



**INTERNATIONAL FEDERATION
OF ACCOUNTANTS**

545 Fifth Avenue, 14th Floor Tel: (212) 286-9344
New York, New York 10017 Fax: (212) 286-9570
Internet: <http://www.ifac.org>

DATE: FEBRUARY 1, 2005
MEMO TO: MEMBERS OF IFAC IPSASB
FROM: MATTHEW BOHUN
SUBJECT: IPSASB CONSULTATIVE GROUP

ACTION REQUIRED

The Board is asked to:

- **Consider and approve** a process for the appointment or regional chairs of the CG or restructuring of the CG into a Consultative Advisory Group with the same terms of reference as the CAGs of IFAC's Public Interest Activity Committees;
- **Note** the current status of the appointments process.
- **Note** the Consultative Group Membership profile and operating procedures.
- **Note** the Consultative Group members attending the meeting.

AGENDA MATERIAL:

	Pages
14.2 Proposed process for the appointment of regional chairs of the IFAC IPSASB Consultative Group	14.3 – 14.5
14.3 Current status of appointment process	14.6 – 14.7
14.4 Consultative Group membership Profile and Operating procedures	14.8 – 14.12
14.5 Consultative Group members attending IPSASB Meeting	14.13

BACKGROUND

Since the November 2004 meeting, ESAAG has advised that Mr. Jerry Gutu is replacing Mr. Gustaovio Bwock and Mrs. Emmie Heyn as its nominee to the Consultative Group.

The Mongolian Institute of Certified Public Accountants wrote to advise that L Badamkhand is replacing Professor Luvsan Dondog as its nominee to the Consultative Group.

I have written to the Australian Department of Finance and Administration to invite them to nominate a replacement for Mr. James Kerwin, who is now representing the Papua New Guinea Treasury Department, but have not received a reply as yet. I have also written to the Ukrainian Ministry of Finance, but also have not received a reply.

I continue to seek members of the Consultative Group for those regions and bodies that have not nominated members to date. So far I have not received additional nominations.

Appointment of Regional Chairs

The PSC directed staff to prepare a proposal for the appointment of regional Chairs for the Consultative Group, in accordance with the Review Panel Recommendation to the IFAC Board. Item 14.2 contains a proposal that adopts a process of appointment of Regional Chairs that is compatible with the process adopted by IFAC Public Interest Activity Committees for the appointment of CAG Chairs, and in the alternative, a proposal to restructure the CG into a Consultative Advisory Group with the same terms of reference as IFAC's PIACs. I recommend the restructuring of the CG and the establishment of users' group.

Matthew Bohun
TECHNICAL MANAGER

**PROPOSED PROCESS FOR THE APPOINTMENT OF REGIONAL CHAIRS OF
IFAC INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS
BOARD CONSULTATIVE GROUP**

The IFAC IPSASB Consultative Group currently has 72 memberships identified, although nine organizations are still to appoint members. Currently, eight groupings are identified:

- Africa (6 members)
- Asia (8 members)
- Europe including Russia (15 members)
- Latin America (5 members)
- North America (12 members)
- Australasia/Pacific (12 members)
- Middle East (6 members)
- International (8 members)

Included in the international group is a UK IFAC member body, which may be more appropriately grouped as Europe including Russia. The IPSASB will need to consider whether this is an appropriate number of groupings, or whether the number should be reduced.

Public Interest Activity Committees (PIACs) of IFAC

IFAC has designated the International Auditing and Assurance Standards Board, the Ethics Committee and the Education Committee as PIACs that are overseen by the Public Interest Oversight Board (PIOB). The PSC Review Panel recommended that the IPSASB also come under the oversight of the PIOB. In the event that this recommendation is implemented, it is likely that the PIOB will want the IPSASB's Consultative Group to restructured along the lines of the CAGs of the PIACs.

