



**INTERNATIONAL FEDERATION
OF ACCOUNTANTS**

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DATE: 26 SEPTEMBER 2003
MEMO TO: MEMBERS OF THE IFAC PUBLIC SECTOR COMMITTEE
FROM: PAUL SUTCLIFFE
SUBJECT: **INTERNATIONAL PUBLIC SECTOR ACCOUNTING
STANDARDS**

ACTION REQUIRED

The Committee is asked to:

- **note** developments in the areas outlined below; and
- **provide** a verbal report on any additions

BACKGROUND

The purpose of this paper is to provide an overview and update on a number of matters concerning the PSC Standards Program. The Work Program for 2003 is considered at Agenda item 6.2. This is a standing item for the PSC Agenda.

(i) Standards Program Funding

Organizations approached for funding to date and the current status of fundraising efforts are summarized in Attachment 1 to this memo. Please note there has been no addition to this item since the last PSC meeting in July 2003 - funding initiatives are on hold until the PSC review is completed later this year.

(ii) Standards Project Promotion and Key Relationship Management

Background

A revised list of current invitations, and presentations and articles already made and/or published in 2003 is set out below (additions are marked up). A list of past presentations, articles and meetings is included at Attachment 1 to this memorandum. If you have received invitations to present or have attended any seminars or meetings that should be included in this list, please inform Jerry. In addition to matters identified in this list, PSC members and their technical support and observers also report on a regular basis to their national boards and/or other relevant bodies on PSC activities. PSC staff also report to the IFAC Board and relevant IFAC staff and Committees on a regular basis.

| Date | Location/Activity | Host/Participants/Journal | PSC Representative |
|--|-------------------|---|--------------------|
| 2003 Invitations and Activities | | | |
| February | Melbourne | Australasian Auditors-General Annual Conference | Ian Mackintosh |
| February | Paris | OECD Conference | Ian Mackintosh, |

| Date | Location/Activity | Host/Participants/Journal | PSC Representative |
|---------------------------|--------------------------------|--|--|
| | | | Paul Sutcliffe |
| February | London | IASB-SAC | Ian Mackintosh |
| February | Dar Es Salaam | ESAAG | Jerry Gutu |
| February | Vietnam | Ministry of Finance (MOF) | Ron Points |
| March | Melbourne | CPA Australia | Paul Sutcliffe |
| March | Miami | ICGFM | Ron Points |
| March | Brussels | European Union Standards Committee | Mike Hathorn |
| April | Virginia, USA | Society of CPAs Government Conference | Ron Points |
| April | Melbourne | CPA Australia Conference | Ian Mackintosh, Kevin Simpkins, Paul Sutcliffe |
| April | Melbourne | Round table discussion: AASB, HOTARAC, CPA Australia | PSC Members, Staff |
| April | Brussels | European Union Standards Committee | Mike Hathorn |
| June | Delhi | South Asian Comptroller-General of Accounts | Ian Mackintosh |
| June | Washington | IPSAS/GFS/GFS Convergence meeting | Ian Mackintosh, Robert Keys, Paul Sutcliffe |
| June | New York | Government Finance Officers' Association Conference | Ron Points |
| July | Mexico City | Mexican Institute of Public Accountants and Governments of Colombia and Peru International Seminar | Javier Saavedra |
| September | Vancouver | International Colloquium on Financial Management for Governments | Ian Mackintosh |
| September | London | International and National Standards Setters meeting | Ian Mackintosh |
| November | Australia | Article for CPA Journal | Ian Mackintosh, Paul Sutcliffe |
| November | Berlin | Presentation to FEE Public Sector Committee | Ian Mackintosh, Paul Sutcliffe |
| December | Ferrara, Italy | International Congress on Accounting Standards for Public Administration | Philippe Adhemar |

(iii) Translations

Item 6.1 *Standards Program Update*
PSC Berlin November 2003

The PSC has recognized the importance of translating its pronouncements into languages other than English and identified the following as key languages: French, Spanish, Chinese, Russian and Arabic.

The IPSASs issued to date are based on the International Accounting Standards (IASs) issued by the IASB. As such, there is an advantage for the IASB and the PSC to work together on translations. Following the last PSC meeting, the PSC Chair wrote to the IASB Chair noting the PSC's disappointment with progress to date and proposing that alternate translation mechanisms may need to be explored. However, progress is now being made (see agenda item 19. FYI items 12, 13, 14 and 15). The French translation of IPSASs 1 – 18 has been completed and is currently subject to review by the Review. The Spanish translation is under way and the Review Panel has been established. The IASCF staff have indicated that translations will be completed by the end of 2003.

In addition translations of PSC documents into other languages are in progress or completed. The table below summarizes progress on translation activities to date.

Staff are exploring the possibility of using the IASB-PSC translation process to also translate the Cash basis IPSAS into French and Spanish.

| Language | Organization | Status |
|----------------------|--|---|
| French | IASB-PSC | Anticipate translation of IPSASs 1 – 18 completed <u>in mid-by end 2003.</u> |
| | NATO | NATO has translated the black letter paragraphs of 1-8 into French. NATO representation has been included on the IASB-PSC translation panel. |
| Spanish | Inter-American Development Bank (IADB) | IPSASs 1 – 20 have been completed and are subject to quality assurance review by the IASB – PSC translation panel. <u>Anticipate completion of translation by end 2003.</u> |
| | IASB – PSC | |
| Czech | Chamber of Auditors of the Czech Republic <u>Czech Member Body of IFAC</u> | <u>Enquiry received</u> <u>PSC Handbook being translated by the Czech member body.</u> |
| Bosnia and Macedonia | Ministry of Finance | Enquiry received |
| Russian | International Center for Accounting Reform (ICAR) <u>Kazakhstan Member Body of IFAC</u> | ICAR has translated into Russian IPSASs 1-12, the Glossary of defined terms, PSC Studies and Guideline 1 on GBE's. <u>The Kazakhstan member body is translating the PSC Handbook into Russian.</u> |

