

**Meeting:** International Public Sector Accounting Standards Board

**Meeting Location:** Virtual Meeting

**Meeting Date:** June 15–18, and 22, 2021

# Agenda Item 3

For:  
 Approval  
 Discussion  
 Information

## MID-PERIOD WORK PLAN CONSULTATION

<b>Project summary</b>	The project objective is to perform a limited-scope public review during 2021 on projects to add to the Work Program.	
<b>Board sponsor</b>	<ul style="list-style-type: none"> <li>Ian Carruthers, IPSASB Chair</li> </ul>	
<b>Meeting objectives</b> Project management	<b>Topic</b>	<b>Agenda Item</b>
	<a href="#">IPSASB Mid-Period Work Plan Consultation: Project Roadmap</a>	<a href="#">3.1.1</a>
	<a href="#">Instructions up to Previous Meeting</a>	<a href="#">3.1.2</a>
	<a href="#">Decisions up to Previous Meeting</a>	<a href="#">3.1.3</a>
<b>Decisions required at this meeting</b>	<a href="#">Approval of the Mid-Period Consultation</a>	<a href="#">3.2.1</a>
<b>Other supporting items</b>	<a href="#">Supporting Documents 1 - [draft] Mid-Period Work Program Consultation</a>	<a href="#">3.3.1</a>

**IPSASB MID-PERIOD WORK PLAN CONSULTATION:  
PROJECT ROADMAP**

<b>Meeting</b>	<b>Completed Actions or Discussions / Planned Actions or Discussions:</b>
December 2020	1. Overview of Mid-Period Consultation
March 2021	1. Discuss Project Plan 2. Discuss Potential Technical Projects
June 2021	1. Approve Mid-Period Consultation
September 2021	1. Out for Consultation
December 2021	1. Initial Review of Responses
March 2022	1. Update the Work Program

**INSTRUCTIONS UP TO PREVIOUS MEETING**

<b>Meeting</b>	<b>Instruction</b>	<b>Actioned</b>
December 2020	1. Bring back a detailed project plan for the consultation for March 2021	1. See March 2021 Agenda Item 7.2.1 – Agenda Item 7.2.3.
March 2021	1. Engage with the Task Force to develop the Mid-Period Work Program Consultation proposals. The draft Consultation should take into consideration the discussions held at the Breakout Sessions and feedback from roundtables held as part of the Strategy and Work Plan. The Breakout Groups should be reassembled prior to the June Board meeting session to review the draft Consultation.	1. Consultation document was developed based on IPSASB instructions. See full details in <a href="#">Agenda Item 3.2.1</a>

**DECISIONS UP TO PREVIOUS MEETING**

<b>Meeting</b>	<b>Decision</b>	<b>BC Reference</b>
December 2020	1. Bring back a detailed project plan for the consultation for March 2021	1. Not Applicable
March 2021	1. No specific Theme C projects should be proposed in the Mid-Period Consultation. 2. Engage in discussions around future sustainability reporting arrangements. 3. Provide information about sustainability reporting on the IPSASB website, along with regular updates to stakeholders and the Board.	1. See <a href="#">[draft] Mid-Period Work Program Consultation</a>

## **Approval of the Mid-Period Consultation**

### **Question**

1. Does the IPSASB:
  - a. Approve the [\[draft\] Mid-Period Work Program Consultation](#) for exposure; and
  - b. Agree that a 4-month exposure period is appropriate?

### **Recommendation**

2. Staff recommend the Mid-Period Work Program Consultation be approved for exposure.

### **Background**

3. In its current Strategy and Work Program the IPSASB committed to carry out a limited-scope public consultation during 2021 to obtain external input on its Work Program priorities, specifically to propose new projects as resources become available.
4. In March 2021, the IPSASB held its first discussions on which projects should be proposed in the Consultation Document. The IPSASB split into four breakout groups by region to discuss in small groups what the priorities were in each region.
5. To enable the efficient development of the Consultation, the IPSASB instructed staff to seek input from several sources in the lead up to the June 2021 meeting. Below is a summary of the various different engagement activities carried out that have shaped the documents development, including key due process steps.

### **Due Process**

6. After the March IPSASB 2021 meeting the [\[draft\] Mid-Period Work Program Consultation](#) was developed in consultation with:
  - a. **Breakout Groups.** The direction provided at the March 2021 IPSASB meeting by the breakout groups was excellent. The projects proposed by each of the breakout groups in March are largely consistent with the final proposals in the draft Consultation Document (supported by the project prioritization criteria analysis and responses received from regional roundtables held as part of the implementation of the current Strategy and Work Plan).

During the week of May 17<sup>th</sup>, the regional breakout groups were reconvened to review an updated draft of the Consultation Document. Staff considered and actioned all of the comments in the Consultation Document as appropriate (see [Appendix A](#) for recurring feedback received across multiple groups).
  - b. **Public Interest Committee.** On March 29, 2021, the IPSASB chair presented the development process of the Consultation Document, including an overview of key considerations and potential proposed projects. The PIC was supportive of the proposed process and plan for the Consultation overall.

- c. **Task Force**<sup>1</sup>. A seven member task force was established to help in the development of the Consultation Document. The chair of each regional breakout groups from the March 2021 meeting was invited to join the task force to ensure regional representation of views were considered. The following task force meetings were held:
    - i. **Meeting 1** – Task force members considered potential projects based on direction and feedback from the March breakout groups. In considering projects to proposed, the task force considered an analysis of projects developed using the project prioritization criteria set out in the Strategy and Work Plan 2019-2023. Further the task force considered feedback gathered from the regional roundtables held as part of the implementation of the Strategy and Work Plan in 2019;
    - ii. **Meeting 2** – Task force member reviewed a first draft of the Consultation Document and provided comments and feedback to further its development.
  - d. **Consultative Advisory Group**. The CAG convened on May 20<sup>th</sup>, 2021 to hold a special in-period meeting to provide advice on the Consultation Document (see [Appendix B](#) for advice received from the CAG and an overview of how that advice was actioned in the document by staff).
7. Staff extends its thanks to IPSASB members, technical advisors, observers and CAG members for their commitment, engagement and support in the development process. The timeline to develop it was compressed and it would not have been possible to progress it to point where it is ready for approval without that engagement and support.

#### *Feedback*

8. Feedback received across all of the various groups and activities was generally positive. All groups found it easy to read and thought it would elicit the responses the IPSASB required to prioritize projects for the latter part of its current Strategy. Recurring feedback that was noted has been summarized in [Appendix A](#).
9. Staff considered all of the feedback and reflected it as appropriate in the [\[draft\] Mid-Period Work Program Consultation](#).

#### *Exposure Period*

10. Staff plans to publish the document in mid to late July 2021. Staff is recommending a 4-month exposure period. This will allow the IPSASB to review responses at its December 2021 meeting, and finalize the new projects being added to the work program in March 2022.

#### **Decision Required**

11. Does the IPSASB agree with the staff recommendation?

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<sup>1</sup> The task force includes the following IPSASB members: Ian Carruthers, Todd Beardsworth, Lindy Bodewig, Luzvi Chatto, Kamira Sanchez Nicosia, Lynn Pamment and Scott Showalter.

**Appendix A – Summary of Recurring Feedback Received from Breakout Groups**

The table below summarizes recurring feedback that was noted across multiple groups.

Feedback	Staff Response
Too long	<p>This was the most challenging feedback to address.</p> <p>Staff had made a concerted effort to keep the document as concise as possible:</p> <ul style="list-style-type: none"> <li>- Background was referenced to the 2019-2020 Biennial Review; and</li> <li>- Each section was included for a specific purpose.</li> </ul> <p>As such it was difficult to identify areas that were unnecessary for the document.</p> <p>Staff focused on providing the reader with the purpose of the document earlier by developing an overview that sits at the beginning of the document. Furthermore, where possible, text was replaced with images to make the document shorter and more engaging.</p>
The document indicated resources were available for 5 projects (6 were prioritized)	<p>To address this feedback staff moved away from projects that would be added to the work program. Instead, the focus was placed on projects that should be prioritized for the IPSASB to consider when resources become available.</p> <p>This provides the IPSASB more flexibility in determining which project to pursue when resources become available.</p>
The IPSASB’s plans for sustainability needs to be clarified	<p>Sustainability is an important topic to the IPSASB.</p> <p>The document has been updated to focus on:</p> <ul style="list-style-type: none"> <li>- IPSASB guidance and resources that currently exist for public sector entities to apply related to sustainability reporting; and</li> <li>- The active role the IPSASB will undertake to engage in discussions and initiatives around the potential to develop unified international sustainability reporting guidance.</li> </ul>
Clarify projects descriptions	<p>The Consultation Document describes each project proposed. It was considered important respondents had a consistent understanding with the IPSASB when prioritizing projects.</p> <p>Groups provided several clarifications on the project descriptions, and the detailed appendices, to help constituents in their responses. For the most part, clarifications suggested were consistent across groups. For example, several groups suggested being clear the consultation phase of the differential reporting project would be key in scoping the project.</p>
Questions	<p>Several groups provided suggestions on how to improve the questions. Most feedback was tied to clarifying the 6 projects prioritized, compared with resources availability for 5 projects.</p> <p>Suggestions were actioned to clarify the requests the IPSASB required to prioritize projects in the public interest.</p>

**Appendix B – Report Back to the CAG on the Consultation Document**

**May 2021 In-Period Check-In**

- Summary of the advice provided by CAG members from the May 2021 In-Period CAG Meeting and how the IPSASB has responded to the Representatives’ and Observers’ comments are included in the table below.

