments reflecting the public sector's obligations, such as liabilities arising from public service commitments.
IPSAS 2 Cash Flow Statements	IAS 7 Statement of Cash Flows	Both standards aim to provide information about the historical changes in cash and cash equivalents of an entity by classifying cash flows during the period from operating, investing, and financing activities. Key differences lie in the specific requirements for classifying and presenting certain types of cash flows, particularly those related to government-specific transactions and budget information.
IPSAS 20 Related Party Disclosures	IAS 24 Related Party Disclosures	Both standards aim to ensure transparency in financial reporting by disclosing information about related party transactions and relationships. However, IPSAS may have specific considerations for the public sector, such as the inclusion of government entities as related parties.
IPSAS 21 Impairment of Non-Cash-Generating Assets	IAS 36 Impairment of Assets	IPSAS 21 differs from IAS 36 in that it applies to non-cash-generating assets, typically held for public service delivery. Instead of using "recoverable amount," IPSAS 21 employs "recoverable service amount," and it incorporates distinct valuation methods for non-cash-generating assets.
IPSAS 22 Disclosure of Financial Information About the General Government Sector	None	This standard is designed to meet the distinct requirements of the public sector by enabling governments to disclose financial details related to the broader general government sector, extending beyond an individual entity's financial statements. This ensures a more holistic perspective on the government's overall financial standing and performance.
IPSAS 23 Revenue from Non-Exchange Transactions (Taxes and Transfers)	None	IPSAS 23 specifically addresses revenue from non-exchange transactions, such as taxes and government grants, whereas IFRS lacks a dedicated standard for such transactions. IAS 20, which covers government grants, partially overlaps but does not comprehensively address public sector revenue streams.
IPSAS 24 Presentation of Budget Information in Financial Statements	None	IFRS does not include a direct counterpart to IPSAS 24, as budget-related disclosures are primarily relevant to the public sector and are essential for ensuring accountability to taxpayers.
IPSAS 39 Employee Benefits	IAS 19 Employee Benefit	Both generally require the use of accrual accounting to recognize the cost of employee benefits in the period in which they are earned by the employee. Differences: IPSAS 25 may have specific considerations for the public sector context, such as the inclusion of social security programs or the use of government bond yields for discounting post-employment benefit obligations. There might be variations in disclosure requirements to accommodate the specific needs of public sector financial reporting.
IPSAS 26 Impairment of Cash-Generating Assets	IAS 36 Impairment of Assets	IPSAS 26 primarily focuses on cash-generating assets in the public sector, whereas IAS 36 applies to a broader category of assets in the private sector. IPSAS 26 places greater emphasis on assets used for service delivery and their impact on public value.