| | | |
|------------------|--|---|
| Chinese | Taiwan Institute PRC Ministry of Finance in conjunction with World Bank | Study 11 has been translated into Chinese. IPSASs 1 – 12 have been translated. Translation of the next batch of IPSASs is underway. |
| Arabic | The Palestinian Accounting Association Arab Society of Certified Accountants, Amman, Jordan | Translated IPSASs 1 – 12. Translation of IPSASs 13 – 20 in progress. ASCA has prepared a translation of the IASs into Arabic and <u>translated IPSASs 1-13, Studies 3-12, Guideline 1 and 2, and is currently translating Studies 13 and 14 and Occasional papers 4 and 5.</u> is interested in a translation of IPSASs into Arabic via IASB – PSC process. |
| Italian | Italian Institute | IPSASs 1-17 completed. |
| Bahasa Indonesia | Professor Indra Bastian. | IPSASs 1-15 have been translated |
| Maltese | Grant Thornton – Malta Office, on behalf of the Government of Malta | English versions used. No translations occurring. |
| Japanese | Japanese Institute | Anticipate will complete translation of IPSASs 1- 20 by end July 2003. Translation of <u>and Cash Basis completed.</u> <u>Anticipate completion of Study 11 and Study 14 by December 2003</u> |
| Mongolian | Mongolian Institute with World Bank support. | Translation of IPSAS 1-20 in progress. |
| German | Swiss and German Institutes | Considering translation – <u>no action as yet.</u> |
| <u>Bulgarian</u> | <u>Bulgarian Member Body of IFAC</u> | <u>The Bulgarian member body is translating the PSC Handbook.</u> |

ATTACHMENT 1

| Date | Location/Activity | Host/Participants/Journal | PSC Representative |
|--|--|---|--|
| 2002 Invitations and Activities | | | |
| February | Jakarta Indonesia | Indonesian CPA Conference | Ron Points |
| February | Melbourne - Briefing | David Boymal PSC Liaison Board Member | Ian Mackintosh, Paul Sutcliffe |
| February | Sydney and Melbourne – briefing/discussion | IMF Mission on GFS | Ian Mackintosh, Paul Sutcliffe, Matthew Bohun |
| March | Beijing/Seminar | Chinese Ministry of Finance and CICPA | PSC members |
| March | Article | Public Fund Digest | Paul Sutcliffe |
| April | Amsterdam – Presentation | Royal NIVRA Seminar | Peter Bartholomeus, Aad Bac |
| April | Miami -Presentation | ICGFM Conference | Ron Points |
| April | Paris | CNC Seminar | Philippe Adhemar |
| May | Mongolia | Ministry of Finance | Ron Points |
| May | USA | IMF Budgeting and Standards | Ron Points |
| May | USA | Chongqing Chinese Finance Staff | Ron Points |
| May | Johannesburg | Work shop | Erna Swart |
| June | USA | AICPA Government Conference | Ron Points |
| June | USA | GFOA Conference | Ron Points |
| June | Washington D.C. - presentation | Institute of Internal Auditors World Conference | Ron Points |
| June | Paris | OECD -DAC Conference | Ian Mackintosh and Paul Sutcliffe |
| June | New York | United Nations | Ian Ball and Jerry Gutu |
| June | Washington | World Bank - | Paul Sutcliffe and Jerry Gutu |
| July | Paris | Steering Committee Social Policy Obligation | Kevin Simpkins, Mario Abela, LiLi Lian, Paul Sutcliffe |
| July | London | ACCA Conference | Mike Hathorn |
| June | Toronto | Steering Committee Non-Exchange Revenue | David Rattray, Mathew Bohun, Paul Sutcliffe |
| July/August (?) | Russia | ICAR Conference (to be confirmed) | David Rattray |
| August | Australia | Monash University | Matthew Bohun |
| September | Speyer, Germany | Conference of German public sector accounting experts | Norbert Vogelpoth |
| September | USA | US Treasury International | David Rattray |

| Date | Location/Activity | Host/Participants/Journal | PSC Representative |
|---------------|------------------------------|---|--|
| | | Colloquium | |
| September | USA | GASB | Ian Mackintosh, Paul Sutcliffe |
| September | USA | AICPA Govt Conference | Ron Points |
| October | Article | Public Money and Management | Paul Sutcliffe |
| October | Jakarta Indonesia | Ministry of Finance | Ron Points |
| October | Mongolia | Ministry of Finance | Ron Points |
| October | Delhi India | Indian Institute and AUSAID | David Bean |
| November 2002 | Hong Kong - presentations | IFAC World Congress | Ian Mackintosh, Terence Nombembe, Ron Points, Paul Sutcliffe |
| November | GASB-USA | Steering Committee Non exchange Revenue | D. Rattray, M. Bohun |
| November | CPA- Australia | Steering Committee Social Policy Obligations | K.Simpkins, M. Abela, Li Li Lian, P.Sutcliffe |

| Organization | Status |
|---|---|
| Public Expenditure and Financial Accountability (PEFA) Program | Support of \$50,000US for the Budget Reporting Project has been approved. PEFA is financed jointly by the World Bank, European Commission, and UK DFID. . |
| Multi Lateral Development Bank (MDB), OECD DAC Group and World Bank | Funding in support of the Development Assistance Project has been approved for the amount of \$75,000US through a fund administered by the World Bank. Awaiting feedback on request for additional funding of \$50,000 from OECD – DAC Group. |
| World Bank | Have approved \$250,000US per annum for up to 3 years to 31 March 2004, subject to annual application/approval. |
| International Monetary Fund | Have provided \$50,000US per annum for 4 years to end 2004. |
| Asian Development Bank | Have provided funding of \$82,000US per annum for three years to end 2004. |

