

1st DISTRIBUTION AGENDA – NEW YORK - JULY 5-7, 2004

INTERNATIONAL FEDERATION OF ACCOUNTANTS PUBLIC SECTOR COMMITTEE

A MEETING OF THE PUBLIC SECTOR COMMITTEE will be held at

Double Tree Guest Suites – Times Square
1568 Broadway (47th Street and 7th Avenue)

New York, NY

Tel: 1(212) 719 1600

Fax: 1 (212) 921 5110

www.doubletree.com

Monday, 5 July 2004 from 9:00am to Wednesday, 7 July 2004 at 5:00pm

AGENDA	PAGES	NOTES
SECTION 1 GENERAL MATTERS AND UPDATE		
1 WELCOME AND APOLOGIES		1st distribution
1.1 Attendance List	pages 1.1-1.3	
1.2 Welcome		
1.3 Receive and note the Meeting Timetable	page 1.4	
2 CONFIRMATION OF MINUTES		1st distribution
2.1 A memorandum from Matthew Bohun	page 2.1	
2.2 Minutes from the Buenos Aires meeting on 24-26 March 2004	pages 2.2–2.34	
3 MATTERS ARISING		1st distribution
3.1 Action List from Buenos Aires meeting on 24-26 March 2004	pages 3.1-3.3	
4 CHAIRMAN'S REPORT		
4.1 A report from the Chair	pages 4.1-4.2	1st distribution
5 SECRETARIAT'S REPORT		1st distribution
5.1 A memorandum from Jerry Gutu	page 5.1	
5.2 Report on Secretariat activities	page 5.2	
5.3 Report on IFAC Technical Committee activities	pages 5.3-5.11	
5.4 An updated Members' Correspondence Distribution List	pages 5.12-5.21	
5.5 Program for the meeting on 6 July 2004	page 5.22	
6 REPORT ON THE STANDARDS WORK PROGRAM		1st distribution
6.1 A memorandum from Paul Sutcliffe	pages 6.1-6.15	
6.2 A memorandum from Paul Sutcliffe on the Work Plan	pages 6.16-6.20	
6.3 PSC Work Plan for 2004	pages 6.21	
6.4 PSC Work Plan for 2004 – 2006	page 6.22	
6.5 PSC Standards Program Status	pages 6.23-6.25	
6.6 Projects of National Standards Setters	pages 6.26-6.28	
7 COUNTRY BRIEFING REPORTS		
7.1 Country Briefing Reports from		
Australia	pages 7.1-7.7	1st distribution
United Kingdom	pages 7.8-7.14	1st distribution
South Africa	pages 7.15-7.20	1st distribution
Israel	pages 7.21-7.24	1st distribution
Mexico	page 7.25	1st distribution
Canada	pages 7.26-7.30	1st distribution
France		
New Zealand		
Norway		
United States of America		
Netherlands		

1st DISTRIBUTION AGENDA – NEW YORK - JULY 5-7, 2004

AGENDA	PAGES	NOTES
Argentina Malaysia Germany Japan		
SECTION 2: TECHNICAL MATTERS		
8 PROPOSED IPSAS 21 IMPAIRMENT OF ASSETS		1st distribution
8.1 A memorandum from Matthew Bohun	pages 8.1-8.7	
8.2 Draft IPSAS	pages 8.8-8.60	
8.3 Extract of Minutes	pages 8.61-8.65	
8.4 Proposed Endorsement of IAS 36 <i>Impairment of Assets</i>	pages 8.66-8.73	
8.5 Proposed Endorsement of IFRS5 <i>Non-Current Assets held for Sale and Discontinued Operations</i>	pages 8.74-8.90	
<i>Previously distributed:</i>		Previously distributed
8.6 Submissions Received		
8.7 Summary of Responses		
9 PSC STEERING COMMITTEE – BUDGET REPORTING		1st distribution
9.1 A memorandum from Paul Sutcliffe	pages 9.1-9.6	
9.2 Final Research Report by Dr J. Hughes	pages 9.7-9.9	
9.3 Research Report May 2004	pages 9.10-9.58	
10 ACCOUNTING FOR DEVELOPMENT ASSISTANCE		
10.1 A Memorandum from Paul Sutcliffe	pages 10.1-10.2	1st distribution
10.2 Updated Draft ED	pages 10.3-10.36	1st distribution
10.3 Progress Report	pages 10.37-10.41	1st distribution
10.4 Project Advisory Panel Responses to Revised Exposure Draft		2nd distribution
11 GFS, ESA, IPSAS HARMONIZATION		
11.1 A memorandum from Paul Sutcliffe and Matthew Bohun	pages 11.1-11.2	2nd distribution
11.2 Verbal Update on progress with the “matrix”		
11.3 Project Brief and Timetable for:	pages 11.3-11.7	2nd distribution
a) General Government Sector Disclosures		
b) Performance Reporting		
12 IASB UPDATE and IPSAS HARMONIZATION WITH IASs/IFRS		1st distribution
12.1 A memorandum from Paul Sutcliffe	pages 12.1-12.5	
12.2 PSC-IAS/IFRS Harmonization Strategy	pages 12.6-12.50	
12.3 Work Program 2004-2009	pages 12.51-12.52	
12A General Improvements Project		1st distribution
12.4 A memorandum from Li Li Lian and Li Hongxia	pages 12.53-12.55	
12.5 Overview of Changes	pages 12.56-12.60	
12.6 Marked-up IPSASs	pages 12.61-12.298	
12B IAS19 Employee Benefits		1st distribution
12.7 A memorandum from Paul Sutcliffe and Li Li Lian	pages 12.299-12.300	
12.8 Draft submission on IASB-ED on <i>Proposed Amendments to IAS 19</i>	page 12.301	
12.9 IASB-ED on <i>Proposed Amendments to IAS 19</i>	pages 12.302-12.331	
12C Preface		2nd distribution
12.10 A memorandum from Li Li Lian		
12.11 Marked up copy of the Preface		

