

IPSASB VISION REPORT

This paper was the basis for a presentation by the Chair to the IFAC Board. It was developed based on the initial discussions of the IPSASB about the need to consider a long-term vision. The paper outlines some of the initial thoughts about what a long-term vision might look like and presents some ideas about a possible approach to getting there.

The purpose of this session is to hear a report from the Chair about the presentation and the IFAC board's reaction to it as well as for the IPSASB to provide its views and thinking about the content and the way forward.

Contents

Section 1: Background	2
Section 2: Environment Facing the Public Sector and the IPSASB	3
Section 3: Developing a Conceptual Framework for the Public Sector	5
Section 4: Existing Structures	5
Section 5: Long Term Vision	6
Section 6: Paying for the Vision - Funding from IFAC and External Contributors	13
Section 7: Conclusion	15

Section 1: Background

- 1.1 In pursuing its mission IFAC established the International Public Sector Accounting Standards Board (IPSASB) to function as an independent standard-setting body under the auspices of IFAC. The IPSASB develops and issues International Public Sector Accounting Standards (IPSASs) which are financial reporting standards for application by governments (other than for Government Business Enterprises) and other international governmental organizations, for example the United Nations (UN), North Atlantic Treaty Organization (NATO) and others.
- 1.2 The IPSASB issues IPSASs dealing with financial reporting under the accrual basis of accounting and the cash basis of accounting. The accrual basis IPSASs are based on the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) where the requirements of those Standards are applicable to the public sector. They also deal with public sector specific financial reporting issues that are not dealt with in IFRSs. The IPSASB will ensure that its requirements are consistent with those of IASB to the extent the requirements of IFRSs are appropriate to the public sector.
- 1.3 The Cash Basis IPSAS is a comprehensive financial reporting framework and includes mandatory and encouraged disclosures sections. The Cash Basis IPSAS encourages an entity to voluntarily disclose accrual based information regardless of the fact that the core financial statements will be prepared under a cash basis. This may serve to facilitate moving over time from a cash basis to an accrual basis.

The IPSASB's mission is: "To serve the public interest by developing high-quality accounting standards for use by public sector entities around the world in the preparation of general purpose financial reports." This will enhance the quality and transparency of public sector financial reporting by providing better information for public sector financial management and decision making. In pursuit of this objective, the IPSASB supports the convergence of international and national public sector accounting standards and the convergence of accounting and statistical bases of financial reporting where appropriate.

- 1.4 In achieving its objectives, the IPSASB
 - issues IPSASs; and
 - promotes their acceptance and the international convergence to these standards; and
 - publishes other documents which provide guidance on issues and experiences in financial reporting in the public sector.
- 1.5 The IPSASB's vision is that the IPSASs that it develops in the public interest will be the accounting and reporting standards for the public sector globally. This includes governments of all levels as well as international governmental organizations.
- 1.6 The global financial crisis has underscored the relevance of the public sector internationally. Government interventions in various sectors and industries

highlight the need for greater accountability and transparency on the part of governments.

Section 2: Environment Facing the Public Sector and the IPSASB

- 2.1 As leaders in the international accounting standard-setting community, the IPSASB plays a key role related to government financial reporting as well as to the financial reporting by intergovernmental organizations. Environmental factors have implications for the IPSASB in terms of the strategies it adopts.

Global Financial Crisis

- 2.2 The most fundamental change from the last planning process has been the global financial crisis and the extensive impact on governments and the public sector. The global financial crisis has affected the availability of resources and placed a spotlight on whether resources are used as intended and in the most efficient and effective manner. The need for transparency in government financial reporting is more important than ever as governments deal with the impact of their actions on their own financial reporting. There is some evidence that at least in some countries the crisis has actually shifted from the financial industry sector to the government sector.
- 2.3 As a result, support for the global adoption and implementation of IPSASs is building as these are seen as vital for improving the transparency and accountability of governments. Like in previous financial crisis the lack of reliable information about government finances is an area of major concern. Yet, in some countries, e.g. Greece, transparency is the main issue for their continued access to the bond market.
- 2.4 Given the unprecedented nature of many of these actions and interventions it is challenging to know what the ultimate impact on governments will be. Taxpayers, lenders and other stakeholders demand that governments account for and disclose the impact of these interventions in financial reports. There is a growing emphasis internationally on improved governmental financial reporting and increased demand for government accountability as well as increasing concerns about the sustainability of key government programs. There is also a greater awareness of the quantitative and qualitative relevancy of public sector borrowers for the global financial markets. The IPSASB is likely to face increasing demands for high quality standards and adoption and implementation guidance to address these issues.