**ATTACHMENT 1 –
FUNDING – CONTACTS MADE AND RESPONSES. SEPTEMBER 03**

| | |
|--|--|
| UK Department for International Development | No developments since report at last meeting. In the past detailed materials to support funding has been provided at DIFD request on two separate occasions without success. Amount sought was up to \$100,000US per annum for four years. |
| Nordic Investment Bank | Staff provided strategy/funding papers in 2001/02. Staff advised that PSC funding did not fit Bank mandate. No further action proposed. |
| European Union | Representation for funding made by PSC European members, but advised funding is unlikely. |
| Canadian International Development Agency (CIDA) | Canadian Members and staff followed up on funding possibilities with CIDA. Advised funding now unlikely, particularly since similar organizations in other countries have not provided funding. No further action proposed for 2003. |
| UNESCO | Chair and staff met with UNESCO representatives in September 2001. Advised that funding support was unlikely. No further action proposed for 2003. |
| United Nations Development Program and UN Volunteers | The UNDP will not be able to provide funding support but may be able to provide other assistance. Staff followed up on contact with UN Volunteers made at FEE conference in November 2000, but initial contact has left UN and referral contacts have not responded. No further action proposed. |
| United Nations – DESA | The Division for Public Economics and Public Administration within the UN is not a funding institution. UN will attend PSC meeting as an observer. |
| Inter-American Development Bank | Have indicated support for the project at the same level as ADB. USA member and staff have followed up. USA member met with IADB staff in May and June. Still awaiting response. |
| USAID/US Treasury | USAID have indicated support for the project and are continuing to explore ways to provide support. US Treasury also approached – waiting policy decision before able to offer support. |
| Standard and Poor's (NY) | Contact made in 2000. Follow up letters sent in 2000 and 2001; however no response received to date. No further action proposed. |
| Moodys (NY) | Contact made in 2000. Follow up letters sent in 2000 and 2001; however no response received to date. No further action proposed. |
| Swedish International Development Agency (SIDA) | Initial contacts identified. Staff followed-up during 2001. However SIDA responded that they are reassessing their focus/strategy and are not able to support at this stage. No further action proposed for 2003. |
| Citigroup | Initial approach made 2000 and followed up in 2001. However no response received to date. Funding unlikely. No further action proposed. |

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|---|---|
| J P Morgan Chase and Co. | Initial approach made and followed up. However no response received to date. No further action proposed. |
| Japan Bank for International Co-operation | Staff met with bank representatives in 2001 and followed up subsequently. Indications are that they will not be in a position to provide general funding on a broad project wide basis. No further action proposed. |
| AusAid | Have indicated that they do not provide support to broad based initiatives, rather they focus on country specific projects. No further action proposed for 2003. |

ATTACHMENT 2
PSC – Standards Development Program Communication/Promotion
Activity pre 2002

| Date | Location | Host | PSC Representative |
|------------------------|------------------------|--|---|
| December 2001 | Ankara, Turkey | World Bank and the Turkish Ministry of Finance - International conference on expenditure management reform | Erik Peters |
| December 2001 | Australia | Financial Reporting Council (FRC) | Ian Mackintosh |
| December 2001 | Australia | RMIT Research Seminar Series | Mathew Bohun |
| November 28 – 30, 2001 | Rome, Italy | UN | John Stanford |
| November 9, 2001 | Germany | German public sector accounting experts | Norbert Vogelpoth |
| October 2001 | Brussels | European Union | Philippe Adhemar |
| October 25, 2001 | Australia | HOTARAC | Ian Mackintosh |
| October 26, 2001 | Australia | AASB | Ian Mackintosh |
| October 16 - 17 | Washington DC | IASB Standards Advisory Council | Ian Mackintosh |
| October, 15 – 17 2001 | Norfolk, VA, USA | NATO | Ron Points |
| October 2001 | Washington DC | IMF Task Force on Monitoring Standards and Codes (TAMS) | Bert Keuppens |
| October, 7 – 11 2001 | Prague, Czech Republic | 10th International Anti-Corruption Conference – Transparency International | Ron Points |
| September 7, 2001 | Paris France | UNESCO – Peter Leslie and Mark Warren | Ian Mackintosh, Paul Sutcliffe, Jim Sylph |
| September 2001 | Paris, France | OECD Symposium on Accrual Accounting and Budgeting | Members, Technical Advisers, Observers invited to attend. |
| September 5, 2001 | Zagreb, Croatia | Croatian Association of Accountants and Financial Experts and the Croatian Ministry of Finance | Ian Mackintosh, Terence Nombembe, David Rattray, Mike Hathorn, with other PSC members |

| Date | Location | Host | PSC Representative |
|----------------------|------------------------------------|---|---------------------------|
| August 28 – 31, 2001 | Dalian, People's Republic of China | Department of Budget of China's Ministry of Finance and the China Accounting and Finance Research | Ian Mackintosh |
| July 22, 2001 | London, UK | IASB Standards Advisory Council | Ian Mackintosh |
| July 22 – 24, 2001 | Langkawi Island, Malaysia | Institute for State and Local Governments Accounting Research, School of Accountancy, University Utara Malaysia | Paul Sutcliffe |
| July 10 – 13, 2001 | Yuovnde, Cameroon | Ministry of Economy and Ministry of Finance (with European Union sponsorship) <ul style="list-style-type: none"> • Internal seminar for preparation of a new financial constitution • Participation, as international expert, in the seminar and presentation of IFAC PSC work. | Jean-Luc Dumont |
| June 4 – 5, 2001 | Washington D.C., USA | <ul style="list-style-type: none"> • Inter-American Development Bank • The World Bank • International Association of Development Funds | David Rattray |
| June 3, 2001 | Philadelphia, USA | Governmental Finance Officers Association | David Rattray |
| June 15, 2001 | Spain | CIGAR | Philippe Adhémar |
| May | Australia | AASB Consultative Group | Paul Sutcliffe |
| May 29, 2001 | New York, USA | UN (Peter Leslie) | Jim Sylph and Simon Lee |
| May 16, 2001 | London, UK | ICAEW Public Sector Committee | Mike Hathorn |
| May 2001 | Melbourne, Australia | Australian Accounting Standards Board | Paul Sutcliffe |