The interim terms of reference of PIAC CAGs will be reviewed and approved by the PIOB in the first half of this year. The interim terms of reference state that the role of the CAG is to:

- Express views on the PIAC's agenda and project timetable including project priorities;
- Provide technical advice on projects; and
- Express views on other matters of relevance to the activities of the PIAC.

The Chair of each PIAC CAG is entitled to attend PIAC meetings as an observer with the privilege of the floor. The PIAC CAGs meet twice each year, the PIAC Chair, Deputy Chair and Technical Director/Manager attend each CAG meeting and all PIAC members have the right to attend CAG meetings and speak to the meeting.

The CAG Chairs are elected by the CAG members and is approved by the Public Interest Oversight Board. CAG members are self-nominated and applications are reviewed by a panel comprising the CAG Chair, two CAG members selected by the CAG Chair for this purpose, the PIAC Chair and the PIAC Technical Director/Manager, to determine

whether the organizations, and the members nominated, are suitable for membership and to ensure a balanced geographical spread and functional backgrounds. Ordinarily, only one member per organization is appointed to the CAG.

CAG members (or the organizations to which they belong) fund the travel costs associated with attending the twice yearly meetings of the CAG, and the CAG Chair (or his/her organization) fund the travel costs associated with attending PIAC meetings.

IPSASB CG

In addition to recommending the establishment of Regional Chairs of the Consultative Group, the PSC Review Panel recommended that the IPSASB be designated as a PIAC and come within the oversight responsibilities of the PIOB. Both these recommendations were accepted by the IFAC Board. If the IPSASB wish to pursue designation as a PIAC then it will need to adopt the same terms of reference for the CG that have been adopted for other PIAC CAGs. The PIAC CAGs do not have regional groupings.

When the PSC reestablished the Consultative Group two years ago, it stated in the Operating Criteria (see Item 14.4) that the CG would start off as an electronic forum, the size of the group would be flexible and that the IPSASB would regularly review the membership, terms of reference and operating procedures and amend them as necessary. The current operating procedures, therefore, give the IPSASB the latitude to adopt the standard terms of reference for PIAC CAGs. Two years' experience with the Consultative Group has demonstrated that a fairly small core group of CG members provide most of the input to the IPSASB.

Staff are of the view that the IPSASB has two options with respect to Regional Chairs of the IPSASB CG:

- 1) The IPSASB write to the CG members in each region, asking members to nominate themselves for the position of Chair, outlining what is expected of the Regional Chair. The IPSASB Chair, Deputy Chair and Technical Director would review the nominations and make recommendations to the IPSASB for the appointment of Regional Chairs. This process would preserve the current CG operating criteria, with an amendment to explain the role of the Regional Chair.
- 2) The IPSASB would amend the CG operating criteria so that they replicate the terms of reference of the other PIACs, and would invite all the current CG members to nominate for the new CAG. I anticipate that many members would not be able to secure funding to attend CAG meetings and would, therefore, not nominate as members of the CAG. The IPSASB Chair, Deputy Chair and Technical Director would review the nominations for the CAG and appoint the inaugural CAG, which would elect a Chair at its first meeting. The Chair could be approved by the IFAC Board, rather than the PIOB.

If option 2 were adopted, the IPSASB should also establish regional IPSASB users' groups, with regional Chairs to replace the electronic forum that currently exists as the

CG. This group would be smaller than the IPSASB network, and would enable IPSASB to continue to reach out to this group.

I recommend that option 2 be adopted, so that the IPSASB demonstrates its clear commitment to the PIOB oversight process, notwithstanding that the PIOB has not accepted responsibility for IPSASB oversight at this stage. This recommendation is in accordance with the Review Panel's recommendation regarding PIOB oversight, but not in full accord with the Review Panel's recommendation regarding the appointment of Regional Chairs.