Increase in Adoption

- 2.5 Over the past three years there has been an increasing interest in the IPSASs and a strong trend towards their adoption. Currently over 80 countries have either adopted or have processes in place to adopt IPSASs. Examples of countries that have adopted, or have a road map for adoption within a specified time period, include Switzerland, Austria, Slovakia, a number of Central Asian countries, South Africa, Israel, Kenya and Brazil. Russia, India and China have also signaled their intention to adopt, though specific deadlines have not been set. Finally, there

- is strong interest by New Zealand and Australia in adopting the IPSASs, pending discussions of certain governance issues (see later in this paper).
- 2.6 In addition, a large number of international organizations use the IPSASs in preparing their financial statements. These include the UN Systems, North American Treaty Organization (NATO), Organisation for Economic Co-Operation and Development (OECD), International Criminal Police Organization (INTERPOL), European Communities (EC), and the Organization of American States (OAS).
- 2.7 The positive trend in adoption has, however, also led to an increase in demand for communication/outreach as well as for implementation guidance. Additionally, the increased interest of countries with well developed governance practices also leads raising expectations in respect of IPSASB's governance and oversight.

Progress in Convergence

- 2.8 The IPSASB completed a major project in 2009 to provide a full set of IPSASs that achieve substantial convergence with the IFRS dated December 2008. One of the key steps towards achieving this was the development during 2008 of Guidelines for Modifying IASB Documents, a key resource for staff in reviewing existing IFRSs and assessing them in the context of whether there are any public sector specific issues that need to be addressed. These guidelines were reviewed by the Chair of the IASB and supported by him as worthwhile in the IPSASB's pursuit of convergence.
- 2.9 By applying these guidelines and identifying key projects, the IPSASB was able to accelerate its progress on a number of IFRSs convergence projects and ultimately approved five new IPSASs in 2009, as well as a number of improvements to existing IPSASs to reflect IASB amendments.
- 2.10 Three of the final standards approved dealt with financial instruments—presentation, recognition and measurement and disclosures. In the current global economic environment, when governments are increasingly raising debt through the capital markets as a result of their financial interventions in the private sector, the need for certainty in the application of well-developed financial instruments standards has particular urgency. In the wake of the global financial crisis developing and approving standards on financial instruments gathered some urgency and was considered critical to our constituents for enhancing transparency. And we responded.
- 2.11 This is not the end of the story however. Significant efforts and resources continue to be required to monitor ongoing IASB developments and projects and to ensure that additional work is undertaken where needed to continue to converge where appropriate. Developing standards for the public sector that are based on IFRSs but which also consider public sector specific issues has proven to be an efficient way to develop standards and one that meets the needs of our constituents. However, the possible adoption of IPSAS in countries with wide use of IFRSs such as Australia and New Zealand is increasing the demand for simultaneous standard setting with the IASB, rather than the existing process,

which leads to systematic delays and strongly limits IPSASB's influence during the IFRS standard setting process. This, however, would require similar availability of the IASB and IPSASB Chair, as well as increased staff resources on the IPSASB side, in order to establish a more permanent liaison with IASB partners.