| Date | Location | Host | PSC Representative |
|-------------------|---------------------------------------|---|---|
| May 2001 | New York, USA Connecticut, USA | <ul style="list-style-type: none"> • UN Division of Economic and Social Affairs (DESA) • UNDP • Japan Bank for International Co-operation • GASB | Paul Sutcliffe and Simon Lee |
| May 2001 | Santiago, Chile | Colegio de Contadores de Chile | Ian Mackintosh, PSC members, Observers |
| April 19, 2001 | Istanbul, Turkey | US Treasury | Ron Points |
| April 2 – 6, 2001 | Miami, USA | International Consortium on Governmental Financial Management (ICGFM) | Ron Points |
| March 26, 2001 | Malawi | ESAAG | Paul Sutcliffe |
| March, 2001 | Australia | IASB PSC Liaison representative Warren McGregor | Ian Mackintosh, Paul Sutcliffe |
| February, 2001 | Australia | International Valuation Standards Committee Public Sector Experts Group | Ian Mackintosh, Paul Sutcliffe, Matthew Bohun |
| February 24, 2001 | Islamabad, Pakistan | Seminar on IPSASs <ul style="list-style-type: none"> • Institute of Cost and Management Accountants of Pakistan (ICMAP); • Institute of Chartered Accountants of Pakistan (ICAP); • Pakistan Institute of Public Finance Accountants (PIPFA); and • Pakistan Consortium on Governmental Financial Management (PCGFM). | Muhammad Rafi and Muhammad Abdullah Yusuf |
| January 24, 2001 | London, UK | Central Government Heads of Accounting | John Stanford |
| November, 2000 | Amsterdam, Netherlands | FEE, Royal NIVRA | Ian Mackintosh, Mike Hathorn, Erik Peters |
| November, 2000 | Paris, France | OECD Symposium | Paul Sutcliffe |
| November 2000 | UK | IFAD | Mike Hathorn Jon Blondal (OECD) |

| Date | Location | Host | PSC Representative |
|------------------------|---|--|--------------------------------------|
| November, 2000 | London, UK | UK Treasury | Paul Sutcliffe |
| October 2000 | Australia | Commonwealth of Australia Department of Finance | Paul Sutcliffe |
| October, 3 – 4 2000 | Quebec, Canada | Colloquium 2000 on Financial Management for National Governments | Ian Mackintosh and Paul Sutcliffe |
| October, 2000 | Washington DC and New York – Funding meetings | <ul style="list-style-type: none"> • World Bank • Inter-American Development Bank • International Monetary Fund • United Nations Development Program • INTOSAI Committee on Accounting Standards • Federal Accounting Standards Advisory Board | Ian Mackintosh and Paul Sutcliffe |



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DATE: 26 SEPTEMBER 2003
MEMO TO: MEMBERS OF THE IFAC PUBLIC SECTOR COMMITTEE
FROM: PAUL SUTCLIFFE
SUBJECT: **PSC STANDARDS PROGRAM WORK PLAN**

ACTION REQUIRED

- **review** the work plan and provide directions regarding any amendments.

AGENDA MATERIAL:

| | Pages |
|--|--------------|
| Item 6.3 Work Plan 2003 | 6.20 |
| Item 6.4 Work Plan 2004 | 6.21 |
| Item 6.5 Standards Program status September 2003 | 6.22-6.23 |
| Item 6.6 Extract of Minutes of Nov 02 meeting | 6.24 |
| Item 6.7 Projects of national standards setters | 6.25-6.26 |

Status September 2003

The work plan has been updated to reflect progress made at/since the July 2003 meeting. Major activities/outputs since that meeting and major changes to the work plan are outlined below.

A clean copy of the 2003 work plan is attached. A summary of changes to the work plan is included at the end of this memo. (The work plan is an excel file and cannot be marked up to highlight changes since the last meeting as can a word file.) A clean copy of a proposed work plan for 2004 is also attached. The work plans are subject to change dependent on decisions made at this meeting.

IPSASs, Exposure Drafts and Other Documents Issued and Under Final Review

- Exposure Draft 23 *Impairment of Assets* was issued in September 2003.
- Occasional Paper 7 *The Governmental Accounting System of Argentina* is currently subject to final review.

Documents included in this Agenda for PSC review and approval to finalize for issue

- Invitation to Comment: *Non-Exchange Revenue, Including Taxes, Grants and Transfers*
- Invitation to Comment: *Accounting for Social Policies of Government*
- Study 14: *Extracts of revised Study14, marked up to identify changes since the Study was first issued in April 2002*
- Budget Reporting: *Draft Research Report*

The web version of Study 14 is to be launched in October 2003.

Project Update

Impairment of Assets

During August, the Exposure Draft was updated to reflect decisions made by the PSC in July, proof read and finalized, and approved for issue by the Chair. It was issued in September 2003 for comment by the end of January 2004.

Argentinean Occasional Paper

The Argentinean Occasional Paper has been updated by the Argentinean member with the support of PSC staff and forwarded to the subcommittee (Mexico, France, UK and Australia) for final review. Finalization in December 2003 with publication in December or January 2004 is anticipated.

Development Assistance

The Project Advisory Panel (PAP) has not yet been activated. It will comprise representatives of the Multilateral Development Banks Financial Management Harmonization Working Group (MDB) and Development Assistance Committee of the OECD (OECD-DAC) and two individual recipient countries. Ian Mackintosh will be the Convener/Chair of the PAP, and will provide a verbal report on progress at this meeting.