IPSASB Consultative Group current status

The details are shown in the table below:

Table on Status of Nominations to date

Region	Nominations Confirmed	Nominations Outstanding	Remarks
Africa	6	0	All nominations have been made.
Asia	7	1	ASOSAI has yet to nominate.
Europe including Russia	15	0	Still awaiting the name of the Ukrainian Ministry of Finance's nominee.
Latin America	3	2	OLACEFS –Auditors & Latin American Assoc of Public Acc Schools are yet to nominate
North America	11	1	AAA is yet to nominate
Australasia/Pacific	10	2	Association of Public Accounts Staff of Australia & New Zealand yet to nominate. Awaiting the name of the Australian Department of Finance and Administration Nominee
Middle East	3	3	Arab Bankers Union, Chamber of Commerce, BADEA & ACC & Auditors Assoc yet to nominate
International	8	0	4 committees of IFAC are in this group.
Totals	63	9	The total number is 72 with 63 nominations made so far and 9 outstanding.

The current status of appointment process to the Consultative Group is that 63 nominations have been made so far with 9 outstanding nominations. The total number of the group is 72. I am awaiting the names of the nominees of the Ukrainian Ministry of Finance and the Australian Department of Finance and Administration. Mr. Jerry Gutu has replaced the former ESAAG nominee.

CONSULTATIVE GROUP MEMBERSHIP

Region	Auditors Associations	Preparers/ Ministries. of Finance/ Accountants General etc	Academia	Regional Bodies	Independent Standard Setters/ Professional Bodies	Users incl. Lenders, Aid Agencies, Rating Agencies etc	Others eg Consultants, Individuals, Legislature	Organizations currently represented on PSC through members/observers & technical advisors etc	Ex-PSC Members/Observers	Totals
Africa	1. AFROSAI/ .SADCOSAI Mr. Rajun Jugurnath	1. ESAAG Mr Jerry Gutu	1. ABWA Prof. Ato Ghartey	1. ECSAFA Mr Lebohanga Thotanyana	1. ASB OF SA* 2. KPMG Tunisia Mr Rached Fourati	1. AfDB Mr Charles Muthuthi		1. SAICA* 2. IPFA*		6
Asia	1. ASOSAI	1. Government of Hong Kong Treasury* 2. Ministry of Finance of Japan Mr Hirokazu Fujita 3. Ministry of Finance of PRC Dr. Lou Hong	1. Indonesia Prof. Indra Bastian	1. Confederation of Asian & Pacific Accountants Mr Pyan Ho-bum	1. India Representative Mrs Soma Roy Burman 2. Mongolia Institute of CPA Prof. Dondog			1. ADB*	Mr. M. Rafi	8
Europe/ Eastern Europe+	1. National Audit Office of Netherlands Mrs Anneke van Zanen	1. Ministry of Finance of Croatia Mrs Vesna Vasicek 2. UARG Germany Federal Statistical Office Mr Hans Rehm 3. Swedish Financial Management Authority Mr Claes-Goran Gustavsson 4. Ministry of Finance of Malta Mr Pierre Pace	1. Prof. Ricardo Mussari of Siena University of Italy	1. Federation of Experts Comptables Europeens FEE PSC Chair Ms. Caroline Mawhood, 2. European Commission Mr Brian Gray 3. FEE rep. Mr Marinos Athanassiou (Poland) 4. FEE rep. Mr Daniel Faura (Spain) 5. FEE rep. Dr Tuomas Poysti (Finland)	1. French Professional Body of Accountants Ms. Daniele Lajoumard	1. Fitch Ratings – Europe Office Mr Fernando Mayorga	1. UNICON-MS OF RUSSIA Mr Alexander Verenkov 2. Switzerland University of Zurich, Switzerland Prof. Andreas Bergmann	1. OEC – Organization of Professional/ Expert Accountants (France)* 2. IDW (Germany)* 3. Royal Nivra (Netherlands)* 4. ICAS/CIPFA*		15
Latin America	1. OLACEFS	1. Ibero-American (Latin American Accountants General) Mrs Mercedes Vega Garcia Coordinator	1. Latin American Association of Public Accounting Fac & Schools	1. Inter American Accounting Association Ms. Edgar Nieto Sanchez	1. Latin American Federation of Internal Auditors Mr Genaro Soriano			1. IADB* 2. Mexican Institute of Certified Public Accountants* 3. Argentina Federation of Professional Accountants*		5
North America	1. CCOLA Mr John Noseworthy	1. GFOA-USA Mr Stephen Gauthier 2. AGA-USA Ms. Sharon 3. NASACT Mr Kinney Poynter	1. AAA		1. FASAB Ms. Wendy Combes 2. CGA Mr David Rattray		1. Dr Bob Freeman 2. Dr Jesse Hughes	1. AICPA* 2. CICA* 3. GASB*	1. Mr. Ken Dye Former PSC Chair 2. Mr. Charles Coe 3. Mr Erik Peters	12