Representatives’ and Observers’ Comments	IPSASB Staff Response
<b>May 2021 CAG Meeting Comments</b>	
Dave Warren, Deputy Director, provided an overview of the process followed in developing the Draft Mid-Period Work Program Consultation and a summary of how the Task Force prioritized projects for inclusion in the document.	
The CAG members commented as follows:	
<ol style="list-style-type: none"> <li>Mr. Page asked if this was the right time for the IPSASB to pursue this consultation. He indicated:                             <ul style="list-style-type: none"> <li>○ Governments are still navigating difficult times with significant uncertainty;</li> <li>○ Many governments have amassed significant debt loads and are focussed on how these should be addressed;</li> <li>○ The public sector’s primary focus is on interest rates and inflation.</li> </ul> </li> </ol>	The IPSASB had planned to undertake its mid-period consultation in 2020. However, the IPSASB delayed the project for one year because of the pandemic. With several projects nearing completion, the IPSASB now needs to consult on which projects should be added to the work program when resources become available.
<ol style="list-style-type: none"> <li>Ms. Grässle advised the process should enhance its focus on COVID and include more emphasis on Theme D and Theme E.</li> </ol>	The IPSASB’s response to COVID, along with details on Themes D and E will be communicated in the 2019-2020 Biennial Review, which will published together with the mid-period consultation. The purpose of the mid-period consultation is to concisely communicate the proposed projects to allow constituents to inform the IPSASB’s decisions on future projects.
<ol style="list-style-type: none"> <li>Ms. Sanderson advised the IPSASBs response to COVID be included in the Consultation. This emphasizes what the IPSASB has accomplished and that it has been considered.</li> </ol>	See comment #2.

Representatives' and Observers' Comments	IPSASB Staff Response
<p>4. Mr. Melo noted politicians are terrified accounting will provide different answers than national accounting. In spreading IPSAS globally the IPSASB needs to consider the impact of bringing IFRS to the public sector.</p>	<p>This concern is outside the scope of this consultation (however, it is addressed in the IPSASB current Strategy under Theme D and E). Continued education and advocacy is the key to responding to these concerns (as set out in the IPSASB's current Strategy). The Consultation does highlight the need to maintain resources for Theme D and E initiatives. This allows the IPSASB to partner with other organizations and undertake opportunities to better inform on the benefits of accrual accounting.</p>
<p>5. Ms. Caron asked if more of a focus should be placed on sustainability, given the importance it currently has in the public sector sphere.</p>	<p>This message has evolved in the draft consultation and has been updated in the latest iterations. More focus is placed on the IPSASB's role and how it engages in the ongoing global debate related to sustainability reporting. Additionally the document also highlights existing tools available for public sector entities to report on sustainability programs, including the use of IPSAS literature (IPSAS and the Recommended Practice Guidelines 1–3).</p>
<p>6. Ms. Weinberg liked that the document emphasized public sector specific standards are developed in circumstances where there are public sector specific issues.</p>	<p>Noted. Emphasis remains in the document.</p>
<p>7. Mr. Müller-Marqués Berger indicated the section on delivery was critical to the document. It worked as an accountability tool and shows the IPSASB considered advice from its constituents during the development of its current Strategy.</p>	<p>Noted. The delivery section has been retained in the document.</p>
<p>8. Ms. Busquets advised it would be good to encourage constituents to respond considering the broad context in which the IPSASB operates. She also indicated, reading the questions on page 10 is too late in the document.</p>	<p>An overview has been added at the beginning of the document. Questions have been updated to ask constituents what the IPSASB should prioritize as an international standard setter.</p>

Representatives' and Observers' Comments	IPSASB Staff Response
<p>9. Mr. Müller-Marqués Berger suggested it was unclear what the difference was between a resource intensive and limited resource project. It is not overly useful to respondents as this is a distinction relevant to the IPSASB.</p>	<p>The document has been updated to better clarify the difference.</p>
<p>10. Ms. Makgolo noted the projects prioritized mostly focussed on changes to existing standards. She asked whether the differential reporting project risked reducing consistency across IPSAS.</p>	<p>Differential reporting is a high priority project for many constituents. This project, which will be fully explored during the consultation phase, is expected to ease reporting requirements for certain entities while still complying with IPSAS principles. Staff notes that the consultation only proposes projects, the IPSASB will consider the feedback before deciding which projects to add to the work program.</p>
<p>11. Mr. Smith Mansilla agreed with Ms. Busquets and added the prioritized projects appear late in the document. He suggested most of the introduction existing in other published documents.</p>	<p>See comment #8.</p>
<p>12. Mr. Gibsy advised more focus be placed on the current conditions in which the IPSASB operates. He suggested more focus on sustainability and indicating it would be considered as part of the next Strategy.</p>	<p>See comment #5.</p>
<p>13. Mr. Gisby advised adding more information on why the projects included in the Consultation were prioritized.</p>	<p>Appendix B has been updated to indicate projects with "high" rankings in all four categories were prioritized. Additional background on how the projects were selected was also added.</p>
<p>14. Mr. van Schaik advised updating the description of the IPSAS 33 project to remove reference to a PIR because the IPSASB has yet to perform a PIR.</p>	<p>Reference to the post implementation review in the core text and Appendix B has been removed.</p>
<p>15. Ms. Sanderson noted additional research on discount rates should be performed. This is an important topic that could become very important soon. The IPSASB should be ready to act.</p>	<p>The Consultation now clarifies discount rates remains a candidate for further research.</p>

<b>Representatives' and Observers' Comments</b>	<b>IPSASB Staff Response</b>
16. Ms. Stachniak asked if the digitalization of information had been raised as a priority for the IPSASB.	As part of the development of the current Strategy, one respondent suggested the IPSASB undertake a project on XBRL. The IPSASB considered this project and concluded IPSAS principles do not preclude XBRL reporting. However, at present it was not the best use of the IPSASB's standard setting resources.
17. Ms. Colignon advised the Presentation of Financial Statements project could be broader than just a Theme A project.	An introductory paragraph has been added to the projects section indicating the projects prioritized are primarily related to Theme A. The paragraph further notes some projects also have an impact on Themes B, D and E.
18. Ms. Grässle reminded the IPSASB to always consider implementation when developing standards.	The two resource intensive projects being proposed are expected to help with accrual implementation challenges (differential reporting project) and usefulness to the users of the financial information (presentation of financial statement project).

**Supporting Documents 1 – [draft] Mid-Period Work Program Consultation**

1. This Agenda Item includes a draft version of the [Mid-Period Work Program Consultation](#). This version reflects comments received from the Task Force, Breakout Groups and CAG.

**Review Instructions**

2. IPSASB members, Technical Advisors, and Observers are asked to consider the following when reviewing the Consultation Document:
  - (a) Is there anything missing, or you were expecting to see;
  - (b) Are there sections that do not make sense; and
  - (c) Should material be rearranged.
3. Staff is happy to take all editorial comments via email.

Strategy and Work Program 2019-2023

# Mid-Period Work Program Consultation

Consultation July 2021  
Comments Due: November xx, 2021

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# Consultation Overview

As the IPSASB approaches the mid-point in its Strategy and Work Plan 2019-2023 (the Strategy), and a number of its current projects are completed during 2022 and 2023, Board and staff resources are expected to become available allowing the IPSASB to add projects to its Work Program. In preparation, the IPSASB is consulting on the new projects that it believes best meet public benefit priorities in order to gauge stakeholder support. Stakeholder feedback will allow the IPSASB to firm up on its list of planned additional projects in order to be ready to begin work as resources become available.

The IPSASB has developed its additional project proposals by applying the project prioritization criteria in the Strategy, and drawing on stakeholder feedback obtained during its development.

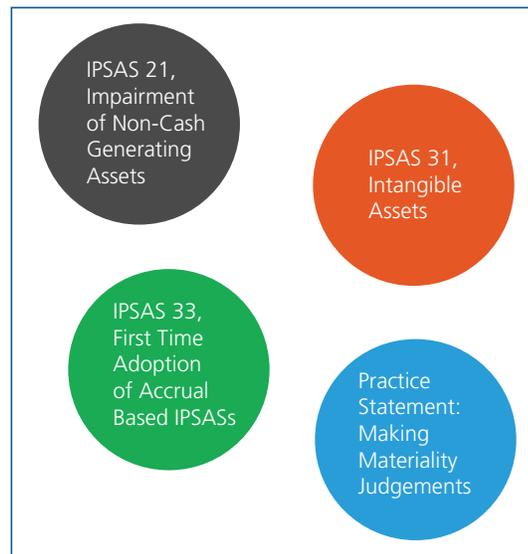
This consultation seeks your input in determining what is most important to you in delivering the Strategy. Your input into this process will help the IPSASB make its final decisions on the projects that should be added to its work program when resources become available.

