



Agenda Item 9: Limited Scope Update of Conceptual Framework

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IPSASB Meeting

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New York, USA

Covering Paper (Agenda Item 9.2.1)

Issues Highlighted in Project Brief and Outline

- a. Limited nature of scope
- b. Proposed issues in scope
- c. Issues discussed with CAG and not in scope

Decisions Required

- Approval of project brief and outline
- Identification of other issues

Project Brief: Introduction (Section 1)

- Approved in September 2014 and issued in October 2014
 - Previously implicit reliance on former IASC 1989 Framework
- No review timeline
- Limited scope review proposed in Strategy and Work Plan Consultation
- Support from delegates at Public Sector Standard Setters Forum, but diverse views on scope
- Discussed with CAG in December 2019

Project Brief: Rationale for project (Section 2)

- (a) Developments in the International Accounting Standards Board's (IASB's) revision of its Conceptual Framework after September 2014
- (b) Experience in using the Conceptual Framework in developing new pronouncements and maintaining existing IPSAS since approval in September 2014

Project Brief: Financial Reporting Requirements (Section 3)

- Establishes the concepts for development of IPSAS and Recommended Practice Guidelines (RPGs)
 - RPGs provide guidance for financial reporting outside financial statements
- Non-authoritative
- Explain departures in bases for conclusions
 - Imposes accountability on Board
- Links with Measurement project and importance of aligning timelines

Project Brief: Project objective (Section 4) (1)

- Update the Framework for a limited number of issues
- Criteria: *urgency, consequences, feasibility and prevalence*
 - Particular emphasis on the first three of these criteria.
- View that Consultation Paper unnecessary
- No intention to form Task Force (TF)
 - Links to Measurement, Heritage and Infrastructure TFs

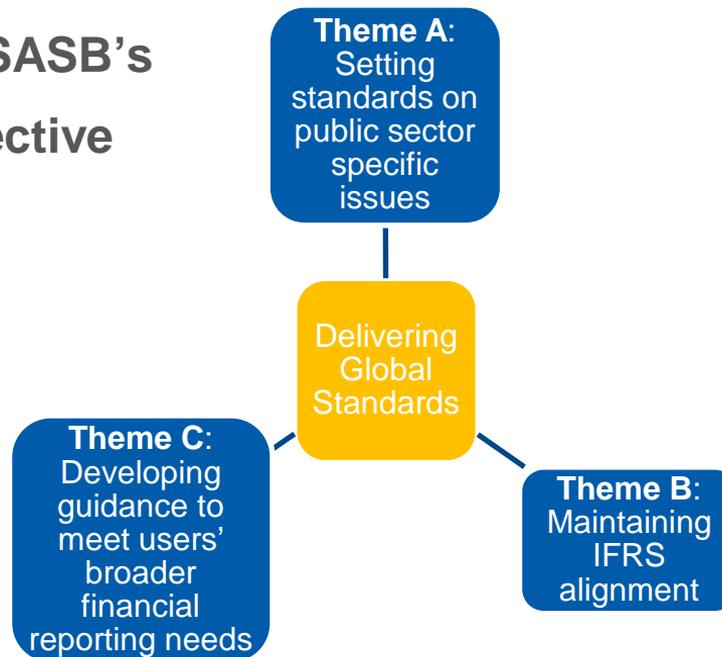
Project Brief: Project objective (Section 4) (2)

Achieving the objective

- Determination of appropriate and manageable scope
- Links to other projects (esp. Measurement)
- Formulation of communications plan: Update is not a full - scale review of the Framework.

Project Brief: Project objective (Section 4) (3)

Link to the IPSASB's
Strategic Objective



Project Brief: Key Issues: Section 5 (1)

1. *Scope*
2. *Impact of Revised IASB Measurement Chapter*
3. *Absence of fair value from IPSASB Framework*
4. *Relationship between fair value and market value*
5. *Tension between replacement cost as a measurement basis and replacement cost as an estimation technique for fair value*
6. *Capital maintenance*

Project Brief: Key Issues: Section 5 (2)

7. *Elements: Definitions of an asset and a liability*
8. *Unit of account and executory contracts*
9. *Acknowledgement of prudence in context of neutrality*
10. *Materiality*
11. *Communication: Management of expectations*

Project Brief: Implications for Specific Persons or Groups (Section 6)

1. IASB

- 2018 Framework
- Subsequent limited scope amendments to Chapter 2, *Qualitative Characteristics of Useful Financial Information*, relating to materiality (Key Issue#10)

2. Other Standards, Projects in Process or Planned Projects

- Major impact on all current and prospective projects
 - Measurement, Heritage, Infrastructure and

3. Government Finance Statistics

- Analysis of approaches and process for assessing alignment

Project Brief: Development Process, Project Timetable and Project Output (Section 7)

- Subject to the IPSASB's formal due process,
- Input from CAG.
- ED approval subject to the usual IPSASB voting rules.
- Regular assessments to confirm that the project timetable remains the most appropriate.

Project Brief: Project Timetable (Section 7)

Major Project Milestones–	Expected Completion
Approve Project Brief	March 2020
Approve Exposure Draft (ED) Phase 1 1.expected timeline for the project is as follows:	September 2020
Approve ED Phase 2	December 2020
ED Comment Period (four months): Phase 1	February 2021
ED Comment Period (four months) Phase 2	May 2021
Review of Responses to EDs	June & September 2021
Approve Final Revisions to Framework	December 2021

Project Brief: Project Output (Section 7)

- Revised Chapter 7, *Measurement*.
- Amendments to Chapter 3, *Qualitative Characteristics* and possibly Chapter 5, *Elements*.
- Decision on whether capital maintenance will be incorporated into Chapter 7 or a separate chapter, as in the IASB Framework.

Project Brief: Resources Required (Section 8)

Staff Resources

- 0.5 FTE

Factors that Might Add to Complexity and Length

- Broadening the scope beyond that proposed in the project brief
- External expectations leading to more robust communication with constituents; and
- Coordination and consultation with Measurement Task Force and the Task Forces on Heritage and Infrastructure.

Project Brief: Useful Sources of Information/Other Issues (Sections 9 & 10)

- IASB Framework principal source

Topics identified and discussed with CAG but not proposed in scope

- Hierarchy of QCs: fundamental and enhancing
- Other resources and other obligations
- Use of term ‘non-legally binding obligation’



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