Section 3: Developing a Conceptual Framework for the Public Sector

- 3.1 When the IPSASB first initiated its standards-setting program, it started by developing a credible core set of IPSASs that could be adopted by those entities seeking guidance on financial reporting issues. Many concepts, definitions, and principles were considered and embedded in the specific IPSASs as they were developed. However, these concepts, definitions, and principles have not been explicitly identified and explained. The IPSASB's Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities (the IPSASB Framework) will establish the concepts that are to be applied in developing IPSASs and other documents that provide guidance on information included in general purpose financial reports (GPFRs).
- 3.2 With IFRS convergence substantially achieved, this is the IPSASB's most important project for the next three year period. The IASB is currently reviewing its Framework and developments are being closely monitored. The IPSASB Framework is drawing on the work of the IASB where it is relevant to the public sector. However, the objective of the IPSASB's project is not simply to interpret the application of the IASB Framework to the public sector, but rather to develop a public sector conceptual framework that makes explicit the concepts, definitions, and principles that underpin the development of IPSASs. For instance, the compatibility with the Government Financial Statistics system is critical for the adoption decision of many national governments. This is underscored at this time as the IPSASB project is progressing and there are signs that progress may surpass the work of the IASB.
- 3.3 Having a well developed conceptual framework for the public sector is seen by many NSSs and others as critical in establishing credibility as the international standard setter for the public sector. The IPSASB reiterated its commitment to the project at its last meeting in December 2009 and is currently revising the project work plan and revisiting staff resource allocations to accelerate progress on the project, with the view to its completion in 2012.

Section 4: Existing Structures

- 4.1 The operations of the IPSASB are virtually the same as those of IFAC's other standard-setting boards. The due process followed in developing standards is the same and the nominations process and voting procedures are also identical.
- 4.2 The differences between the IPSASB and the other standard-setting boards, most notably the International Auditing and Assurance Standard Setting Board (IAASB), can be summed up as follows:
 - The Chair of the IPSASB is a volunteer

- The IPSASB normally holds only three meetings per year
- The IPSASB is not subject to public oversight
- There is no active Consultative Advisory Group (CAG)

Section 5: Long Term Vision

- 5.1 Looking at the environment, to be a credible international standard setter the challenges set out must be addressed. The IPSASB has started discussing a long term vision for the board and what that would entail in its December 2009 meeting. However it is obvious that such a vision can only be developed together with IFAC Board. This paper is not an IPSASB board paper, but reflects the discussion in December 2009.
- 5.2 To this end the following four key components have been identified that need to be addressed in establishing a new long term vision:
1. Governance structures
 2. Number of meetings
 3. Full time paid Chair
 4. Staffing

In considering these four components, which are set explained below, it is necessary to consider directly the related budget ramifications and funding of related costs.

5.2.1 Governance Structures

- As the IPSASB gains momentum in terms of adoption of its standards globally, there is an increasing sense that the IPSASB's governance arrangements need to be reviewed. Unlike IFAC's other standard setting boards, the IPSASB is not subject to public oversight by the PIOB. Other related differences include the fact that the IPSASB does not have an active CAG. Concerns about the lack of oversight and the need for enhanced governance structures have been raised by some stakeholders. Some countries, including New Zealand, Australia and the United Kingdom have suggested either in written discussion documents or verbally, that governance structures, including oversight arrangements, need to be enhanced before adoption can be considered. Other countries, such as Switzerland and other Continental European countries, caution that the creation of oversight structures should not create a dominant position of selected national governments, which would in fact jeopardize the existing independence of IPSASB as a professional standard setting board.
- In 2004, an external review report (the Likierman Report) recommended that IPSASB be subject to public oversight by the PIOB. To date this has not occurred.
- It should be highlighted that the IPSASB is very supportive of being subject to oversight and believes this is a necessary component that would enhance its credibility.