IPSAS 27 Agriculture	IAS 41 Agriculture	IPSAS 27 was developed with reference to IAS 41 but includes modifications to cater to the public sector's unique needs. These adaptations consider biological assets held for distribution at no cost or for a nominal charge within the scope of agricultural activities.
IPSAS 28 Financial Instruments: Presentation	IAS 32 Financial Instruments: Presentation	IPSAS 28 is primarily based on IAS 32, with adjustments made to accommodate the specific financial reporting requirements of the public sector.
IPSAS 29 Financial Instruments: Recognition and Measurement	IFRS 9 Financial Instruments	IPSAS 29 Financial Instruments: Recognition and Measurement This standard provided guidance on the recognition and measurement of financial instruments, including loans, receivables, payables, financial assets held for trading, and derivatives. It was based on IAS 39, the predecessor to IFRS 9. IFRS 9 Financial Instruments, this standard provides guidance on the classification and measurement of financial assets and financial liabilities, as well as impairment and hedge accounting. It aims to improve the relevance of financial information by requiring earlier recognition of expected credit losses and simplifying the hedge accounting model.
IPSAS 3 Accounting Policies, Changes in Accounting Estimates and Errors	IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	This framework is primarily derived from IAS 8, with modifications tailored to address the specific needs of the public sector. It underscores the necessity of maintaining consistent accounting policies to ensure comparability and provides guidelines for handling revisions to accounting estimates and rectifying errors from previous periods.
IPSAS 30 Financial Instruments: Disclosures	IFRS 7 Financial Instruments : Disclosures	Both standards aim to improve users' understanding of an entity's financial instruments and the risks linked to them. However, IPSAS 30 incorporates specific disclosure requirements designed for the public sector, addressing elements such as budgetary limitations and government policy impacts.
IPSAS 31 Intangible Assets	IAS 38 Intangible Assets	Similarities: Both standards define intangible assets as identifiable non-monetary assets with no physical substance. Differences: IPSAS 31 is tailored for public sector entities, focusing on aspects like service potential and non-exchange transactions, which are more applicable to the public sector. In contrast, IAS 38 is primarily oriented toward the private sector.
IPSAS 32 Service Concession Arrangements: Grantor	IFRIC 12 Service Concession Arrangements	IPSAS 32 and IFRIC 12 offer guidance on accounting for service concession arrangements, with IPSAS 32 addressing the grantor's recognition and measurement of assets and liabilities, while IFRIC 12 focuses on the operator's recognition and measurement of rights and obligations arising from the arrangement.
IPSAS 33 First-time Adoption of Accrual Basis IPSASs	IFRS 1 First-time Adoption of International Financial Reporting Standards	While both IPSAS 33 and IFRS 1 guide the implementation of new accounting standards, they cater to distinct sectors. IPSAS 33 specifically supports public sector entities shifting to accrual-based IPSAS, whereas IFRS 1 assists private sector entities adopting IFRS. This targeted approach results in variations in scope, emphasis, and detailed requirements to align with the unique needs and contexts of each sector.
IPSAS 34 Separate Financial Statements	IAS 27 Separate Financial Statements	IPSAS 34 and IFRS 10 address distinct aspects of financial reporting. IPSAS 34 provides guidance on preparing separate financial statements for individual entities, while IFRS 10 focuses on the consolidation process, outlining how a parent company should combine its financial statements with those of its subsidiaries to present a consolidated view of the group's financial position and performance.

IPSAS 35 Consolidated Financial Statements	IFRS 10 Consolidated Financial Statements	Both IPSAS 34 and IFRS 10 provide guidelines for presenting consolidated financial statements, but they target different entities. IPSAS 34 focuses on the preparation of consolidated financial statements for public sector entities, while IFRS 10 addresses the consolidation process for private sector entities.
IPSAS 36 Investments in Associates and Joint Ventures	IAS 28	IPSAS 36 and IAS 28 provide guidelines for accounting for investments in associates and joint ventures, primarily using the equity method, with IPSAS 36 aligning closely with IAS 28 in defining significant influence, applying the equity method, and accounting for related transactions.
IPSAS 37 Joint Arrangements	IFRS 11 Joint Arrangements	IPSAS 37 and IFRS 11 align in classifying joint arrangements as joint operations or joint ventures, focusing on the parties' rights and obligations, with both standards stressing the need to analyze contractual agreements to determine the nature of involvement.
IPSAS 38 Disclosure of Interests in Other Entities	IFRS 12 Disclosure of Interests in Other Entities	IPSAS 38 and IFRS 12 both emphasize disclosure requirements for interests in other entities, such as subsidiaries, joint ventures, and associates, ensuring that financial statement users can assess the nature, risks, and financial impact of these interests, with IFRS 12 further consolidating and replacing disclosure requirements previously outlined in IAS 27, IAS 28, and IAS 31.
IPSAS 4 The Effects of Changes in Foreign Exchange Rates	IAS 21 The Effects of Changes in Foreign Exchange Rates	IPSAS 4, while derived from IAS 21, includes modifications tailored to the public sector's needs, particularly in accounting for foreign currency transactions and translating the financial statements of foreign operations, ensuring the standards address unique public sector requirements.
IPSAS 40 Public Sector Combinations	IFRS 3: Business Combinations	IPSAS 40 addresses public sector entity combinations and operations, differing from IFRS 3, which focuses on business combinations in the private sector, with IPSAS 40 recognizing the prevalence of amalgamations in the public sector, utilizing a modified pooling of interests method to avoid complex fair value assessments and excluding goodwill recognition, reflecting the sector's distinct objectives and the unique disclosure requirements tailored to the informational needs of public sector financial statement users.
IPSAS 41 Financial Instruments	IFRS 9 Financial Instruments	IPSAS 41, tailored for public sector entities, contrasts with IFRS 9, aimed at the private sector, by focusing on aspects like taxpayer accountability, budget information, non-exchange transactions, and asset recognition with service potential, while also requiring broader disclosures, such as government policy impacts, which are not the central focus of IFRS 9.
IPSAS 42 Social Benefits	IAS 19 Employee Benefits	Although IFRS includes some overlap with employee benefits, IPSAS 42 offers detailed guidance on social benefit programs in the public sector, providing more specific and comprehensive disclosure requirements for these benefits compared to IFRS.
IPSAS 43 Leases	IFRS 16 Leases	IPSAS 43, in alignment with IFRS 16 Leases, adopts a right-of-use model for lessees, mandating the recognition of both a right-of-use asset and a lease liability on the balance sheet to reflect the rights and obligations from the lease contract.
IPSAS 44 Non- current Assets Held for Sale and Discontinued Operations	IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	IPSAS 44 and IFRS 5 both cover the accounting for non-current assets held for sale and discontinued operations, with IPSAS 44 incorporating specific considerations for public sector entities, including the effects on public services and government policy in asset disposal, while IFRS 5 is focused on similar accounting in the private sector.