## Projects Proposed

### Major Projects



### Minor Projects



## Questions

1. Do you agree with the major (resource-intensive) projects proposed by the IPSASB?  
If not, what major (resource-intensive) project would you substitute for those proposed, and why?
2. Do you agree with the minor (limited-resource) projects proposed by the IPSASB?  
If not, what minor (limited-resource) project would you substitute for those proposed, and why?
3. How should the IPSASB, as an international standard setter, prioritize the minor (limited-resource) projects? Please explain why.

# Strategic Context – Chair's Introduction



The global pandemic has presented us all with unprecedented challenges. It has firstly been a human challenge, impacting the health and welfare of everyone around the globe. However, it also presents public financial management challenges beyond the scale of anything faced globally for generations. Governments will be faced with tough choices as they try to repair the long-term financial damage done by the pandemic, while meeting the ongoing needs of citizens, and making the investments required to address the challenges of climate change. High quality IPSAS-based financial statements provide the complete picture of governments' finances necessary for future fiscal projections that governments will need to make the right long-term decisions for their countries.

Against this backdrop, the IPSASB's primary objective in its Strategy and Work Plan 2019-2023 (the Strategy) of strengthening Public Financial Management through increasing adoption of accrual-based IPSAS is more relevant than ever. Despite the scale and unforeseen global consequences of the pandemic, the Strategy has proved to be both flexible and focused at the right level, to allow the IPSASB and its staff to respond to its huge challenges. They quickly provided guidance and tools to help constituents understand its impact on entities and governments, while continuing to deliver on the important projects on the Work Program. Mid-way through the Strategy and Work Plan 2019-2023 period, I am pleased to report that through the hard work, skill and dedication of the IPSASB, their technical advisors and the staff, the IPSASB has delivered much as planned despite the significant challenges it has faced. Full details of the IPSASB's activities over the last two years are available in the IPSASB Biennial Review 2019-2020.

As part of the Strategy and Work Plan 2019-2023, the IPSASB committed to hold a public consultation to seek guidance on which projects the IPSASB could be added to its Work Program in the second half of the Strategy period as current projects are completed and in the context of the environment at the time. In formulating the proposals in this consultation, the IPSASB has sought to strike a balance between a number of competing factors:

- Providing stakeholders with time to implement the recognition and measurement changes arising from the Leasing, Measurement-related<sup>1</sup>, and Revenue and Transfer Expenses projects;
- Addressing consequential inconsistencies within the IPSAS suite arising from these new standards;

<sup>1</sup> Includes proposed changes to IPSAS 17, Property, Plant, and Equipment as this relates to heritage assets and infrastructure assets.

- Facilitating the use of IPSAS-based information for decision making and accountability purposes;
- Promoting and facilitating financial sustainability reporting across the public sector; and
- Supporting the projected significant global increase in accrual-based reporting and the use of IPSAS over the coming decade.

The additional projects the IPSASB proposes to commence during 2022 and 2023, subject to resources becoming available, reflect its views on how best to address these priorities in the current environment. There are numerous other areas that the IPSASB could address, some of which are discussed in this consultation document. These remain available for the IPSASB to commence in the future, potentially through the 2024-2028 Strategy and Work Program consultation (planned for 2023) and which could be added to its research program in the interim.

The IPSASB has proposed a way forward with implementing its current Strategy based on its views on the current priorities and now we need your input. It is essential the IPSASB hears your views – our stakeholders – on the projects proposed so that it can best address your needs and priorities.

We look forward to receiving your comments.



Ian Carruthers  
IPSASB Chair

# Scope of Consultation

## Objective

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In its [Strategy and Work Plan 2019-2023 \(the Strategy\)](#), the International Public Sector Accounting Standards Board (IPSASB) committed to hold a public consultation mid-way through the Strategy period on the next projects that could be added to the Work Program during the remainder of the Strategy period, as current projects are completed.

## Scope

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The Strategy covers the 2019-2023 period. However, in finalizing the Strategy, the IPSASB was conscious that during the later part of this period Board and staff resources would become available as projects were completed, and that there would be a need to consider emerging financial reporting issues in deciding which additional projects to take on. Therefore, the IPSASB committed to undertake a mid-period public Work Program consultation in order to get stakeholder input to its choices within the context of the overall Strategy.

Since 2019, the environment in which the IPSASB operates has changed considerably because of COVID-19. COVID-19 has changed the world and public sector entities operate in a vastly different economic environment than they did pre-COVID-19. However as the Staff Questions and Answers document issued in [April 2020](#) demonstrates, no major gaps have been identified in the IPSASB's guidance suite as a result of the pandemic.

The overarching Strategic Objective adopted in the Strategy is:

### Strengthening PFM globally through increasing the adoption of accrual-based IPSAS.

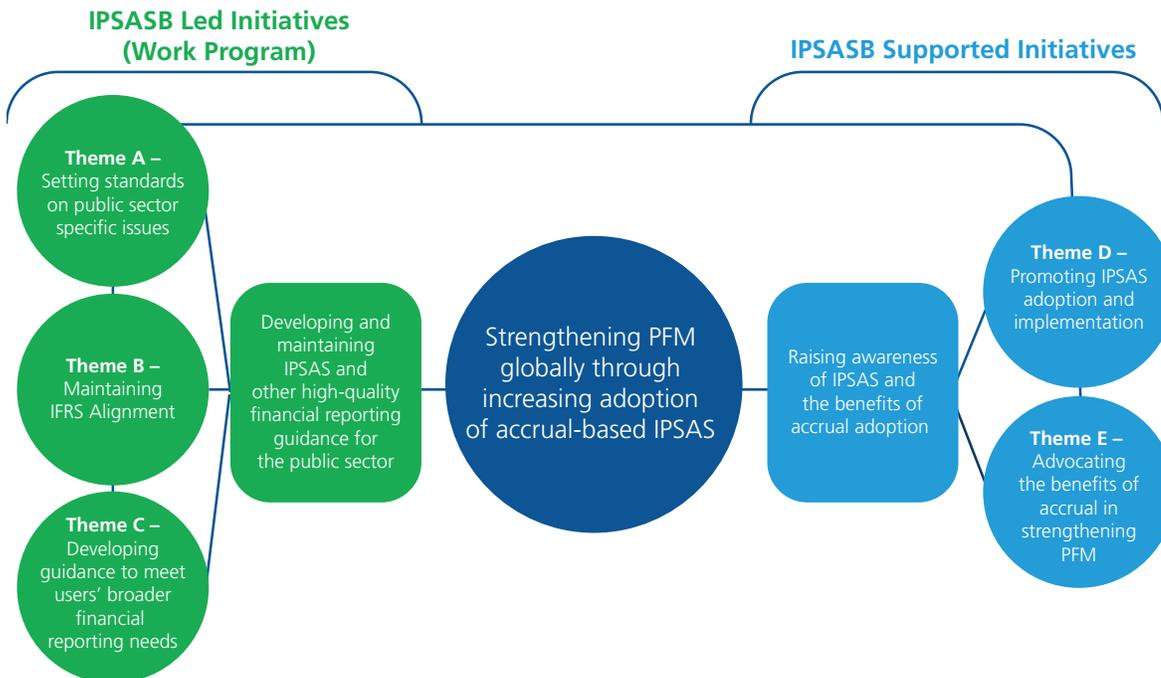
It is delivered through two main areas of activity, both of which have a public interest focus:

- **Delivering Global Standards:** Developing and maintaining IPSAS and other high-quality financial reporting guidance for the public sector; and
- **Inspiring Implementation:** Raising awareness of IPSAS and the benefits of accrual adoption.

In order to focus its work across these main areas of activity the IPSASB groups its work under five Strategic Themes:

- Strategic Themes A through C address the development and maintenance of standards and other forms of guidance, and are the focus for this consultation; and
- Strategic Themes D and E focus on raising IPSAS awareness and promoting their adoption and implementation, as well as highlighting the use of accrual information. They indicate how the IPSASB plans to support and influence the work of others in strengthening PFM.

Figure 1



## Themes A, B and C (Work Program Consultation Focus)

Themes A, B and C encompass initiatives where the IPSASB undertakes project work (which it generally leads) to develop and maintain IPSAS and other high-quality financial reporting guidance for the public sector. Collectively, these themes form the IPSASB’s Work Program, and are the focus of this Consultation.

### Theme A – Setting standards on public sector specific issues

The IPSASB’s current Work Program is primarily focused on Theme A because public sector-specific issues are often those where there is no other directly relevant international guidance. They are the highest priority to address given the increasing rate of IPSAS adoption and implementation. It will therefore continue to be important for the IPSASB to focus its resources on Theme A.