The Key Decisions Questionnaire (KDQ) as discussed in July 2003 has been updated. It is intended that the KDQ establish the major principles to be reflected in the first draft of the Exposure Draft. This will be forwarded to the PAP in October and a draft exposure draft will be prepared for consideration by PSC members at the first meeting of 2004.

Steering Committees – Non-Exchange Revenue and Social Policy Obligations

The Chair of the SPO Steering Committee met with staff following the July PSC meeting to revise the draft ITC as a consequence of the PSC's discussion of these issues. The SC did not meet formally, but has reviewed updated drafts and exchanged views electronically.

The Non-Exchange Revenue SC met in September to review a draft ITC updated following the July PSC meeting. Further revisions were made as a consequence of that meeting.

The updated draft ITCs are included in this agenda as follows:

- Social Policy Obligations (non-exchange transactions) – Agenda item 8.
- Non-Exchange Revenue – Agenda item 9.

The ITCs are presented for approval to issue subject to any final amendments identified by the PSC, and a final fatal flaw review by the SC chair and members. It is intended that they be released in early 2004 with EDs finalized and issued in early in 2005.

Steering Committees – Budget Reporting

A draft Research Report on budget reporting, updated following comments from Steering Committee members, is included at Agenda item 10. Dr Jesse Hughes will be in attendance to present the paper and discuss any further refinements with members. The Research Report is presented for approval to issue subject to final amendments identified by the PSC and final review by the SC Chair. The Steering Committee membership is also identified at item 10.

GFS, ESA 95, IPSAS Convergence

The second meeting of the convergence working group will take place in October 2003. The Chair will provide a verbal update on progress at the forthcoming PSC meeting. The agenda for the October meeting is included at Agenda item 13. Copies of the papers prepared for consideration at that meeting are available for members on request – please note the papers are all working drafts rather than final papers.

IASB Harmonization (Agenda papers will be included in the second distribution)

A strategy paper, outlining alternative approaches that might be adopted by the PSC when considering harmonization with IFRSs, is included at Agenda item 14. Documents which identify anticipated differences between existing IPSASs and their equivalent IFRSs as a result of decisions being made in the IASB's improvement project are also included at Agenda item 14. The draft work program for 2004 and beyond reflects that the PSC will action a review of IPSASs based on changes emanating from the IASB *Improvements Project*. This aspect of the work plan will need to be updated consequent on the decisions made at this meeting.

First-Time Adoption of IFRSs/IPSASs (Agenda papers to be included in second distribution)

The relationship of the transitional provisions in IPSASs to the requirements of the IFRS on *First-Time Adoption of IFRSs* for IPSASs are outlined at Agenda item 15. The work program reflects that the PSC will action a project to clarify some issues that may arise in first time adoption of IPSASs at this meeting. The work program will need to be updated consequent on the decisions made at this meeting.

Non-Technical – Promotion and Consultative Group

PSC members and staff continue to devote considerable time between meetings on communication/promotion of PSC output and objectives. These activities are identified in Agenda item 6.1.

The updated Consultative Group membership list is included at Agenda item 16. A meeting with European members of the Consultative Group will take place over lunch on November 6. A draft agenda for that meeting is included at Agenda item 5.6. A listing of attendees will be included in the second distribution or tabled at the meeting.

A Seminar comprising presentations by, and discussions with, key European members of the financial reporting community has also been organized for the afternoon of 6 November. The program for the seminar is included at Agenda item 5.5.

Non-Technical - Translation

Translation activities are identified in detail in Agenda item 6.1.

Work Plans 2003 and 2004

At the July 2003 meeting, members reviewed the 2003 (and beyond) work plan and confirmed the anticipated timing of action on a number of public sector specific projects and noted that additional information was required prior to making any decisions on the timing of IASB harmonization projects. The draft work plans for the remainder of 2003 and for 2004 (with some consequences for 2005 identified) and are attached. Members are requested to review these work plans and agree projects to be actioned and developed during 2004. The 2004 work plan reflects staff recommendations re the actioning of IASB

harmonization projects. These aspects of the work plan will need to be revisited following discussion of the Agenda items 14 and 15.

Occasional Paper

The work plan provides for preparation of an additional Occasional Paper. Members are requested to advise staff if they would like to prepare a paper on their country experience.

Conceptual Framework

In November of 2002, the PSC agreed that it would defer the decision on whether or not to action a project on the development of a Conceptual Framework for twelve months (see extract of November minutes attached as item 6.7). During 2003, the PSC has considered issues related to a conceptual framework on a number of occasions, including:

- in April 2003, the PSC considered staff papers which identified the concepts which underpin IPSASs and compared these concepts to the IASB framework; and
- in July 2003, the UK delegation made a presentation on the UK Discussion Paper on the application of the UK Statement of Principles to public benefit entities.

The draft Work Plan proposes that the PSC continue to monitor developments in national conceptual frameworks during 2004. With the existing limited staff resources, it is difficult for the PSC to be more proactive in this area during 2004. In addition, staff note that key components of the IASB framework are currently being developed or reviewed – for example, measurement, revenues and performance reporting.

Members are requested to consider whether additional action should occur on this project during 2004. If any action is contemplated, staff propose that a detailed project brief, including estimated resource requirements, be prepared for consideration by the PSC at its next meeting.

Other Projects

Agenda item 6.7 provides a very highly summarized overview of the broad types of projects that are being considered by standards setters in some PSC member countries. These encompass short, medium and long term projects. Summarizing at such a high level as this does mean that specific components of issues that are being pursued in a particular jurisdiction is lost, but it does provide some useful insights to the broad areas of interest of member standards setters. (This summary was drawn from the detailed project listings which are included at FYI items 17 through 21.) This overview is provided here for members to consider as they review the PSC 2004 draft work program. (Please advise me of any revisions, additions etc and I will update for next distribution.)