- Given the strong public interest mandate of the IPSASB the IPSASB's governance and oversight arrangements must be considered to ensure that the IPSASB's credibility is maintained and that the standard setting process is independent and robust. In an increasingly global world where there is enhanced relevance of the public sector, strong governance arrangements are needed.
- With the current governance review by the Monitoring Group (MG) underway, IFAC has performed its own review of the effectiveness of the current oversight arrangements and hopes to make progress to introduce public oversight for the IPSASB. The IPSASB provided their feedback on the IFAC draft report in September 2009, including the draft actions and recommendations on the need for, and movement towards, the introduction of oversight for the IPSASB.
- The final response to the MG was submitted on November 25, 2009. Based on the IPSASB's discussions and feedback, the following wording in this response was amended to address the IPSASB's concerns about the need to consult with governments:
 - *Action 2*
IFAC will consult with governments and other key stakeholders to identify an acceptable model for oversight of the IPSASB.
 - *Recommendation 2*
We recommend that the PIOB should assume responsibility for due process of the IPSASB in a manner that is determined to be most appropriate to reflect the needs of governments and other key stakeholders.
- IFAC and the IPSASB must consider what the potential challenges in the existing governance structures are and develop a plan for addressing them. To understand these it will be necessary to consult with governments and other stakeholders to determine the most appropriate changes to the governance structures and oversight and to work towards developing a viable and practical alternative.
- As part of developing a viable model for public oversight, a number of other governance considerations will need to be factored in. For example, some who have expressed concerns about existing governance structures have raised questions about the appointments process and suggested that limiting membership to IFAC member bodies may be too narrow for the IPSASB. Appointments should ensure that the IPSASB has the relevant expertise to maintain its status as a credible standard setter in for the public sector internationally. This may mean amendments in the composition of board membership, such as having fewer positions nominated by IFAC member bodies and additional public member positions. For example, some suggestions have been that instead of 3 public members there are 6, with a commensurate reduction in IFAC

member body positions from the current 15 to 12. This would have budget implications as funding for public members comes from the IPSASB's budget. Additional costs are estimated at \$65,000.

- In addition to the actual oversight, other structures would need to be augmented, for example, adding a CAG as part of governance and oversight structures is logical though this does carry a significant cost.
- Estimating the related costs to enhancing the governance structures is challenging since it depends heavily on the model selected. If some modification of the existing PIOB structures was made to accommodate the public sector it is estimated that this might cost approximately \$500,000.
- In transitioning to enhanced governance structures the IPSASB proposes that in the initial year of oversight and set up of the CAG, the expenses of the CAG Chair be borne by the individual's nominating body or institute in order to phase in the costs. Subsequent to that IFAC would pay the out-of-pocket and travel costs for the CAG Chair, consistent with the other PIACs. This is estimated at \$50,000 per year. It is noted that the outcome of current discussions regarding remuneration of CAG Chairs for the PIACs will have similar issues for the IPSASB.
- Some informal discussions with constituents have suggested that it is important that any oversight and related structures should be independent of IFAC, including being funded separately.
- A plan is being developed by staff in conjunction with the Chair to consult formally commencing in 2010. Initial thoughts are that IFAC should consult with 12-13 governments comprised of a broad group as well as with other stakeholders, such as the World Bank. IPSASB members will be asked to support this process by identifying relevant contacts in various governments as they are able. It is unlikely that an oversight body could be in place prior to 2012.
- *Estimated minimum cost annually of governance and oversight structural changes*
 - 2011 \$0
 - 2012 \$500,000 oversight; \$65,000 additional public members
 - 2013 \$550,000 oversight and CAG; \$65,000 additional public members

5.2.2 Number of meetings

- As noted, the IPSASB currently meets three times per year, for four days at each meeting. This totals 12 meeting days per year. This has some challenges in that it can result in delays in approving documents for consultation or getting final standards issued.
- During 2009 the IPSASB added a fourth meeting (also of four days) to its work plan in order to progress the IFRS convergence program. While it was an enhanced workload, all thought it was extraordinarily valuable and,

more importantly, necessary to achieve the desired outcomes. As a result of this experience, the IPSASB believes that four meetings per year are necessary to be able to continue to progress a challenging work program and meet the demands that come from being the international standard setter for the public sector.