Australasia/ Pacific	1. ACAG Dr Arthur McHugh 2. AARF Mr Richard Mifsud 3. SPASAI Mr Todd Beardsworth	1. NZ Treasury Mr Ken Warren 2. Australian Dept of Finance & Treasury 3. NLFMF. Mr. Malcolm Duce 4. HOTARAC Mr Craig Jeffrey 5. PNG Treasury Mr. Jim Kerwin		1. AFAANZ Mr Bryan Howieson		1. Association of Public Accounts Committees Staff of Australia & New Zealand		1. AASB* 2. CPAA* Public Sector Centre of Excellence 3. ICAA* 4. ICANZ*	Mr Ian Mackintosh Mr Kevin Simpkins	11
Middle East		1. Union of Arab Bankers	1. Prof. Talal Abu Ghazaleh	1. General Union of Chambers of Commerce, Ind. & Agric of Arab Countries	1. Arab Society of Certified Accountants- Mr Esmat Fahmy Nagy	1. BADEA	1. Union of Arab Accountants & Auditors- Dr A. M. Hegazy			6
Inter- national	1. INTOSAI*	1. NATO Mr James Luedeke 2. IFAC- FMAC Mr Robin Mathieson		1. Institute of Internal Auditors Mr Jiwon Shourie 2. ACCA GLOBAL Mr Andy Wynne	1. IVSC Mr. Mark Gerold 2. IFAC- IAASB Mr James Gunn		1. IFAC- ETHICS Mrs Gill Spaul 2. IFAC- EDUCATION Ms Claire Egan	1. IMF*/WB* 2. OECD* 3. WB*		8
TOTAL	9	18	6	12	10	4	6	0	6	71

***Those identified by an asterisk (*) were proposed for membership to the Consultative Group. However, they currently have access to the PSC through PSC members/observers/technical advisors and therefore have not been included in the consultative group. They are not included in the count. These organizations will be reconsidered for inclusion on the Consultative Group once their members/observers and technical advisors retire from IPSASB.**

ACCRONYMS

AAA – American Accounting Association
AARF – Australian Accounting Research Foundation
AASB – Australian Accounting Standards Board
ACAG – Australasian Council of Auditors General
ACCA – Association of Chartered Certified Accountants
ADB – Asian Development Bank
AFAANZ – Accounting and Finance Association of Australia and New Zealand
AfDB – African Development Bank
AFROSAI – African Organization of Supreme Audit Institutions
AGA – Association of Government Accountants of USA
AICPA – American Institute of Certified Public Accountants
ARABOSAI – Arab Organization of Supreme Audit Institutions
ASCA – Arab Society of Certified Accountants
ASOSAI – Asian Organization of Supreme Audit Institutions

BADEA – Arab Bank of Economic Development

CAPA – Confederation of Asian Pacific Accountants
CCOLA – Canadian Council of Legislative Auditors
CGA – Certified General Accountants Association
CICA – Canadian Institute of Chartered Accountants
CIPFA – Certified Institute of Public Finance and Accountancy
CPAA – Public Sector Centre of Excellence