## Theme B – Maintaining IFRS alignment

The IPSASB believes that maintaining alignment with IFRS is in the public interest for the reasons set out in the Strategy and Work Plan 2019-23.

While Theme A has been the focus from the IPSASB time and resources perspective, the IPSASB has continued to maintain IFRS alignment where appropriate by picking up IFRS alignment as part of its public sector-specific projects. Going forward, the IPSASB will continue to undertake limited-scope alignment projects when resources are available, and use the improvements projects to continue to maintain alignment with IFRS, as well as taking opportunities to reduce unnecessary GFS differences, where appropriate.

## Theme C – Developing guidance to meet users' broader financial reporting needs

The Strategy committed the IPSASB to actively monitor developments under Theme C in the broader narrative reporting space and to consider whether a project under this Theme should be proposed in the Mid-Period Consultation.

The most significant development during the last couple of years under Theme C relates to the increased focus on sustainability reporting. Global environmental concerns, and the profile attached to achievement of the Sustainable Development Goals<sup>2</sup> (SDG) have led to a growing focus on how both private and public sector entities should manage and report on these matters.

Without a robust widely shared reporting framework, public sector entities will struggle to demonstrate progress towards their SDG commitments. The IPSASB expects sustainability reporting to become increasingly important in the coming years. In delivering its current Strategy, we will continue to engage in a combination of activities to enable the IPSASB to play its part in highlighting the importance of sustainability programs in the public sector context, and platforming emerging experience, in order to determine how best further work in this critical area should be taken forward.

The IPSASB is actively engaging in discussions around the potential to develop unified international sustainability reporting guidance. The priority at this stage is to bring the right international public sector perspective and expertise into these discussions; then, as the proposals develop (including their governance and staffing models, and scope of activities) to evaluate the relevance to public sector financial reporting and how the IPSASB could develop future work in this space.

An equally important priority at this stage is to reinforce to public sector organizations the importance of prioritizing sustainability programs, and to begin to establish reporting systems based on the guidance already available:

- Recommended Practice Guidelines exist in the Handbook of International Public Sector Pronouncements and already provide relevant non-authoritative

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<sup>2</sup> Sustainable Development Goals are an urgent call for action by all countries - developed and developing – in a global partnership. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests. See [sdgs.un.org/goals](https://sdgs.un.org/goals) for more information.

guidance on reporting on the long-term financial sustainability of public sector entities and service performance reporting; and

- Staff Q&A, which the IPSASB will continue to build on, provides links to other guidance sources and provide regular updates on emerging international experience.

The IPSASB Chair’s [June 2021] [thought-leadership article \[title and link\]](#) is one of several actions we have already taken, as well as establishing an IPSASB Sustainability Reporting webpage to highlight IPSASB’s engagement and activities.

## Themes D and E

Themes D and E generally encompass initiatives where the IPSASB supports the work of others, and so the more reactive activities in this area cannot be directly included in the Work Program.

The IPSASB sees its role in inspiring IPSAS adoption and implementation and the use of accrual-based information more broadly as a critical contribution to PFM reforms. Given the complexity of the PFM landscape, and its own resource limitations, the IPSASB’s view is that building relationships with those working in this space and engagement in their work is the most effective way of promoting and encouraging the adoption and implementation of IPSAS in PFM reform projects, as well as the use of accrual information for better decision making. The IPSASB will continue to monitor actively and engage in the work of others in the PFM arena.

### Theme D – Promoting IPSAS adoption and Implementation

As PFM frameworks and challenges vary between jurisdictions, accrual adoption and implementation programs must inevitably be led at the individual jurisdiction level shown in Figure 2. IPSASB Members and Technical Advisors continue to undertake an active outreach program focused on speaking at conferences and attending key local meetings, in support of the work of local accrual adoption and implementation initiatives.

Figure 2

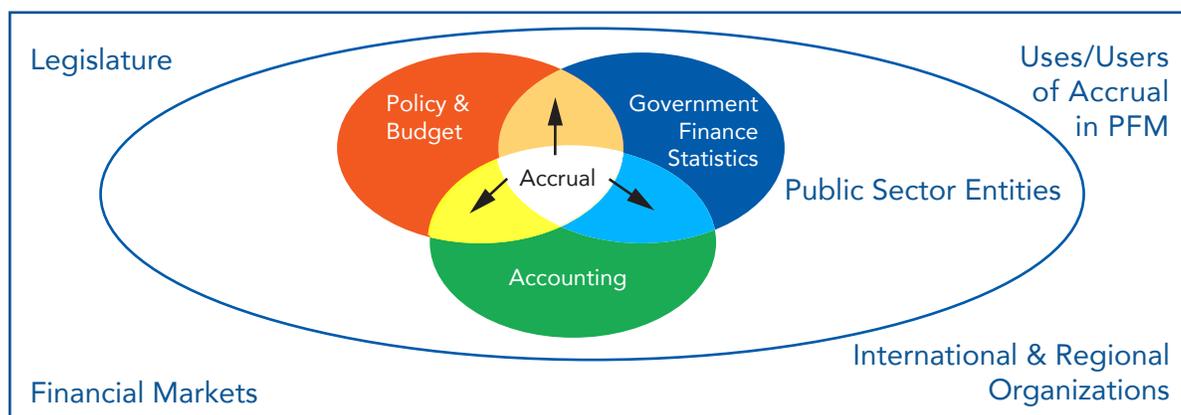
Activity	Professional Accountancy			Consultants/ Contractors	Supranational & Regional	
	IPSASB	Organizations/IFAC	Governments		Organizations	Auditors
<b>Promoting adoption</b>	✓	✓	✓	✓	✓	✓
<b>Supporting IPSAS Implementation</b>						
– Financial Support			✓		✓	
– Capacity Development		✓	✓	✓*	✓*	
– Technical Guidance	✓	✓	✓			✓*
– Practical Guidance		✓*	✓	✓	✓*	✓*
– Continuing Professional Development		✓	✓			

\* Not a primary role, but potential for influence and involvement.

## Theme E – Advocating the benefits of accrual in strengthening PFM

Moving to IPSAS provides many benefits that strengthen PFM as well as contributing to the delivery of SDGs. To maximize these benefits, the IPSASB believes that accrual-based information (ideally based on IPSAS) should be used for as many purposes as possible. The figure below illustrates the various potential users of, and the variety of uses for, accrual information in PFM.

Figure 3



One of the most important recent developments that could play an important role in advancing the use of accrual information to improve the quality of information used for PFM decisions is the start of major program to update the International Statistical Standards (ISS) by 2025. IPSASB Members and staff have been supporting this initiative by sharing information on developments related to accrual financial accounting in the public sector, and IPSAS in particular, and through this process hope to continue to identify opportunities for further alignment between statistics and IPSAS.

As there are significant intervals between ISS updates, resources will need to be allocated to taking the resulting opportunities to increase alignment between statistical reporting guidance and IPSAS. Depending on developments related to this initiative, future resources under Themes A and B might be needed for narrow scope GFS alignment projects.

While this Consultation focuses on which projects to add to its Work Program, the IPSASB expects to leave unchanged its current level of focus on Themes D and E, in areas other than the ISS update.

## Work Program Opportunities

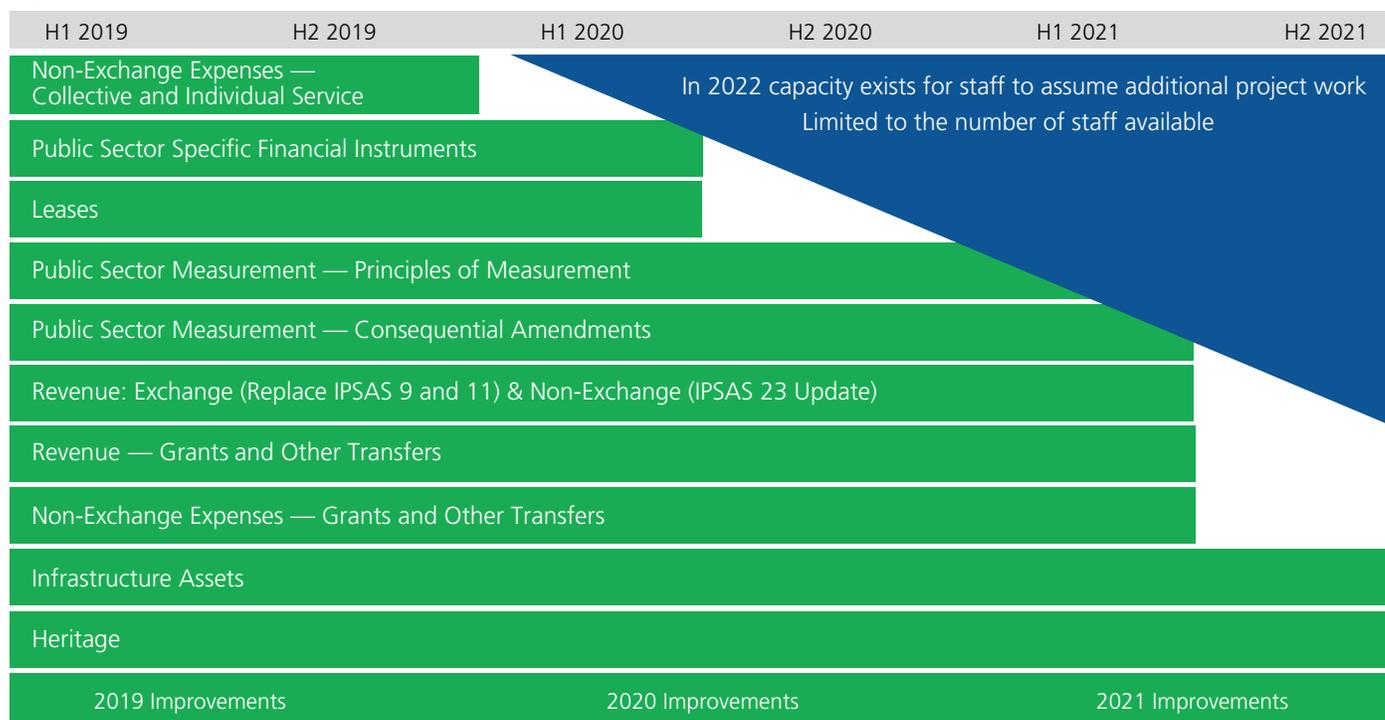
Since the beginning of the period covered by the 2019-2023 Strategy, the IPSASB has completed a number of projects, progressed others, and started new ones as summarized below:

Completed projects	Progressed projects	New projects started
<i>Collective and Individual Services, (Amendments to IPSAS 19)</i> <i>Improvements to IPSAS, 2019</i> <i>Non-Authoritative Amendments to IPSAS 41, Financial Instruments</i>	<i>Revenue and transfer expenses</i> <i>Leases</i> <i>Conceptual framework limited-scope update</i> <i>Measurement</i> <i>Property, plant, and equipment (including new guidance on infrastructure assets)</i>	<i>Conceptual Framework – Limited-Scope Update (ED on Phase 1 issued in April 2021)</i> <i>Natural Resources (Developing CP)</i> <i>Retirement Benefit Plans (Developing ED)</i> <i>Non-Current Assets Held for Sale and Discontinued Operations (ED issued April 2021)</i>

The [IPSASB Biennial Review 2019-2020](#) **[INSERT LINK]** provides further details.

As the revenue and transfer expenses projects, its leases and its measurement suite of projects are progressively completed during the next couple of years, the IPSASB expects to have capacity to add to its Work Program.

**Figure 4 – IPSASB Work Program<sup>3</sup> [to be updated based on IPSASB decisions in June 2021]**



With a number of resource-intensive projects expected to be completed in the foreseeable future, it is important the IPSASB seeks public feedback now on additional projects to be started as existing projects are completed.

<sup>3</sup> The June 2021 Work Program is the best estimate of resources required to complete existing projects. Completion dates are subject to change. New projects begin after existing projects are completed.

# Additional Project Proposals

In prioritizing projects that could be added to the Work Program, the IPSASB considered a longer list of potential projects (see [Appendix B](#)). This list of projects was updated from the list considered as part of the Strategy's development. Projects that have been added to the current Work Program or that received little support through discussions with stakeholders were removed for the purposes of this evaluation while projects were added that were identified through discussions with stakeholders that were considered high priority. In analyzing which projects will bring the greatest public interest benefits, the IPSASB applied its agreed project prioritization criteria as discussed below.

Projects not proposed to be added to the Work Program at this time will remain available for the IPSASB to add at a future date. Projects considered as part of this Consultation will be considered again as part of the 2024-2028 Strategy consultation (planned for 2023). In the interim, some may be added to the IPSASB's research program.

## Prioritizing Projects to Add to the Work Program

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The IPSASB has limited resources, and therefore limited capacity, to add new projects to the Work Program. Having evaluated the Board and staff resources that are likely to be released as its current projects are completed progressively over the next couple of years, the IPSASB decided that it was likely to have the capacity to add:

- Two 'major' (resource-intensive) projects that would require development from scratch and so would involve a Consultation Paper phase; and
- Four 'minor' (limited-resource) projects involving updates to existing IPSASB pronouncements, or IASB alignment projects where it appears likely that only limited modifications of the source IASB pronouncement would be required.

In prioritizing projects to add to its Work Program when resources become available during 2022 and 2023, the IPSASB prioritized and evaluated against two factors:

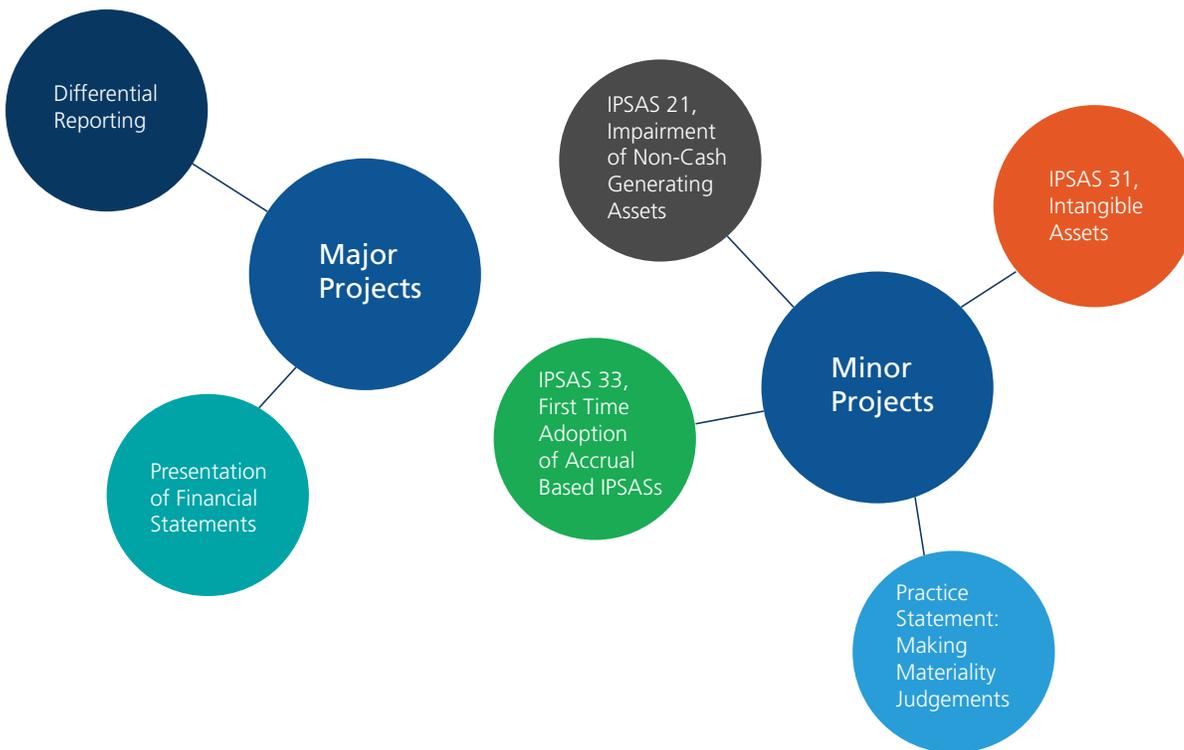
- Strategy and Work Program 2019-2023 criteria for project prioritization; and
- Availability of resources.

- The additional projects proposed are intended to provide the greatest public overall interest benefit when evaluated against the criteria. They also received high levels of support when discussed with the IPSASB in its regional discussion groups, as well as support in the 2019 discussions in regional roundtables on research topics. See [Appendix A](#) for the description of the project prioritization process.

## Proposed Additional Work Program Projects

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Considering the criteria for project prioritization and the IPSASB’s available resources, the IPSASB has prioritized the following projects and seeks feedback. These projects will be undertaken as resources become available and will not be completed before the end of the Strategy.



While it is unlikely any of the prioritized projects will be completed before the end of the period covered by the 2019-2023 Strategy, identifying the projects that best meet current public benefit priorities and have stakeholders’ support will allow the IPSASB to be ready to begin work when resources become available during this Strategy period.

# Major Project Proposals

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## Presentation of Financial Statements

How financial information is presented to its users is paramount in making the information useful. A Theme A project that enhances presentation would help all public sector entities communicate their financial narrative better for accountability purposes and to the decision makers that evaluate this information.

As momentum builds across jurisdictions to implement IPSAS, its relevance and usefulness would become even more crucial to delivering the full benefits from the investment required to implement accrual-based reporting so supporting delivery of Themes D and E.

This project would also provide an opportunity to introduce at standards level the revised Conceptual Framework definitions, and for the IPSASB to provide governments with opportunities to align their performance reporting more closely with:

- International Statistical Standards, which can be a significant driver in accrual-based accounting adoption; and
- Budgetary control and reporting frameworks.