- Adding an additional meeting has direct budget ramifications. The total of these is estimated at \$75,000 per year, which includes the meeting costs in a hotel plus additional travel costs of staff and public members. One option to minimize incremental costs is to continue with 3 meetings but to add a fifth day, for a total of 15 meetings days per year. While this has been discussed, it is not favoured by the IPSASB since it will continue to result in large gaps between meetings which can impede the approvals processes.
- It is noted that in the past year to two, the IPSASB has sourced the use of various meeting facilities at significantly lower costs than those incurred at a hotel. The primary method for this has been to engage early with observers to the IPSASB and determine appropriate facilities that might be able to be accessed. Other venues can also be sourced through Ministries of Finance. Generally the hosting organization does not charge for room rental and the IPSASB incurs the costs for catering and AV equipment during the meetings. These costs are traditionally much less expensive than at a hotel.
- During 2009 the IPSASB met at the facilities of the following organizations:
 - OECD (Paris, France)
 - International Monetary Fund (Washington, D.C., USA)
 - Canadian Institute of Chartered Accountants (CICA) (Toronto, Canada)
 - United Nations' World Food Program (Rome, Italy)
- Holding meetings at more cost effective locations during 2009 meant that adding the fourth meeting was cost neutral. During 2010 this strategy has again been employed for two of the three meetings; the IPSASB will meet at the CICA offices as well as the Ministry of Finance Offices in Vienna, Austria.
- While this strategy will continue to be employed it is not realistic to think that every meeting could be held so cost effectively. However, as is standard practice for all IFAC boards and committees, staff will continue to work to source out less expensive alternatives wherever possible.
- *Estimated cost annually of 4th IPSASB meeting : \$75,000*

5.2.3 Full Time Paid Chair

- Currently the Chair of the IPSASB is a volunteer position. It is estimated that the Chair currently volunteers at least 1400 hours per year doing work for the IPSASB. This includes meeting attendance and preparation, and

working with staff on strategy and work plans. In addition there is a particularly high communication and outreach component to the IPSASB Chair's role. It is estimated that in 2009 the previous Chair undertook more than 30 meetings and presentations outside of IPSASB meetings, and travelled to approximately 12 countries on behalf of the IPSASB.

- As the momentum for adoption increases, the demands on the IPSASB Chair are also increasing. There are limits on the ability of the Chair to do all that is asked because of the volunteer nature of the position. In the period 2007-2009 the IPSASB benefited from the fact that the Chair's employer took an active interest in his activities for the IPSASB and supported his involvement with adjustments in his workload as well as some payments for travel arrangements that could benefit both the employer and the IPSASB. This recognizes the growing credibility of the IPSASB and the acknowledgement that involvement is positive and encouraged.
- The current Chair for 2010-2012 is a professor and similarly has some flexibility in his schedule that is allowing him to combine IPSASB business with academic ventures.
- However, in both cases, the IPSASB has been drawing on the generosity and willingness of individuals and their employers who have gone above and beyond any reasonable expectation of a volunteer Chair. As a long term strategy, relying on the goodwill of individuals is an impediment to progress.
- The additional demands mean an increasing need for additional time by the Chair. This is best addressed by having a full-time paid Chair who would be exclusively devoted to the IPSASB without other commitments. This is the model for the IAASB and it has worked extraordinarily well and is arguably a factor in the enhanced uptake in the adoption of the ISA's.
- The IPSASB believes that the level of uptake of the IPSASs and the resulting enhanced demands on the IPSASB as the international standard setter for the public sector support the need to transition to a full time paid Chair. The current Chair was appointed under the understanding that the position is a volunteer one. His term ends in 2012 and the IPSASB proposes that this period be used as a transitional period and that his successor be appointed as a full time paid Chair.
- **Estimated cost annually of full-time paid Chair:**
 - **2011 \$0**
 - **2012 \$0**
 - **2013 \$500,000**