1st DISTRIBUTION AGENDA – NEW YORK - JULY 5-7, 2004

AGENDA	PAGES	NOTES
12D IASB Update 12.12 A memorandum from Matthew Bohun and Li Li Lian		2 nd distribution
SECTION 3: OTHER MATTERS		
13 REPORT OF PSC REVIEW COMMITTEE 13.1 Memorandum from John Stanford 13.2 Summary of Responses to Survey Questionnaire on Review 13.3 Discussion of Report of PSC Review Panel	page 13.1 page 13.2-13.33	1st distribution 1st distribution Separate Distrbn.
14 PSC CONSULTATIVE GROUP 14.1 A memorandum from Jerry Gutu 14.2 Agenda for Meeting with Consultative Group and other Key Constituents 14.3 Report on Current status of appointment process 14.4 Consultative Group Membership Profile 14.5 Consultative Group Members Attending	page 14.1 page 14.2 pages 14.3-14.4 pages 14.5-14.9 page 14.10	1st distribution
15 PUBLIC SECTOR PERSPECTIVES ON ISAs 15.1 A Memorandum from Jerry Gutu 15.2 Report on the process of takeover of PSPs by INTOSAI/IAASB 15.3 Report on Public Sector Perspectives agreed since last PSC meeting	page 15.1 page 15.2 page 15.3	1st distribution
16 FUTURE MEETINGS 16.1 Verbal report from Secretariat on future meeting venues		
17 FOR YOUR INFORMATION Items 1 to 10	page 17.1-17.21	1st distribution

INTERNATIONAL FEDERATION OF ACCOUNTANTS
MEETING OF THE PUBLIC SECTOR COMMITTEE
JULY 5-7 2004, NEW YORK
DOUBLETREE GUEST SUITES – NEW YORK CITY
1568 BROADWAY
NEW YORK, NY 10036

Name	Accompanied	Arrival	Departure
France			
Philippe Adhemar (Chairman)		July 3, 2004	July 9, 2004
Jean-Luc Dumont		July 4, 2004	July 7, 2004
Henri Giot			
United Kingdom			
Mike Hathorn (Vice Chairman)			
John Stanford		July 4, 2004	July 8, 2004
Argentina			
Carmen Giachino Palladino			
Blanca Arazi			
Australia			
J. Wayne Cameron	Valerie Cameron	July 3, 2004	July 10, 2004
Robert Keys		July 3, 2004	July 8, 2004
Canada			
Richard J. Neville	Kathy Neville		
Ron Salole		July 4, 2004	July 7, 2004
Dan Duguay	Susan Duguay	July 3, 2004	July 8, 2004
Germany			
Norbert Vogelpoth		July 4, 2004	July 8, 2004
Catherine Viehweger		July 3, 2004	July 8, 2004
Andreas Dörschell			
Israel			
Zvi Chalamish			
Japan			
Ryoko Shimizu		July 4, 2004	July 8, 2004
Malaysia			
Mohd Salleh Bin Mahmud			
Er Beng Kiong			
Prof. Madya Dr Nafsiah Mohammed			

INTERNATIONAL FEDERATION OF ACCOUNTANTS
MEETING OF THE PUBLIC SECTOR COMMITTEE
JULY 5-7 2004, NEW YORK
DOUBLETREE GUEST SUITES – NEW YORK CITY
1568 BROADWAY
NEW YORK, NY 10036