## Differential Reporting

The recently published [International Public Financial Accountability Index 2021 Status Report](#) **[INSERT LINK]** shows that there will be a continuing shift from cash to accrual over the next decade, and that IPSAS usage and influence is increasing. For less complex entities, the costs of implementing IPSAS compliant financial reporting may outweigh the benefits received by the users unless some form of relief from the full requirements of the accrual-based IPSAS is provided.

Through public consultation, a Theme A project on Differential Reporting would enable the IPSASB to explore:

- The characteristics of less complex public sector entities; and
- The appropriate financial reporting approaches and guidance that could be applied by less complex entities in the public sector.

A differential reporting option could support a broader range of public sector entities applying IPSAS and could provide a base level of comparability between all entities applying either form of IPSAS, so supporting delivery of Theme D.

# Minor Project Proposals

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## IPSAS 21, Impairment of Non-Cash Generating Assets

Determining whether and to what extent assets held for public sector specific purposes, (for example, service delivery as opposed to profit-oriented activities) have been impaired is a common challenge in the public sector. The IPSASB's current

measurement project has identified some inconsistencies when applying the concept of value in use in measuring the impairment of an asset.

Enhancing public sector specific guidance to clarify its application in practice once the new Measurement standard has been finalized through a minor Theme A project would provide significant benefits to all IPSAS users.

## IPSAS 31, Intangible Assets

Several ongoing projects have identified public sector specific amendments that are likely to be necessary to the intangible assets standard following their completion (i.e., in relation to measurement requirements and heritage items). In taking forward a Theme A minor update project, the IPSASB would also have the unique opportunity to leverage its current projects (including in particular Natural Resources) while they are ongoing, or recently completed, to additional guidance in areas of importance to the public sector such as electromagnetic spectrum rights.

## IPSAS 33, First Time Adoption of Accrual Based IPSASs

IPSAS 33 considers the many complex accounting policy decisions for public sector entities to apply on their first application of IPSAS. It is only used once by public sector entities adopting and implementing accrual-basis IPSAS. However, the one time an entity uses IPSAS 33 can shape its experience, and the experience its users understand, long after it is applied.

Some challenges and inconsistencies have been identified in its application, and with more jurisdictions adopting accrual-basis IPSAS, addressing the problems identified through a minor Theme A project is important for both the IPSASB and potential IPSAS adopters and would support delivery of Theme D.

## Making Materiality Judgements

Stakeholders consistently indicate there is a lack of clarity on principles to consider when making materiality judgements on which information should be included in the notes to the financial statements.

Rather than using judgement to decide what information to provide in financial statements, they tend to use disclosure requirements in IPSAS as if they were items on a checklist.

This contributes to what many have described as a disclosure problem—namely, public sector entities provide too much irrelevant information and not enough relevant information in their financial statements.

The IASB has developed Practice Statement, Making Materiality Judgements, to address this issue. Using this as a basis through a minor Theme B project would allow the IPSASB to address this challenge efficiently, and provide public sector users with important new practical support.

# Other Projects

## Potential Additional Research Topics

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The IPSASB established its Academic Advisory Group as part of the current Strategy to research into topics to facilitate decisions on whether to add these to its Work Plan at a future stage. As of 2021 this Group has overseen five research papers and established a robust process to be carried forward for commissioning future research. For full details on the accomplishments of the Academic Advisory Group to date, see the 2019-2020 Biennial Review.

Where the IPSASB has not proposed a project be added to the Work Program, the IPSASB decided that some of the projects could be candidates for initial academic research coordinated through the Academic Advisory Group.

In some cases, the projects included in [Appendix B](#) have identified issues that would become prevalent and urgent issues in the future. This is an opportune time for such projects to be added to the IPSASB's Research program to gather more information to allow the IPSASB to add the project to its Work Program at a future date.

In considering projects to put forward for research, the Academic Advisory Group will reflect on stakeholder feedback received as part of this consultation process.

# Responding to this Consultation

Responses to this Consultation will help shape the IPSASB's thinking on which specific projects it should add to the Work Program that would bring the greatest public benefits.

## Questions for Respondents

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The IPSASB has discussed the matters in the Consultation and has proposed six projects be prioritized and added to the Work Program for when resources become available. This Consultation document sets out the thinking and views of IPSASB related to those proposals.

1. Do you agree with the major (resource-intensive) projects proposed by the IPSASB?  
If not, what major (resource-intensive) project would you substitute for those proposed, and why?
2. Do you agree with the minor (limited-resource) projects proposed by the IPSASB?  
If not, what minor (limited-resource) project would you substitute for those proposed, and why?
3. How should the IPSASB, as an international standard setter, prioritize the minor (limited-resource) projects? Please explain why.

Respondents may choose to answer all questions, or just a selected few. The IPSASB welcomes comments on any other matters respondents think it should consider in forming its views.

The IPSASB will consider all comments submitted by November XX, 2021.

## How to Comment

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Respondents are asked to submit their comments electronically through the IPSASB website, using the ["Submit a Comment"](#) link. Please submit comments in both a PDF and a Word file.

All comments will be considered a matter of public record and will be posted on the IPSASB website.

The IPSASB will carefully consider all feedback and discuss responses at its public meetings after the comment period has ended.

## Next Steps

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The IPSASB expects to start discussing feedback on this consultation at public meetings in the fourth quarter of 2021. In the second quarter of 2022, the IPSASB expects to publish a consultation report summarizing the feedback and add projects to its Work Program.



# Appendix A – Project Prioritization Process

The projects the IPSASB proposes to add to its Work Program were prioritized and evaluated against two factors:

- Criteria for project prioritization; and
- Availability of resources.

## Criteria for Project Prioritization

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To help the IPSASB assess which projects would provide the greatest public interest benefits to users, its 2019-2023 Strategy committed the IPSASB to evaluate potential projects against the following criteria:

**Prevalence.** Whether the financial reporting issue is widespread globally amongst public sector entities.

**Consequences.** Whether the issue impairs the ability of the financial statements to provide useful information for accountability and decision making.

**Urgency.** Whether the emerging issue has recently gained prominence and therefore requires consideration in the near term.

**Feasibility.** Whether a technically sound solution to the issue can be developed within a reasonable time period and current resource constraints without impacting adversely on the completion of other projects.

The above criteria are used by the IPSASB to evaluate potential new projects. The IPSASB consults with constituents before adding new projects to the Work Plan. The feedback received from constituents is considered in the context of the resources available to the IPSASB, and the need for a balanced Work Program which includes projects with a mix of complexities.

## Availability of Resources

The IPSASB has limited resources which impact its capacity to undertake new projects. It is important for constituents to be aware of the resources available in the short and medium term to undertake additional new projects.

In developing its proposals, the IPSASB believes it has the resources to add two resource-intensive and up to three limited-resource projects to the Work Program, after setting aside capacity for the following factors:

- **Progress current projects.** Assumption that the current timeframes of projects are achieved and that the scope of work does not expand.
- **Maintain scope of activities to support Themes D and E.** The level of staff resources and IPSASB plenary time related to Themes D and E will be managed and minimized to allow for projects under Themes A and B.
- **Maintain flexibility.** Leave some flexibility to undertake time-sensitive projects as needed, or deal with variations to the plan on committed projects.

## Major (Resource-Intensive) / Minor (Limited-Resource) Projects

As noted above, the IPSASB is limited to adding two major (resource-intensive) projects and three minor (limited-resource) projects.

### *Major (Resource-Intensive) Projects*

Resource-intensive projects are those that are expected to require a consultation phase, in addition to the exposure draft and final standard development phases required by due process. A consultation phase is generally necessary for projects where there is little guidance that the IPSASB can use as a basis for its project. A consultation phase is indicative of resources allocation required over the life of the project. Projects requiring a consultation phase need considerably more resources at each phase as the material is developed independently.

The IPSASB has the capacity to add two resource-intensive projects, one expected to commence in 2022 and one planned to commence in 2023.

### *Minor (Limited-Resource) Projects*

Limited-resource projects are those that can proceed directly to the exposure draft phase. While this reduces the overall time to complete the project, the nature of the project is distinct from resource-intensive projects, as there is a basis on which the IPSASB can develop its guidance. This results in fewer resources being required to research issues and options available under the project.

Limited-resource projects are completed by the IPSASB during periods where natural breaks occur in resource-intensive projects, such as consultation periods. As such the IPSASB has the capacity to start a maximum of three limited resource projects in 2022 and 2023.

### *Allocation*

The project allocation proposed above was carefully considered by the IPSASB. The IPSASB concluded the number of resource-intensive and limited-resource projects is dictated by the resources available.

It is important to note that the IPSASB does not believe that there is scope to add a third resource-intensive project, even if it did not add any limited-resource projects. The constraint driving resource-intensive projects relates to the existing resource-intensive projects the IPSASB is working to complete stemming from the Strategy and Work Program 2019-2023.

While it is possible for the IPSASB to add more limited-resource projects, by reducing the number of resource-intensive projects, the IPSASB agreed this was not in the public interest. Public sector constituents are best served when the IPSASB addresses the most significant reporting issues. These are generally resource-intensive projects.