5.2.4 Staffing

- The current staff complement is comprised as follows:
 - Technical Director (Toronto)
 - Deputy Director (Toronto/UK)
 - Senior Technical Manager (Toronto)
 - Technical Manager (Toronto)
 - Senior Advisor (half-time Melbourne)
 - Secondment from Ministry of Finance People's Republic of China (Toronto)
- There is currently a vacant position for a Technical Manager in Toronto which is being actively recruited and is anticipated to be filled by April 1, 2010. Note that the IPSASB operated short one staff member during the last 7 months of 2009 due to the secondment of a Technical Manager to IFAC's operations department.
- Due to the demands on the IPSASB, it has not been possible to progress the technical agenda at the level desired without assistance from various national standard setters (NSSs). For example, the recently completed financial instruments standards benefited from a virtually full-time contribution by staff of the South African Accounting Standards Board. In addition, the Conceptual Framework project continues to be partially staffed by the CICA and the UK ASB. We estimate that the contribution from NSSs over the past year equates to approximately 1.5 full time staff members. In addition, the GASB has volunteered one of their staff for the service performance project, to be commenced late in 2010 or early 2011. It is estimated that this would raise the contribution from NSSs to two full time staff members.
- In all of these cases, the staff resources are donated at no cost to the IPSASB. It is fair to say that the progress the IPSASB has made in the past 3 years, including achieving substantial convergence with IFRSs at December 31, 2008, would not have been made without this significant contribution.
- While the efforts of staff from NSSs are laudable, this does leave the IPSASB exposed. For example, there have been experiences where NSSs have volunteered resources and subsequently had to withdraw these offers due to resource constraints. At times this has resulted in delays in the projects or a reallocation of IPSASB staff resources from other projects in order to maintain timelines.
- The IPSASB has considered the impact of the proposals of this document on the staffing as well as the contribution of NSSs that are relied on, and considers that the IPSASB is understaffed. Enhanced governance and oversight will require staff resource as will the addition of a fourth meeting and the more intense co-operation with IASB staff. The additional communications promotion and outreach that will be possible with a full-time paid Chair will also require additional staff support.

- Estimates are that an additional Technical Manager is required as early as 2011 as the transition to this longer term vision commences, with a second Technical Manager to be added in 2013. This assumes that the current contribution from NSSs continues unchanged. If these were to be withdrawn prior to project completion, additional staff resources would be needed or adjustments to project timetables would be needed.
- **Estimated cost annually of additional staff:**
 - **2011 \$250,000: 1 additional Technical Manager – costs for salaries, travel, professional development and other related expenses**
 - **2012 \$250,000: Continuing costs of 2011 hire**
 - **2013 \$500,000: Continuing costs of 2011 hire (\$250,000) plus 1 additional Technical Manager (\$250,000)**

5.2.5 Summary

Having addressed the four components considered by the IPSASB as part of its long term vision, the following is a summary of estimated total incremental costs.

Table 1: Summary Of Estimated Minimum Total Incremental Cost to IFAC of Governance Changes

Additional Public Members	65
4 th Meeting	75
Full Time Chair	500
2 Additional staff	500
Total IFAC	\$1,140

Table 2: Summary of estimated minimum total cost for oversight

Public Oversight	500
CAG Chair	50
Total Oversight	\$550

Section 6: Paying for the Vision – Funding from IFAC and External Contributors

6.1 The IPSASB’s current budget is approximately \$1.7 million. Of this, approximately \$835K or 49% is received from external parties. A summary of this for 2009 is as follows:

Table 3: Summary of the Division of the IPSASB Budget Received from External Parties

Funder	2009 Details/ Amount (\$ USD)	Comments
Government of Canada	213,000	\$200,000 CDN/year for 5 years, ending March 31, 2011; Proposal for extension being submitted February 2010
CICA	211,000	Contribution to cover salary of 1 Senior Technical Manager for 5 years, ending June 30, 2012
World Bank	250,000	Renewed annually, 2010 amount not yet confirmed
Government of New Zealand	26,000	\$50,000 NZD; Designated for Conceptual Framework; indications of annual contribution to completion of project but committed annually
New Zealand FSRB	35,000	\$50,000 NZD; Designated for Conceptual Framework; indications of annual contribution to completion of project but committed annually
Asian Development Bank	100,000	\$300,000 for 3 years; Funds to be expended 2010-2012
Total External Funding 2009	835,000	

6.2 In addition to these amounts, the IPSASB receives a contribution in kind from the Peoples Republic of China (PRC) of the secondment to Toronto of a Technical Manager. IFAC recently signed a funding agreement with the United Nations for \$100,000 for 2010, designated for IFRS convergence projects.