IPSAS 45 Property, Plant, and Equipment	IAS 16 Property, Plant and Equipment	IPSAS 45 and IAS 16 both focus on accounting for property, plant, and equipment (PPE), requiring recognition at cost, depreciation over useful life, and addressing revaluation and impairment, with IPSAS 45 specifically catering to the public sector by including guidance on heritage and infrastructure assets and offering sector-specific disclosures, while IAS 16 is more tailored to the private sector with an emphasis on fair value measurement for certain PPE.
IPSAS 46 Measurement	IFRS 13 Fair Value Measurement & IAS 39 Financial Instruments: Recognition and Measurement	IPSAS 46 focuses on public sector-specific measurement bases, like "current operational value" for service delivery assets, recognizing the unique nature of public sector assets, while IFRS 13 and IAS 39 primarily address fair value measurement for financial instruments and other private sector assets, emphasizing market participant assumptions and highest and best use.
IPSAS 47 Revenue	IFRS 15 Revenue from Contracts with Customers	This aligns with the fundamental principle of IFRS 15, which dictates recognizing revenue based on the transfer of goods or services to customers for an amount reflecting the expected consideration, while also addressing public sector-specific aspects such as non-exchange transactions (e.g., taxes and grants) and the recognition of assets with service potential.
IPSAS 48 Transfer Expenses	None	IPSAS 48, issued in March 2023, establishes accounting requirements for transfer expenses, which occur when an entity transfers goods, services, or assets to another entity without receiving direct compensation, and it presents two accounting models depending on whether a binding arrangement exists.
IPSAS 49 Retirement Benefit Plans	IAS 26 Accounting and Reporting by Retirement Benefit Plans & IAS 19 Employee Benefits	IPSAS 49 covers a wider scope than IAS 26 by addressing both the plan's and employer's perspectives on retirement benefits, with differences in measurement bases tailored to the public sector's specific needs and emphasizing greater accountability and transparency.
IPSAS 5 Borrowing Costs	IAS 23 Borrowing Costs	IPSAS 5 mandates that borrowing costs be expensed immediately, unless they are directly linked to the acquisition, construction, or production of a qualifying asset, in contrast to IAS 23, which requires the capitalization of such borrowing costs.
IPSAS 9 Revenue from Exchange Transactions	IFRS 15 Revenue from Contracts with Customers	IPSAS 9 and IFRS 15 both provide guidance on recognizing revenue from exchange transactions and contracts with customers, respectively, with IPSAS 9 focusing on transactions where assets or services are exchanged for equal value, while IFRS 15 establishes a framework for identifying and fulfilling performance obligations in customer contracts.

## IPSAS vs. IFRS: Key Similarities and Differences

Some IPSAS (International Public Sector Accounting Standards) do not have direct equivalents in IFRS (International Financial Reporting Standards) or IAS (International Accounting Standards), reflecting the distinct requirements of public sector financial reporting.