# Appendix B – List of Potential Projects

In preparing for this Consultation, the IPSASB reviewed the written responses and input received from its outreach initiatives to update its comprehensive list<sup>5</sup> of potential projects to be considered as part of the development of the Strategy. Projects that were ranked as “high” across all prioritization criteria are proposed to be included in the Work Program as part of this Consultation.

The IPSASB’s objective in describing potential projects is to provide a common understanding of the financial reporting issues to help constituents prioritize projects.

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<sup>5</sup> The IPSASB updated the list of projects considered as part of its outreach for the development of the 2019-2023 Strategy and Work Program. The list was updated for projects that were added to the current Work Program or changes in circumstances around each project.

# Resource Intensive Projects – Project Prioritization Analysis

Presentation of Financial Statements			Major (Resource Intensive) Project
Revise the overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content (including disclosure).			
<i>IPSAS Impacted</i>			
IPSAS 1			
Prevalence	Consequences	Urgency	Feasibility
<b>High</b>	<b>High</b>	<b>High</b>	<b>High</b>
Impacts all reporting entities.	The current IPSAS 1 is based on a superseded version of IAS 1. In addition, IPSAS 1 has been only partially updated to reflect all changes arising from the Conceptual Framework.	IPSAS 1 addresses presentation of financial statements. However, recent IASB developments and the IPSASB Conceptual Framework have introduced new concepts and ideas which may improve communication through financial statements.	Developments related to IAS 1 may depend on the IASB’s ongoing communication initiative, which can be considered for its applicability to the public sector, and the IASB’s project on Primary Financial Statements. A significant change to IAS 1 was the introduction of “other comprehensive income”, a component of income outside profit or loss. The IPSASB examined this component of income in the development of its Conceptual Framework and at that time concluded that it was inappropriate in the public sector.
<b>Consider for Work Program</b>			
<p>The IPSASB proposes adding Presentation of Financial Statements to its Work Program. This project satisfies all the project prioritization criteria.</p> <p>Furthermore, how financial information is presented to its users is paramount in making the information useful. A Theme A project that enhances presentation would help all public sector entities communicate their financial narrative better for accountability purposes and to the decision makers that evaluate this information.</p> <p>As momentum builds across jurisdictions to implement IPSAS, its relevance and usefulness would become even more crucial to delivering the full benefits from the investment required to implement accrual-based reporting so supporting delivery of Themes D and E.</p> <p>This project would also provide an opportunity to introduce at standards level the revised Conceptual Framework definitions, and for the IPSASB to provide governments with opportunities to align their performance reporting more closely with:</p> <ul style="list-style-type: none"> <li>• International Statistical Standards, which can be a significant driver in accrual-based accounting adoption; and</li> <li>• Budgetary control and reporting frameworks.</li> </ul>			

## Differential Reporting

Major (Resource Intensive) Project

Explore which financial reporting principles best meet the needs of “less complex public sector entity” and ease the financial reporting burden on “less complex public sector entities” through a cost-benefit approach. A major portion of this project would identify the characteristics of “less complex public sector entities” and determine what guidance in IPSAS should be modified and simplified.

### IPSAS Impacted

#### Develop standalone guidance

Prevalence	Consequences	Urgency	Feasibility
<b>High</b>	<b>High</b>	<b>High</b>	<b>High</b>
All jurisdictions have entities of different sizes and complexities.	Failing to provide smaller and less risky entities with a relevant set of adapted standards might lead to lower financial information quality and comparability that may entail misinformation of the public.  May lead to more entities providing more useful financial information in a cost-effective manner.	Identified as an issue impacting adoption and implementation of IPSAS. Some constituents question if there has been enough adoption of IPSAS to justify a less complex suite of IPSAS. Further some noted the lack of adoption of IFRS for SMEs in the private sector as questioning if this is an urgent issue that the IPSAS should address.	Many standard setters have differential reporting models. While some constituents question if an international solution to differential reporting is feasible, there is a strong basis on which the IPSASB can build and has the potential to remove an obstacle to adoption.

#### Consider for Work Program

The IPSASB proposes adding Differential Reporting to its Work Program. This project satisfies all the project prioritization criteria.

Furthermore, the recently published International Public Financial Accountability Index 2021 Status Report [\[INSERT LINK\]](#) shows that there will be a continuing shift from cash to accrual over the next decade, and that IPSAS usage and influence is increasing. For less complex entities, the costs of implementing IPSAS compliant financial reporting may outweigh the benefits received by the users unless some form of relief from the full requirements of the accrual-based IPSAS is provided.

Through public consultation, a Theme A project on Differential Reporting would enable the IPSASB to explore:

- The characteristics of less complex public sector entities; and
- The appropriate financial reporting approaches and guidance that could be applied by less complex entities in the public sector.

A differential reporting option could support a broader range of public sector entities applying IPSAS and could provide a base level of comparability between all entities applying either form of IPSAS, so supporting delivery of Theme D.

**Discount Rates**

**Major (Resource Intensive) Project**

Address inconsistencies between requirements relating to discount rates in IPSAS by developing broadly applicable principles.

The time value of money is a core concept in finance. Present value measurement techniques apply this concept to link future amounts to a present amount using a discount rate. Present value measurement techniques require two main sets of inputs: an estimate of the amount, timing and uncertainty of future cash flows, and discount rates to translate those cash flows to an equivalent amount of cash held at the measurement date. IPSAS developed over the years have required that various inputs be reflected in such present values.

*IPSAS Impacted*

**All IPSAS that require or permit discounting**

Prevalence	Consequences	Urgency	Feasibility
<b>High</b>	<b>High</b>	<b>High</b>	<b>Moderate</b>
Likely to impact on all reporting entities.	Significant to both balance sheet and performance statement. The principles underpinning IPSAS requirements and guidance are unclear and may not reflect current interest rate environment in all jurisdictions (particularly those in negative interest rate environments).	More urgent because of the current low/ negative interest rate environment in some jurisdictions. Some question the urgency of addressing this issue as IPSAS includes discount rate guidance (even if some raise issues with the guidance).	Other standard setters, including the IASB, have undertaken work. This is a complex issue that may present challenges in developing consensus beyond what currently exists in IPSAS.

**No Present Action** – project remains on list of projects available for consideration in future Work Programs and could be candidates for initial academic research coordinated through the Academic Advisory Group. Recently, the project has gained more prominence with changes in the macroeconomic environment and the introduction of negative interest rates by some central banks have created additional challenges for the public sector. Some stakeholders said discounting future cash flows using negative interest rates produces difficult-to-understand results.

Based on the IPSASB’s analysis, the probability of developing a conceptually feasible solution in the current environment is moderate. As such this is not an efficient use of the IPSASB’s limited resources and not recommended to be added to the IPSASB’s Work Program at present. However, this project represents an opportunity for the Academic Advisory Group to perform research to clarify specific practical issues and possible paths forward.

While the IPSASB accepts there is inconsistency in how discount rate concepts are applied across IPSAS, and the changes in the macroeconomic environment introducing negative interest rates by some central banks have created practical challenges, research performed by other standard setters, and by the IPSASB’s own Academic Advisory Group, have not identified a reasonable conceptual solution to enhance consistency.

Tax Expenditure			Major (Resource Intensive) Project
Develop accounting guidance for reductions in income tax revenues arising from special tax provisions or regulations that provide what would otherwise be shown as benefits expenditure.			
<i>IPSAS Impacted</i>			
IPSAS 23 (ED 71)			
<b>Prevalence</b>	<b>Consequences</b>	<b>Urgency</b>	<b>Feasibility</b>
<b>Moderate</b> Tax is the main revenue for public sector entities. Normally, tax collecting is centralized and entities that receive appropriations are not controlled by the tax collecting entity. From an economic perspective, the prevalence is high, however not all public sector entities collect taxes, and are therefore not exposed to related expenditures.	<b>High</b> A lack of transparency over tax expenditures provided by governments undermines the accountability of governments to resource providers.	<b>Moderate</b> Does not directly affect the primary financial statements, however it provides is significant information for users as it is critical in understanding what citizens pay for, and what value is being given away. This is a critical bit of information to know in order for governments to know how they might recover from the pandemic.	<b>Moderate</b> IPSASB's Revenue project is considering the accounting treatment of taxation revenue with long settlement dates. A significant hurdle in developing guidance relates to the appropriate measurement of the expenditures. Developing consensus may be challenging.
<p><b>No Present Action</b> – project remains on list of projects available for consideration in future Work Programs.</p> <p>Based on the IPSASB's analysis, a project on tax expenditures would impact a small percentage of public sector entities. At present there are projects that have much broader impact.</p>			

# Limited Resource Projects – Project Prioritization Analysis

IPSAS 21, <i>Impairment of Non-Cash Generating Assets</i>			Minor (Limited Resource) Project
Limited-scope project to address the consistency of value in use guidance within IPSAS identified as part of the Measurement project.			
<i>IPSAS Impacted</i>			
IPSAS 21			
Prevalence	Consequences	Urgency	Feasibility
<b>High</b>	<b>High</b>	<b>High</b>	<b>High</b>
Expected to impact entities widely.	Inconsistency in definition of value in use between IPSAS 21 and IPSAS 26 was highlighted by the Measurement Project. Clarification would enhance consistency.	The inconsistency has become more evident based on the clarification of the measurement bases as part of the Measurement Project.	The IPSASB has already explored several realistic alternatives as part of the Measurement Project. However, concluded the Measurement Project was not the appropriate place to address the challenge.
<b>Consider for Work Program</b>			
The IPSASB proposes adding Impairment of Non-Cash Generating Assets to its Work Program. This project satisfies all the project prioritization criteria.			
The IPSASB’s current measurement project has identified some important inconsistencies when applying the concept of value in use in measuring the impairment of an asset that could be resolved once the Measurement project is completed.			
Impairment of assets held for public sector specific purposes, for example service delivery as opposed to profit-oriented activities, can be extremely challenging. It is also a common challenge in the public sector. Enhancing this public sector specific guidance to clarify its application in practice provides significant benefits across all parties.			

