

Meeting: International Public Sector Accounting
Standards Board

Meeting Location: New York, USA

Meeting Date: December 3–6, 2012

Agenda Item 4

For:

Approval

Discussion

Information

Oversight and Governance

Objective(s) of Agenda Item

1. The objective of this agenda item is to provide the IPSASB with an update on various activities related to public interest oversight of the IPSASB and related governance changes.
2. Staff and the Chair continue to support the need for public interest oversight of the IPSASB and are working with various parties to facilitate this. At this meeting the Chair and staff will provide a verbal update of recent meetings of the IFAC Board and Council as well as the recent PIOB meeting at which this issue was discussed.
3. In addition to this verbal update, the IPSASB is asked to note the following recent activities.

Composition of IPSASB

4. One of the points of feedback that was received from the 2011 IFAC consultation on oversight was that the composition of the IPSASB should be reconsidered. Stakeholders expressed the view that the fact that the 15 non-public members are limited to nominations by IFAC member bodies means that the IPSASB's stakeholders, for example governments, are not adequately represented. Allowing a broader pool from which to draw members was seen to be a means of enhancing the composition and credibility of the IPSASB. Stakeholders also expressed the view that changes to the composition might have a positive impact on funding considerations, though this was not the primary concern.
5. In order to resolve this issue, staff proposed to the IFAC Board in November 2012 that a change to the IPSASB's Terms of Reference, with specific focus on the composition of membership, be considered. Specifically, the proposal was made to allow members to be drawn from a broader pool. It was noted that this would be consistent with the PIACs, where nominations are no longer limited to IFAC member bodies.
6. The change proposed affects the second paragraph of section 4.0 (Membership) of the IPSASB's Terms of Reference as follows:

“The IPSASB has 18 members, 45 of whom no less than three shall be ~~are nominated by IFAC Member Bodies and three of whom are appointed as~~ public members. A public member is expected to reflect, and is seen to reflect, the wider public interest. Members may be nominated by governments, IFAC Member Bodies, the Forum of Firms, public agencies, international organizations, or the general public. ~~The three public members may be members of IFAC Member Bodies.~~”

7. Staff are pleased to report at this time that the IFAC Board approved this change effective January 1, 2014. The change will be reflected in the Call for Nominations that will be issued shortly for 2014.
8. This change to the IPSASB's Terms of Reference means that the composition of the IPSASB is no longer limited (for 15 seats) to nominations from IFAC Member Bodies. Nominations can be made directly by governments or other stakeholders. All nominations will continue to be made to the IFAC Nominating Committee and the evaluation of nominees will continue to be made by the Nominating Committee with input and assistance from the IPSASB Chair. Agenda Paper 4.1 is the paper that was presented to the IFAC Board for their approval.

Background Paper to PIOB

9. Staff were requested to provide the PIOB with a brief background paper for their November 2012 meeting that summarized the potential costs of IPSASB oversight by the PIOB. This confidential paper has been provided in Agenda Item 4.2 for the IPSASB's information. Staff will provide an update on the discussions at that meeting. Note that because the paper was prepared in October 2012 the change to the IPSASB's Terms of Reference is noted as proposed but not yet approved. The PIOB is now aware that the IFAC Board approved this change.

Material(s) Presented

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| Agenda Item 4.1 | IFAC Board paper - Changes to IPSASB Terms of Reference |
| Agenda Item 4.2 | Background paper provided to PIOB (prepared October 2012) |

Action(s) Requested

10. The IPSASB is asked to consider the activities and information related to oversight and provide feedback on appropriate future actions.