### Similarities Between IPSAS and IFRS/IAS

IPSAS and IFRS share foundational principles, particularly in overlapping areas of financial reporting:

1. **Framework Consistency:** Both aim to deliver high-quality, transparent, and comparable financial information to users, focusing on informed decision-making.
2. **Accrual Basis:** Both standards are rooted in accrual-based accounting, where transactions are recorded as they occur, irrespective of cash payments.
3. **Presentation of Financial Statements:** IPSAS 1 and IAS 1 provide similar guidelines on financial statement components, such as the statement of financial position, statement of financial performance, and cash flow statement.
4. **Recognition and Measurement:** They share principles for the recognition and measurement of key financial elements, including assets like property, plant, and equipment, as well as financial instruments.

### Benefits of Implementing IPSAS in the Public Sector

The adoption of IPSAS in public sector accounting has several advantages:

- **Transparency and Accountability:** IPSAS enhances the clarity and reliability of financial reporting, improving public trust.
- **Comparability:** By aligning with international standards, IPSAS facilitates comparisons across organizations and jurisdictions, supporting benchmarking efforts.
- **Informed Decisions:** High-quality financial reports provide a solid basis for better policy-making and resource allocation.

While there are similarities, IPSAS addresses the unique needs of public sector entities. For instance, it includes guidance on non-exchange transactions, such as taxes and grants, as well as social benefits. These public

sector-specific features ensure IPSAS remains relevant to its domain.

For the latest information on IPSAS standards, refer to the IPSASB's official publications.

## Key Similarities and Differences Between IPSAS and IFRS/IAS

### Similarities

1. **Conceptual Frameworks:** Both IPSAS and IFRS emphasize relevance, comparability, reliability, and understandability in financial reporting.
2. **Accrual Accounting:** Both standards promote accrual accounting, where income and expenses are recognized when they are earned or incurred, rather than on a cash basis.
3. **Fair Value Principles:** They highlight the importance of fair value in measuring certain assets and liabilities.
4. **Recognition and Measurement Practices:** Both frameworks align on recognizing and measuring assets, liabilities, revenues, and expenses.

### Differences

1. **Sector-Specific Focus:** IPSAS is designed for public sector entities, emphasizing accountability to taxpayers and incorporating budgetary and policy-related information. IFRS, however, caters to private sector needs.
2. **Scope of Coverage:** IPSAS addresses unique public sector topics, such as non-exchange transactions (e.g., taxes and grants) and asset recognition based on service potential.
3. **Measurement Approaches:** Certain public sector assets under IPSAS are measured using operational value or historical cost, differing from IFRS practices.
4. **Disclosure Requirements:** IPSAS typically requires more detailed disclosures, including budgetary comparisons, performance indicators, and the impact of government policies on financial outcomes.

### Key Takeaways:

While both IPSAS and IFRS share core accounting principles like accrual basis accounting, faithful representation, and going concern assumptions, IPSAS tailors its standards to meet the specific challenges of public sector financial reporting. These distinctions allow for more relevant and transparent reporting within the public domain.

## 15th Graduation Ceremony, Lahore



The Pakistan Institute of Public Finance Accountants (PIPFA) celebrated its 15th Graduation Ceremony at the ICAP campus in Lahore. The ceremony was attended by distinguished guests, including the Chief Guest, Member of the National Assembly, Mr. Muhammad Afzal Khokar. Other notable guests included Mr. Mohammad

Maqbool, Member of the National Council of ICAP; Mr. Ghulam Mustafa Qazi, President of ICMAP; and M. Ali Latif, President of PIPFA. Faculty members, graduates from Lahore and Faisalabad, and representatives from ICAP, ICMAP, AGP, and ACCA also participated in the event.



## PIPFA Inaugurates State-of-the-Art Office in Karachi



The Pakistan Institute of Public Finance Accountants (PIPFA) proudly inaugurated its new office premises, situated at State Life Building Chundrigar Road, Karachi. This modern facility signifies a remarkable milestone in PIPFA's journey of institutional advancement, underscoring its unwavering commitment to operational excellence, service innovation, and the professional development of its members and stakeholders. The inauguration ceremony was graced by the presence of



PIPFA President Mr. M. Ali Latif, PIPFA Employees and esteemed business leaders. This pivotal moment reflects PIPFA's resolute intent to fortify its national footprint and foster enduring relationships with the professional community. The new premises feature modern workspaces, training labs, and collaborative zones, designed to foster innovation and meet the evolving needs of public finance professionals.