2004 Work Program

Projects proposed for the PSC's 2004 Work Program are:

1. Projects Currently in Process

(a) Being Progressed by Steering Committees

- Non-Exchange Revenue Reporting – Invitation to Comment and ED
- Social Policy Obligations Reporting – Invitation to Comment and ED
- Budget Reporting – Research Report and follow up as necessary

(b) Being Progressed by the PSC with, in some cases, the assistance of Project Advisory Panels or Working Groups

- Impairment of Assets – review comments on the ED and prepare IPSAS
- IPSAS-GFS differences/convergence – Occasional Paper (Convergence Working Group)
- Development Assistance – ED (with the assistance of Project Advisory Panel)

2. *Additional; projects proposed*

- IPSAS-IFRS Harmonization – ED on first batch of improved IFRSs
- First Time Application of IPSASs – Guidance on IPSAS

3. *Monitoring Liaison Activities*

- Conceptual framework: Monitor developments by national and international bodies. Update internal staff paper on concepts and principles included in IPSASs.
- Monitor work of IASB and respond to IASB exposure drafts as appropriate.
- Progress convergence of GFS, ESA, SNA through the Convergence Working Group and the GFS Strategy Group.

4. *Other projects, such as:*

- respond to recommendations of the PSC review as appropriate
- review additional Occasional Papers
- consideration of emerging priority projects such as non-financial performance indicators, financial instrument recognition and measurement
- liaison with other IFAC committees such as the IAASB, Ethics Committee and Compliance Committee.

Promotion of the output of the PSC, attendance at seminars and encouragement of translation activity will continue during 2004.

Staffing 2003

Ms Li Hongxia has joined the staff on a secondment from the Chinese Ministry of Finance for a period of up to 1 year from September 2003.

Summary of Changes to the 2003 and 2004 Work Plan to reflect decision/progress made at the July 2003 meeting

The attached 2003 work plan has been amended to reflect the following:

- The Argentinean Occasional Paper will be issued in late 2003/early 2004.
- The ED on *Impairment of Assets* was issued in September 2003 and an IPSAS will be finalized in the second half of 2004.
- An Exposure Draft on *Development Assistance* will be issued in second half of 2004.
- Progress on ITCs on non-exchange revenues and social policy obligations
- Progress on the Research Report on budget reporting.
- At this meeting the PSC will consider its strategy in respect of harmonization with IFRSs including amending IPSASs for changes made to IASs/IFRSs as a result of the IASB *Improvements Project*, whether a project on *First Time Application of IPSASs* is necessary and potential action on specific IASs/IFRSs.
- A paper on the IPSAS-GFS-ESA convergence program will be issued in the second quarter of 2004.
- Progress on translation of IPSASs under the IASB-PSC arrangement.
- Progress on the review of Study 14 and the web based version.
- The PSC decision not to action a project on Heritage Assets as yet, but to monitor UK developments
- The 2004 work plan reflects ongoing projects and staff recommendations regarding actions that should occur in respect of harmonization with IASs/IFRSs and first time adoption of *IFRSs/IPSASs*. These will be updated to reflect PSC deliberations at this meeting.

| IFAC PUBLIC SECTOR COMMITTEE (PSC) WORK PLAN 2003 (Prepared for November 03.) | | | | |
|---|----------------------------------|--------------------------------------|-------------------------------------|---|
| Work Plan Jan 03-Dec 03 | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 |
| Project: | <i>No Meeting</i> | <i>PSC Meeting April</i> | <i>PSC Meeting July</i> | <i>PSC Meeting November</i> |
| Impairment of Assets | | Consider Draft ED | ED Issued | Consider responses Issue IPSAS |
| Cash Basis IPSAS | IPSAS Issued | No further action 2003 | Review amendments/"Launch" web | Prepare draft ED |
| Transitional Guidance | Proj.Brief. Engage Contractor | Update Study/develop Web version | Consider Key Decision Questionnaire | Update as necessary |
| Development Assistance | Updated to IPSAS 18 | Discuss Draft ITC | Draft ITC for Review/SC4* | Issue ITC |
| Glossary | SC 3* Feb 03 | Discuss Draft ITC/SC | Draft ITC for Review | Issue ITC |
| Revenue - Non-Exchange | SC 3* Feb 03 | Progress Report to PSC | Consider Draft Research Report | Issue Report - Consider Stage 2 |
| Social Policy Obligations | Proj.Brief. Engage Contractor | Working Group Meet (WG1) | Report WG Progress | Review paper- differences/convergence |
| Budgetary Reporting | Form Working/Strategy Groups | Note PSC Concepts Vs IASB | Monitor Developments | |
| GFS and SNA Harmonist'n | Monitor Development | Staff Report on IASB activities/stds | Staff Rep-IASB activities/Std | |
| Conceptual Framework | | Monitor ED/IFRS | Consider if action necessary | Develop Guidance (?) |
| Monitor IASs/IFRSs | Monitor ED/IFRS | Monitor IASB | Consider Implications/action | Develop EDs (?) |
| - First time application of IFRSs | Monitor IASB | Monitor IASB | Monitor IASB/Consider PSC Strategy | Issue Paper(?) |
| - IFRS Improvements Project | | Agree paper | Finalize Paper | |
| -Fin. Inst: Recog & Measure. | | | | |
| Argentinean Occasional Paper | Paper Issued | | | |
| French Occasional Paper | Monitor IASB/No Action 2003 | | | |
| Employee Benefits | Monitor IASB/No Action 2003 | | | |
| Business Combinations | Monitor IASB/No Action 2003 | | | |
| W.I.P non-exchange Services | No Action 2003 | | Monitor UK developments | Monitor UK developments |
| Heritage Assets-Recog Msmnt | No Action 2003 | | | |
| Non-fin.Performance Report | No Action 2003 | | | |
| Public/Private S. Arrangements | No Action 2003 | | | |
| Non-Technical | | | | |
| Translation of Pronouncements | Russian 1-12 | | | |
| - French, Spanish, Chinese | Mandarin 1-8, Arabic 1-12 | | | |
| - Russia, Arabic, Others | | | | |
| Promotion | - OECD Symposium | - PSC Seminar/roundtable | - PSC Seminar | - PSC Seminar/roundtable |
| Consultative Group | - Presentations | - Presentations | - Presentations | - Presentations |
| | Invite members | Finalize Members | Meet with North America region | Meet with Europe region members |
| | * SC - Steering Committee | SC 3* SC*4 3rd/4thSC Meeting | | *WG2 - 2nd meeting of IPSA-GFS-ESA Convergence Group |
| | | *ITC Invitation to Comment | | |