6.3 The IPSASB believes there is some capacity to enhance the contribution towards its activities by external contributors such as governments and other stakeholders. However, preliminary feedback has been that in order for this to occur, the IPSASB will need to address some of these broader long term vision issues, particularly those around governance and oversight as well as the full-time Chair.

6.4 As noted, IFAC and the IPSASB is developing a plan to consult with governments and other stakeholders over the next year to solicit feedback on the impediments to funding and what changes would be needed. However, in addition, preliminary feedback has indicated that governments and other

stakeholders want to see a strong message from IFAC about the importance of the IPSASB and IFAC’s willingness to recognize this. In the aftermath of the global financial crisis and the significant interventions that governments have undertaken, the importance of accountability and transparency in financial reporting by governments is emphasized and IFAC’s commitment to this is needed more than ever. IFAC currently funds approximately 50% of the IPSASB’s operating budget and it is proposed that this continue in order to ensure IFAC’s “ownership” of the IPSASB.

- 6.5 As noted, preliminary discussions have also indicated a strong sense that any oversight arrangements should be independent from IFAC. For this reason the estimates for additional costs for oversight have been included separately with a view to funding these exclusively from external sources.

How do we get there?

- 6.6 The summary above provides a broad estimate of the incremental costs of implementing this long term vision. As noted previously, the IPSASB Chair and Technical Director recognize it is not realistic to implement this immediately nor all at once. Therefore they are proposing a transitional staged approach that balances the required additional components with the required costs and allows time to seek out additional funding sources that might be accessed. A staged approach would also allow IFAC to plan for the additional budget impacts needed to address this. The staged approach would envision the following steps over the next 3 to 4 years.

Table 4: 2010-2013 Staged Approach to Implementing IPSASB Longterm Vision

	Year	Activity
STEP 1	2010	<ul style="list-style-type: none"> • Planning and consultation
STEP 2	2011	<ul style="list-style-type: none"> • Add 4th meeting • Add 1 staff member
STEP 3	2012 (Incremental to 2011)	<ul style="list-style-type: none"> • Enhance governance: <ul style="list-style-type: none"> ○ Oversight (model to be determined) ○ Consultative advisory groups (volunteer Chairs, travel costs donated)
STEP 4	2013 (Incremental to 2011 and 2012)	<ul style="list-style-type: none"> • Full time paid Chair • Costs of CAG Chair travel and meetings paid by IFAC • Add 1 staff member

6.6.1 Summary of Budget Impact of Transitional Plan

Table 5: Funded Through External Sources Only

Action	2011	Projected Costs (\$USD)	
		2012	2013
Governance			
Oversight*	N/A	500,000	500,000
CAG Chair	N/A	0	50
Total External Funding		500,000	550,000

* The total actual costs related to oversight will depend on the model of oversight considered most appropriate. Preliminary planning is that these costs would be funded from external sources.

Table 6: Funded through external sources and enhanced IFAC budget contribution

Action	2011	2012	2013
Add 4 th Meeting	75,000	75,000	75,000
Additional Public Members		65,000	65,000
Salary Chair			500
Additional Staff	250	250,000	500,000
Projected Minimum Incremental Budget	325	390,000	1,140,000

Section 7: Conclusion

- 7.1 The success of the IPSASB has developed over time and the increased attention and adoption of IPSASs demonstrates that IFAC’s efforts in setting reporting standards for the public sector are warranted. Looking ahead, in order to sustain the IPSASB’s growing credibility as the international standard setter for the public sector it is necessary to consider the challenges facing the IPSASB and develop a plan that will address these.
- 7.2 The IPSASB believes that, as currently constituted, it will be difficult to continue the rapid expansion in the adoption of its standards due to the increased demands on the board that result from greater uptake. It is now time to consider the long term vision for the IPSASB and develop a plan for achieving it.