## Family Gala 2025 Faisalabad



The Faisalabad Branch Committee of the Pakistan Institute of Public Finance Accountants (PIPFA) successfully organized a Members Family Gala, providing an opportunity for members and their families to celebrate, connect, and enjoy a day of fun-filled activities. This



vibrant event aimed to promote social interaction, foster networking, enhance member connections, and increase awareness about PIPFA qualifications, while also strengthening the institute's brand.



## MOU Signing Ceremony PIPFA with The Diabetes Centre (TDC)



We are pleased to inform you of a special discount arrangement between PIPFA and The Diabetes Centre (TDC)—a premier healthcare institution dedicated to the diagnosis, treatment, and prevention of diabetes. With an unwavering commitment to addressing the escalating prevalence of diabetes in Pakistan, TDC offers state-of-the-art facilities, expert medical care, and a patient-centric approach through its expanding network across the country. This collaboration ensures that our members and their families can access comprehensive, high-quality healthcare services at preferential rates.

Exclusive Offer for PIPFA Members (including immediate family members):

- 30% discount on all (services, consultations, Laboratory services, and surgical procedures.
- 7% discount on pharmacy items purchased from TDC.

PIPFA members and their immediate family members can avail of this offer by presenting their PIPFA Membership Card at any TDC location.



## MOU Signing Ceremony PIPFA with ZONG (CMPAK Limited)



The Pakistan Institute of Public Finance Accountants (PIPFA) and ZONG (CMPAK Limited) have entered into a corporate partnership to offer exclusive benefits to PIPFA members. The Memorandum of Understanding (MOU) signing ceremony took place at the PIPFA Lahore office. Mr. M. Ali Latif, President of PIPFA, and Mr. Atif Ali, Regional Director, ZONG CMPAK Ltd. signed the MOU. The ceremony was witnessed by notable attendees, including: Mr. Ibn E Abbas Ashraf, CPD Convener PIPFA Lahore Branch Committee, Mr. Shaukat Hussain Ch., Member PIPFA Lahore Branch Committee, Mr. Naeem Akhtar, Director PIPFA Lahore Center, Senior Management of ZONG (CMPAK Limited), including Mr. Omer Azhar Jalil, Regional Business Head, and Mr. Junaid Hanif, Relationship Manager.

This partnership aims to provide PIPFA Members, Students, staff and their families with access to special telecom packages at preferential rates, enhancing their overall benefits and experience. Key highlights include:

- Massive 65% Discount on Monthly Line Rent
- Top-Tier Postpaid GSM Services – Unmatched Quality, Seamless Connectivity
- Tons of On-Net Minutes – Stay connected with your Zong circle without strings attached
- Generous Off-Net Minutes & SMS Bundles – Connect with everyone, everywhere
- High-Speed 4G Internet Data Bundles – Stream, work, and browse without interruption
- Priority Customer Support – Dedicated POC 24/7 for PIPFA members and staff
- Nationwide Network Coverage – Reliable connectivity across Pakistan

Please contact your dedicated Zong Corporate Relationship Manager: Umer Shafique Satti – Manager Strategic Sales, GCSS, Cell: 0370-1917327, email: umer.shafique@zong.com.pk





# Write for PIPFA Journal



## Dear Valued Members/Students,

We would welcome Articles from our members and students for forthcoming issue. Articles are not restricted to specific topic; members and students may send us the articles of their field of interest at a given email address.

### Guidelines for Submission of Articles for PIPFA Journal

1. Undue criticism on Government or any Organization's policy will be discouraged.
2. If the article is based upon prior work of others; it is mandatory to quote references of websites and published articles.
3. Translation of a previously published article/paper is not permissible.
4. Articles should be simple with correct punctuation and grammar.
5. Article's words limit should not exceed 2000 words.
6. All articles shall be checked for plagiarism with the help of specialized software and tolerable limit shall not exceed 20%.
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9. The CPD & Publication Committee reserves the right to accept, reject or moderate articles, written by the Author.

Kindly send us your articles so that same become a part of the PIPFA Journal.

Articles received after due date will be used for the successive volume upon approval of the CPD & Publication Committee. Members and Students are requested to send their articles at following email address at their earliest:

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