PSC WORK PROGRAM: STATUS AS AT OCTOBER 2003

| Technical Projects | <u>PSC Standards Program Original Program (1997-2002)</u> | Current Projected Status | IAS/FRS |
|--|---|---------------------------------------|-----------------|
| Study 11 | Governmental Financial Reporting: Accounting Issues and Practices | Final Study issued | NA |
| IPSAS 1 | Presentation of Financial Statements | Final IPSAS issued | IAS 1 & IAS 5 |
| IPSAS 2 | Cash Flow Statements | Final IPSAS issued | IAS 7 |
| IPSAS 3 | Net Surplus or Deficit for the Period, Fundamental Errors and Changes in Accounting Policies | Final IPSAS issued | IAS 8 |
| IPSAS 4 | The Effects of Changes in Foreign Exchange Rates | Final IPSAS issued | IAS 21 |
| IPSAS 5 | Borrowing Costs | Final IPSAS issued | IAS 23 |
| IPSAS 6 | Consolidated Financial Statements and Accounting for Controlled Entities | Final IPSAS issued | IAS 27 |
| IPSAS 7 | Accounting for Investment in Associates | Final IPSAS issued | IAS 28 |
| IPSAS 8 | Financial Reporting of Interests in Joint Ventures | Final IPSAS issued | IAS 31 |
| IPSAS 9 | Revenue from Exchange Transactions | Final IPSAS issued | IAS 18 |
| IPSAS 10 | Financial Reporting in Hyperinflationary Economies | Final IPSAS issued | IAS 29 |
| IPSAS 11 | Construction Contracts | Final IPSAS issued | IAS 11 |
| IPSAS 12 | Inventories | Final IPSAS issued | IAS 2 |
| IPSAS 13 | Leases | Final IPSAS issued | IAS 17 |
| IPSAS 14 | Events Occurring After Reporting Date | Final IPSAS issued | IAS 10 |
| IPSAS 15 | Financial Instruments: Disclosure and Presentation | Final IPSAS issued | IAS 32 |
| IPSAS 16 | Investment Property | Final IPSAS issued | IAS 40 & IAS 25 |
| IPSAS 17 | Property Plant and Equipment | Final IPSAS issued | IAS 16 |
| IPSAS 18 | Segment Reporting | Final IPSAS Issued | IAS 14 |
| IPSAS 19 | Provisions, Contingent Liabilities and Contingent Assets | Final IPSAS issued | IAS 37 |
| IPSAS 20 | Related Parties | Final IPSAS Issued | IAS 24 |
| - | Business Combinations (revised 1998) | Defer Consideration | IAS 22 |
| - | Employee Benefits | Defer Consideration | IAS 19 |
| PSC Standards Program Additional Projects (1997-2002) | | | |
| ITC | Invitation to Comment: The Development of International Public Sector Accounting Standards: Which Bases of Accounting | Completed. | NA |
| Study 14 | Guidance on the Transition From Cash Accounting to Accrual Accounting | Study 14 issued. Updating web version | NA |
| ITC | Impairment of Assets (<i>ITC published July 2001</i>) | ED issued | IAS 36 |

| | Public Sector Specific Issues –2002+ | <u>Current Status</u> | <u>IAS/FRS</u> |
|----------|---|--|-----------------|
| F/W | Framework for Financial Reporting in the Public Sector | Monitor national development | IASB, UK- ASB |
| ED | WIP of 'Free' Services | No Action 2003 | NA |
| ITC | Accounting for Non-Exchange Revenues | Consider revised Draft ITC | NA G4 + 1 Paper |
| ITC | Social Policy Obligations | Consider revised Draft ITC | NA |
| ITC | Budgetary Reporting | Consider revised Draft Research Report | NA |
| - | GPFS/GFS/ESA95 Harmonization | Working Group Established | NA |
| - | Heritage Assets | No action planned for 2003 | NA |
| - | Public/Private Sector Arrangements | No action planned for 2003 | NA |
| - | Non-Financial Performance Reporting | No action planned for 2003 | NA |
| | Other | | |
| Guide | Revision of PSC Guideline 1 – Financial Reporting by GBES | Guideline 1 Withdrawn November 2002 | NA |
| Paper | UK Occasional Paper | Issued June 2002 | NA |
| Paper | French Occasional Paper | Issued 1 st Quarter 2003 | NA |
| Paper | Argentinean Occasional Paper | Finalising Paper | NA |
| | Additional IASS | | |
| - | Interim Financial Reporting | Not Started | IAS 34 |
| - | Discontinuing Operations | Not Started | IAS 35 |
| - | Intangible Assets | Not Started | IAS 38 |
| - | Financial Instrument: Recognition and Measurement | Not Started | IAS 39 |
| - | Agriculture | Not Started | IAS41 |
| | <u>Non-Technical Projects</u> | | |
| | Translation IPSAS into languages other than English: | IASB Agreement | |
| | • French | Translation actioned | |
| | • Spanish | Translation actioned | |
| | • Chinese | Completed IPSAS 1-12 | |
| | • Russian | Completed IPSAS 1-12 | |
| | • Arabic | Completed IPSAS 1-12 | |
| | • Other | Many in progress | |
| | Promotion of PSC Pronouncements | Promotion Activity Ongoing | |
| | Fundraising | Fundraising Ongoing | |
| Study 13 | Non-Standards Project Corporate Governance in the Public Sector: A Governing Body Perspective | Issued August 2001 | NA |