**IPSAS 31, Intangible Assets**

**Minor (Limited Resource) Project**

Limited-scope project to reflect:

- (a) Measurement principles developed as part of ED 77, *Measurement*;
- (b) Heritage principles developed as part of ED 78, *Property, Plant, and Equipment*; and
- (c) Natural resource principles developed as part of CP, *Natural Resources*.

**IPSAS Impacted**

**IPSAS 31**

Prevalence	Consequences	Urgency	Feasibility
<b>High</b>	<b>High</b>	<b>High</b>	<b>High</b>
Expected to impact entities widely.	Questionable whether IPSAS 31, <i>Intangible Assets</i> , which is primarily drawn from IAS 38, <i>Intangible Assets</i> , provides relevant requirements for the recognition and measurement of some public sector specific intangible items.	Possibility that transactions and events potentially giving rise to public sector specific intangibles are increasing.	The ongoing Measurement, Natural Resources and Revenue projects will provide direction in how IPSAS 31 issues can be addressed.

**Consider for Work Program**

The IPSASB proposes adding Intangible Assets to its Work Program. This project satisfies all the project prioritization criteria. Several ongoing projects have identified public sector specific amendments that are likely to be necessary to the intangible assets standard following their completion (i.e., in relation to measurement requirements and heritage items). In taking forward a Theme A minor update project, the IPSASB would also have the unique opportunity to leverage its current projects (including in particular Natural Resources) while they are ongoing, or recently completed, to additional guidance in areas of importance to the public sector such as electromagnetic spectrum rights.

<b>Making Materiality Judgements</b>	<b>Minor (Limited Resource) Project</b>
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IFRS Alignment Project to include materiality guidance within IPSAS literature.

*IPSAS Impacted*

**Develop standalone guidance**

Prevalence	Consequences	Urgency	Feasibility
<p style="text-align: center; color: #00a651; font-weight: bold;">High</p> <p>Impacts all reporting entities.</p>	<p style="text-align: center; color: #00a651; font-weight: bold;">High</p> <p>The IPSAB has heard from its stakeholders there is a lack of clarity on principles to consider when making materiality judgements.</p> <p>Rather than using judgement to decide what information to provide in financial statements, they use disclosure requirements in IPSAS as a checklist.</p>	<p style="text-align: center; color: #00a651; font-weight: bold;">High</p> <p>With more jurisdictions, with little experience applying IPSAS, moving to accrual accounting, disclosure overload is a significant issue.</p>	<p style="text-align: center; color: #00a651; font-weight: bold;">High</p> <p>Alignment with IFRS guidance provides a feasible solution.</p>

**Consider for Work Program**

The IPSASB proposes adding Making Materiality Judgements to its Work Program. This project satisfies all the project prioritization criteria.

Stakeholders consistently indicate there is a lack of clarity on principles to consider when making materiality judgements on which information should be included in the notes to the financial statements.

Rather than using judgement to decide what information to provide in financial statements, they tend to use disclosure requirements in IPSAS as if they were items on a checklist.

This contributes to what many have described as a disclosure problem—namely, public sector entities provide too much irrelevant information and not enough relevant information in their financial statements.

The IASB has developed Practice Statement, Making Materiality Judgements, to address this issue. Using this as a basis through a minor Theme B project would allow the IPSASB to address this challenge efficiently, and provide public sector users with important new practical support.

IPSAS 33, <i>First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)</i>			Minor (Limited Resource) Project
Limited-scope project to identify and address specific challenges in applying IPSAS 33 to facilitate the adoption of IPSAS.			
<i>IPSAS Impacted</i>			
Develop standalone guidance			
Prevalence	Consequences	Urgency	Feasibility
<b>High</b>	<b>High</b>	<b>High</b>	<b>High</b>
While only applicable on adoption, given the number of entities expected to move to accrual accounting, and potentially IPSAS, the impact is significant.	First time adoption of IPSAS is an already challenging process. Many policy choices in IPSAS 33 are rarely applied.	With the projected number of IPSAS adopters increasing, resolving challenges is important.	Identifying and updated exemptions and exception that are applicable to support the initial adoption of IPSAS is likely with the support of the stakeholder community.
<b>Consider for Work Program</b>			
The IPSASB proposes adding First-time Adoption of Accrual Basis IPSAS to its Work Program. This project satisfies all the project prioritization criteria.			
IPSAS 33 considers the many complex accounting policy decisions for public sector entities to apply on their first application of IPSAS. It is only used once by public sector entities adopting and implementing accrual-basis IPSAS. However, the one time an entity uses IPSAS 33 can shape its experience, and the experience its users understand, long after it is applied.			
Some challenges and inconsistencies have been identified in its application, and with more jurisdictions adopting accrual-basis IPSAS, addressing the problems identified through a minor Theme A project is important for both the IPSASB and potential IPSAS adopters and would support delivery of Theme D.			

IPSAS 20, <i>Related Party Disclosure</i>			Limited Resource Project
IFRS Alignment Project to revise or replace IPSAS 20 to reflect the revised IAS 24, <i>Related Party Disclosures</i> .			
<i>IPSAS Impacted</i>			
IPSAS 20			
Prevalence	Consequences	Urgency	Feasibility
<b>High</b>	<b>Moderate</b>	<b>Moderate</b>	<b>High</b>
Expected to impact entities widely.	IPSAS 20 is based on a superseded IASB standard. Revising or replacing IPSAS 20 to reflect the revised IAS 24, <i>Related Party Disclosures</i> , may provide more useful information.	IPSAS 20 addresses related party transactions, but is based on a superseded IASB standard. IPSAS adopters, where for profit entities apply IFRS, identify a need for consistency between the public and private sectors.	A project to replace or update IPSAS 20 could proceed without reliance on other projects.
<b>No Present Action</b> – project remains on list of projects available for consideration in future Work Programs			
Based on the IPSASB’s analysis, a project on related party disclosures would have a limited impact on the financial information provided by public sector entities. At present there are projects that have a more significant impact on financial reporting.			

Conceptual Framework – IPSAS Consistency Update			Minor (Limited Resource) Project
Limited-scope project to better align IPSAS with the Framework			
<i>IPSAS Impacted</i>			
All IPSAS			
Prevalence	Consequences	Urgency	Feasibility
<b>High</b> Expected to impact several IPSAS that are inconsistent with the Framework.	<b>High</b> Standards that are inconsistent with the Framework impact the comparability and general consistency in principles across IPSAS.	<b>Low</b> The IPSASB and CAG prioritized issues with the Framework in December 2019. No significant additional change drivers identified.	<b>Moderate</b> This would be a resource intensive project. While identified as “limited-resource”, aligning the framework with the full suite of IPSAS is challenging.
<p><b>No Present Action</b> – project remains on list of projects available for consideration in future Work Programs</p> <p>Based on the IPSASB’s analysis, a project to better align IPSAS with the Conceptual Framework would impact a small percentage of public sector entities. Furthermore, the IPSASB is currently engaged in its Conceptual Framework – Limited-Scope Update, which has similar goals.</p>			

IPSAS 32, Service Concession Arrangements: Grantor			Minor (Limited Resource) Project
Limited-scope project to address application challenge related to hybrid service concession arrangements.			
<i>IPSAS Impacted</i>			
IPSAS 32			
Prevalence	Consequences	Urgency	Feasibility
<b>Moderate</b> Limited, would impact only public sector entities with service concession arrangements.	<b>Low</b> Challenges have been identified when interpreting this guidance in practice. Specifically, hybrid transactions.	<b>Low</b> Challenges are limited to complex transactions that are not applicable across all jurisdictions.	<b>High</b> This is a limited-scope update. Other jurisdictions have considered the interpretation issues and have issued guidance as the national level.
<p><b>No Present Action</b> – project remains on list of projects available for consideration in future Work Programs</p> <p>Based on the IPSASB’s analysis, a project on service concession arrangements would impact as small percentage of public sector entities and the consequences of such a project on the financial information prepared is minimal. At present there are projects that have much broader impact.</p>			

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