ECSAFA – Eastern, Central and Southern African Federation of Accountants
ESAAG – East and Southern Africa Association of Accountants General

FASAB – Financial Accounting Standards Advisory Board
FEE – Federation des Experts Comptables Europeens
FMAC – Financial and Management Accounting Committee (IFAC)

GASB – Governmental Accounting Standards Board, United States
GFOA – Governmental Finance Officers Association

HOTARAC – Heads of Treasuries of Australia

IAASB – International Auditing and Assurance Standards Board (IFAC)
IADB – Inter-American Development Bank
IBEROAMERICAN – Latin American Association of Accountants General
ICAA – Institute of Chartered Accountants in Australia
ICANZ – Institute of Chartered Accountants of New Zealand
ICAS - Institute of Chartered Accountants of Scotland
IDW – Institute of Certified Public Accountants (Germany)
IFAC – International Federation of Accountants
IIA – Institute of Internal Auditors
IMF – International Monetary Fund
INTOSAI – International Organization of Supreme Audit Institutions
IPFA – Institute of Public Finance and Auditing
IVSC – International Valuation Standards Committee

NASACT - National Association of State Auditors, Controllers and Treasurers, United States
NATO – North Atlantic Treaty Organization
NIVRA – Royal Netherlands Institute of Registered Accountants
NLFMF – National Local Government Financial Management Forum (Australia)

OECD – Organization of Economic Cooperation and Development
OLACEFS – Organization of Latin American and Caribbean Supreme Audit Institutions

PRC – People’s Republic of China

SAICA – South African Institute of Chartered Accountants
SPASAI – South Pacific Association of Supreme Audit Institutions

UARG – Sub-committee of the conference of the Ministers of the interior of 16 federal states in Germany

WB – World Bank

CONSULTATIVE GROUP OPERATING CRITERIA

Operating Procedures

Meeting details

The Consultative Group is an electronic forum for interested parties to give their views and opinions on public sector *financial reporting* developments and issues. The need for meetings will be assessed as interest develops with members of the Group determining whether formal meetings are required. When a meeting is determined necessary, such meeting will be held in public and may be followed by, or include, a regional seminar. Members of the public who wish to observe the Consultative Group meeting should register prior to the meeting and will be provided with Agenda papers relevant to the sessions for which they register. Public seats will be limited on a first come first serve basis as capacity permits.

Role

The Consultative Group is not a voting group, but provides a means by which the IPSASB can consult with and seek advice as necessary from a broad constituent group. The Group will operate as a proactive body, which is used to get feedback from various constituencies and act to communicate and promote IPSASs and the work of IPSASB.

Meeting agenda and minutes

IPSASB agenda papers and meeting minutes will be made available electronically to all Consultative Group members through the IPSASB portion of the IFAC web site.

Confidentiality requirements

Meeting agenda material and other non-public draft material made available to Consultative Group members may be marked “confidential” in certain circumstances. Consultative group members are responsible to maintain the confidentiality of such material. The confidential materials will not be provided to members of the public Gallery.

Staff Support

The IPSASB Secretary will provide administrative support to the Consultative Group.

Relationship with PSC Steering Committees

The Consultative Group will be kept informed of IPSASB Steering Committees’ activities through access to minutes and meeting agenda materials. The PSC may from time to time invite certain Consultative Group members to join a PSC Steering Committee.

Chairmanship

The Consultative Group will be chaired by the chairman of IPSASB.

Size

As the Consultative Group will start off as electronic forum flexibility in the size of the membership will be maintained.

Review

The IPSASB will regularly review the membership, terms of reference and operating procedures of the Consultative Group and amend procedures as necessary.

CONSULTATIVE GROUP MEMBERS ATTENDING OSLO MEETING

(Full list to follow)

Ian Mackintosh, Former PSC Chair and Member, Chair, Accounting Standards Board, United Kingdom.