EXTRACT FROM PSC MEETING NOVEMBER 2002

Person(s) Responsible: ***German Delegation and PSC Secretariat and Staff.***

18. CONCEPTUAL FRAMEWORK

The PSC received and considered:

- a memorandum from Matthew Bohun and Li Li Lian;
- a summary of the status of conceptual frameworks in PSC members' jurisdictions;
- a copy of the IASB's *Framework for the Preparation and Presentation of Financial Statements*;
- a paper identifying matters raised in the *IAS Conceptual Framework* which were also raised in part or total in the IPSASs;
- an executive summary of the FEE *Comparative Study on Conceptual Frameworks in Europe*;
- "observers' notes" from the recent IASB meeting on the recognition of revenue; and
- "observers' notes" from the recent IASB meeting on performance reporting.

Matthew Bohun introduced the topic noting that the Steering Committees on non-exchange revenue and social policy obligations would have found an explicit statement of the conceptual framework very useful in dealing with their topics. The PSC discussed whether or not to proceed with the development of an explicit statement of its conceptual framework. The Committee noted that while such a statement would be a useful and important document, to effectively undertake such a project would involve considerable PSC meeting and staff time. The PSC also noted that the current improvements project being undertaken by the IASB would, in all likelihood, lead to some modifications of its Framework. The PSC decided that:

- given the current demands on staff time it would not be possible to action such a project at this point in time but that this situation should be reviewed in one year's time; and
- staff should prepare for consideration at the next meeting a document which identified relevant concepts, definitions and guidance in the existing IPSASs that may form the basis or outline of a conceptual framework and compared this with the framework developed by the IASB. Members noted that such a document would be of benefit to those involved in Steering Committees and GFS and ESA 95 harmonization groups. However, it was not intended that such a document be further developed into a formal conceptual framework at this time.

Action Required: ***Reconsider project at November 2003 meeting***

Person(s) Responsible: ***Standards Staff.***

BROAD OVERVIEW OF PROJECT TYPES – STANDARD-SETTERS IN PSC MEMBER JURISDICTIONS

PUBLIC SECTOR PROJECTS AS AT SEPTEMBER 2003

| TOPIC | USA - GASB | UK | South Africa | Australia | Canada |
|---|------------|--------|--------------|-----------|--------|
| <i>Conceptual Type Projects</i> | | | | | |
| Performance Reporting – and aspects of thereof including: Non-financial service accomplishment and performance indicators. Financial reporting formats and statements and discussion and analysis and economic condition reporting. | ✓ | ✓ ✓ | ✓ | ✓ ✓ | ✓ ✓ |
| Conceptual Framework or aspects thereof, including Financial Reporting Entity | ✓ ✓ | ✓ | ✓ | * ✓ | * ✓ |
| Measurement in fin. statements – including valuation and revaluation property, plant and equipment, revaluation, present value | ✓ | ✓ | | ✓ | |
| <i>Projects on issues in IPSASs or on active Work program</i> | | | | | |
| Asset Impairment | ✓ | | ✓ | ✓ | |
| Capital Assets/Infrastructure Asset | ✓ | | | * | |
| Other IASB/IPSAS Harmonization and Projects that overlap with IPSASs, including inventories, segments, related parties, sale and lease back, liabilities, contingent liabilities, reporting in hyperinflation economies | | * | ✓ | ✓ | ✓ |
| Non Exchange Revenues and components thereof - Transfers, Contributions, Contributions in kind | ✓ | | | * | ✓ |
| Social Policy Obligations | | | ✓ | ✓ | * |
| Budgetary Reporting | | | ✓ | ✓ | |
| Development Grants and Other Aid | | | ✓ | | |
| GAAP/GFS Convergence | | | | ✓ | |
| | | | | | |

| TOPIC | USA - GASB | UK | South Africa | Australia | Canada |
|---|------------|----|--------------|-----------|--------|
| <i>Projects considered by PSC not yet actioned</i> | | | | | |
| Heritage Assets | | ✓ | ✓ | * | |
| Government Combinations / Business Combinations | ✓ | | ✓ | * | |
| Financial Instruments recognition/measurement or aspects thereof - Derivatives and Hedging | ✓ | ✓ | ✓ | | ✓ |
| Intangible Assets | ✓ | | ✓ | | |
| Employee Benefits | | | ✓ | ✓ | |
| Exchange and Exchange-like Revenues | ✓ | ✓ | | * | ✓ |
| Other IAS/IFRS Harmonization (No IPSAS) and IASB overlap projects, including termination benefits | ✓ | ✓ | ✓ | ✓ | ✓ |
| <i>Other Projects</i> | | | | | |
| Service Concessions | | | | ✓ | |
| Simplified/Abbreviated Financial Reporting | | | | ✓ | |
| Net Assets / Fund Balance Reporting | ✓ | | | | |
| Other Post-Employment Benefits (OPEB) | ✓ | | | | |
| Pollution Remediation Obligations | ✓ | | | | |
| Fiduciary Responsibilities | ✓ | | | | |
| GAAP, including hierarchy of guidance | | | | | ✓ |
| Review of National Standards for Government | | | | ✓ | ✓ |

* Consideration of National Standards for Governments and Government Departments in a number of jurisdictions is likely to involve at least some consideration of these issues.