Structure of Documents and IPSASs

Over the past year there have been a number of points of discussion at the IPSASB related to various aspects of document structure and style. This applies to different types of documents, including EDs, IPSASs and Consultation Papers.

It has become clear that there is a need to develop greater consistency with respect to a number of aspects of IPSASB publications and staff are working towards this on an ongoing basis. However based on certain comments there are some issues that the IPSASB should consider. Three areas of discussion are outlined below. Staff would appreciate feedback on any other areas of concern in order to continue improvements.

i) *Structure of IPSASs*

Comments about the structure of IPSASs arose in Beijing in the context of the employee benefits project and the decision to move examples previously in the body of the text to the end of the IPSAS. In this specific IPSAS, the desire was that the examples be authoritative (similar to IASB) but that moving them to the back would aid readability of the IPSAS.

In reviewing existing IPSASs it became evident that there is a diversity of practice related to implementation guidance at the end of the IPSASs. In all cases other than employee benefits the implementation guidance is non-authoritative – it accompanies but is not part of the IPSAS. But the nature of the guidance and what it is called varies between IPSASs. For example, the guidance may be examples or illustrative financial statements. In other IPSASs examples are included as an Appendix with no reference to implementation guidance.

The lack of consistency is not what staff would call a substantive issue. However, in continuing to develop and enhance our reputation as the international standard setter for governments there is a need to establish a more consistent approach to the structure of IPSASs, including implementation guidance and appendices.

The goal is not to develop a prescriptive template per se but rather to set out a common structure and approach, including the placement of examples, illustrative financial statements and other implementation guidance.

The following is a general outline for the structure of an IPSAS:

	Comments
Title of IPSAS	Consistent with IASB if applicable
Table of contents	References paragraph numbers
Introduction	Paragraph numbers preceded by IN
Objective	Describes purpose of IPSAS at a high level
Scope	Who applies the IPSAS or what it applies to
Definitions	Those that are used in the IPSAS (not previously defined in other IPSASs)
Accounting – recognition and measurement	Description of the accounting issues and recognition and measurement principles; this will have the most variability between IPSASs since it relates directly to the subject matter and specific issues.
Presentation and disclosure	Establishes required disclosures
Transitional provisions	Sets out any transitional provisions to assist in implementation
Effective date	At least 12 months from date of publication
Amendments to other IPSASs- Appendix	Sets out consequential changes
Implementation Guidance	Could be examples or illustrative financial statements
Basis for Conclusions	Provides rationale for departures from IASB documents (IFRS convergence projects); summarizes considerations in reaching conclusions (public sector specific project)

There are currently variations in existing IPSASs from this general structure but on a go forward basis staff will be working towards this type of consistency where possible.

ii) *Specific Matters for Comment*

At the July IPSAASB meeting there was some discussion about the goal of including specific matters for comment (SMCs) in consultation papers and exposure drafts. While IPSASB members thought there was a purpose and value to SMCs, concern was expressed about the number of SMCs and, in some cases, the wording. These concerns were reiterated in Beijing in the context of both the Service Concession Arrangements and Social Benefits projects.

Stepping back, when the IPSASB issues a consultation paper or an exposure draft for comment the goal is to solicit feedback from constituents on all aspects laid out in the public document. However, it is at times helpful to be more directive as to some of the

specific issues that need to be resolved since this can help respondents to narrow their review of the material and focus on the issues that are most significant, for example issues that are particularly controversial or where views are polarized. This is not intended to encourage comments only on a narrow range of issues. The goal continues to be soliciting feedback on all aspects of any public document. But SMCs help to delineate specific issues that may be anticipated to be problematic.

Given that as the objective of SMCs, and the fact that IPSASB members have found the number of SMCs to be high, staff have attempted to reduce the overall number of SMCs on recent public documents, for example the SCAs and Social Benefits Consultation Papers. In addition there is a renewed focus on the wording of SMCs to ensure that answers received provide the information desired.

Staff have not set a threshold for an ideal number of questions as they do not think this is appropriate. As a general rule of thumb staff think that the maximum number of SMCs should be 5-6. However in many cases a number smaller than this is appropriate. The approach taken for both SCAs and Social Benefits was to "strip down" the papers to the central or core issue or issues and then to structure questions to address these. In addition a strong encouragement to respond on all aspects of each paper was included.

One IPSASB member suggested for the SCAs paper that a question for each section of the paper be included. Going back to the goal of SMCs to narrow down the focus to specific areas of controversy or polarization, staff do not think that having a question for each section or issue achieves that goal. Preferably respondents will comment on all aspects of any document. The SMCs should reflect key areas of controversy or polarization or that may be anticipated to be challenging to gain consensus on and for which additional information may be solicited.

Staff would appreciate any feedback on this approach to SMCs in order to assist in refining the process.

iii) Consultation Papers- structure and style

The IPSASB has developed a number of Consultation Papers as part of the due process which are used to solicit feedback, often but not exclusively at an earlier stage of a project. Because projects can vary significantly it is not possible to prescribe a format for a consultation paper. The format for the paper should be driven by the goal of the paper.

As an example, considering the recent papers on SCAs and Social Benefits, both were developed to solicit public input into the project. However the papers have very different objectives. The SCAs paper is the first step in the project and provides a detailed analysis of issues and alternatives considered. The Social Benefits paper is an accompanying document to the ED, a much later stage of the due process. The paper is intended to

provide an explanation for the approach taken and to solicit views on this approach and the accounting issues that are most problematic.

While a prescriptive format for consultation papers is not desirable, there are some steps that are being taken to improve the papers and to provide a broad framework within which they can all be developed. The most significant of these is the use of a plain English expert to review and clarify the papers. This review should be done as early as possible in the process.

On the two recent papers this review was undertaken and proved to be extremely valuable. Feedback has been positive and there is a general view that the papers are improved. There can be challenges in timing of the review. It is preferable that the review happen before the IPSASB is asked to vote on a document and time therefore needs to be built into the timetable to allow for this. It is acknowledged that on the SCAs paper this created some time pressure for IPSASB members in terms of their ability to review the revised paper. Going forward staff are working to improve this and make the process as efficient as possible.

Staff would appreciate feedback from members on the recent process for the consultation papers in order to make improvements that can be applied in the future.