Name	Accompanied	Arrival	Departure
Mexico			
Javier Perez Saavedra		July 3, 2004	July 7, 2004
Conrado Villalobos Diaz			
Netherlands			
Peter Bartholomeus		July 3, 2004	July 9, 2004
Aad Bac		July 3, 2004	July 9, 2004
Wilma Wakker			
New Zealand			
Greg Schollum	Wendy Schollum	July 3, 2004	July 7, 2004
Simon Lee		July 3, 2004	July 8, 2004
Norway			
Tom Henry Olsen	Merete Bredoch	July 3, 2004	July 12, 2004
Harald Brandsaas		July 3, 2004	July 8, 2004
South Africa			
Terence Nombembe		July 4, 2004	July 7, 2004
Erna Swart		July 4, 2004	July 8, 2004
Freeman Nomvalo			
United States			
Ron Points	Lois Points	July 4, 2004	July 7, 2004
David Bean	Carol Bean		
Mary M. Foelster	Apologies		
IFAC			
Paul Sutcliffe		July 2, 2004	July 9, 2004
Matthew Bohun		July 3, 2004	July 9, 2004
Li Li Lian		July 3, 2004	July 15, 2004
Hongxia Li		July 2, 2004	July 9, 2004
Jerry Gutu		July 4, 2004	July 7, 2004
Observers			
John Fretwell (INTOSAI - CAS)	Patty Fretwell	July 4, 2004	July 8, 2004
Bert Keuppens (IMF)			
Keith Dublin (IMF)			
Ethan Weisman (IMF)			
Jayantilal Karia (UN)	Jenny Karia		
Darshak Shah (UNDP)			
Simon Bradbury (World Bank)			

INTERNATIONAL FEDERATION OF ACCOUNTANTS
MEETING OF THE PUBLIC SECTOR COMMITTEE
JULY 5-7 2004, NEW YORK
DOUBLETREE GUEST SUITES – NEW YORK CITY
1568 BROADWAY
NEW YORK, NY 10036

P Y Chiu (ADB)		July 4, 2004	July 8, 2004
Jon Blondal (OECD)	Apologies		
Warren McGregor (IASB)			
Dieter Glatzel (EU)			

**PUBLIC SECTOR COMMITTEE – 2004
NEW YORK MEETING TIMETABLE**

**Double Tree Guest Suites – Times Square
1568 Broadway (47th Street and 7th Avenue), New York**

Monday 5 July 2004

8.45am – 9.00am	Coffee served	
9.00am – 9.15am	Welcome & Items 1 – 3 (¼ hr)	Procedural Matters
9.15am – 9.45am	Items 4 and 5 (½ hr)	Chairman’s Report and Secretariat’s Report including IFAC Liaison Report and External Review Update
9.45am – 10.15am	Item 6 (½ hr)	Report on the Standards Work Program
10.15am – 10.30am	Morning Tea (¼ hr)	
10.30am – 1.00pm	Item 13 (2½ hrs)	PSC Review
1.00pm – 2.00pm	Lunch (1 hr)	
2.00pm – 4.00pm	Item 12 (2 hrs)	IFRS Harmonization – IASB Update and Strategy Paper.
4.00pm – 4.15pm	Afternoon Tea (¼ hr)	
4.15pm – 5.45pm	Item 8 (1½ hr)	ED 23 Impairment
6.30pm	Official Reception	IFAC Offices (14 th Floor, 545-5 th Avenue)

Tuesday 6 July 2004

8.30am – 9.30am	Item 8 (1 hr)	ED 23 Impairment (continued)
9.30am – 10.30am	Item 12 (1 hr)	Harmonization – General Improvements – IPSAS 1, 3, 16, 17
10.30am – 10.45am	Morning Tea (¼ hr)	
10.45am – 1.00pm	Item 12 (2¼hrs)	IFRS Harmonization – IPSAS 1, 3, 16, 17. Preface to IPSASs Submission on Employee Benefit ED
1.00pm – 1.45pm	Lunch (¾ hr)	
1.45pm – 3.45pm	Item 10 (2 hrs)	Accounting for Development Assistance
3.45pm – 4.00pm	Afternoon Tea (¼ hr)	
4.00pm – 6.00pm	Item 14 (2 hrs)	Consultative Group Discussion – Budget Reporting
7.30pm	Official Dinner	

Wednesday, 7 July 2004

9.00am – 11.00am	Item 9 (2 hrs)	Budget Reporting
11.00am – 11.15am	Morning Tea (¼ hr)	
11.15am – 12.30 pm	Item 11 and 16 (1¼ hrs)	GFS and Use of IPSASs – Project Briefs.
12.30pm – 1.30pm	Lunch (1 hr)	
1.30pm – 2.15pm	Items 7, 15 and 17 (1¼ hrs)	PSP Perspectives, Country Reports, Future Meetings
2.15pm – 3.00pm	Travel to UN	
3.00pm – 5.00pm		Meeting UN



**INTERNATIONAL FEDERATION
OF ACCOUNTANTS**

545 Fifth Avenue, 14th Floor Tel: (212) 286-9344
New York, New York 10017 Fax: (212) 286-9570
Internet: <http://www.ifac.org>

DATE: MAY 31, 2004
MEMO TO: MEMBERS OF THE IFAC PUBLIC SECTOR COMMITTEE
FROM: MATTHEW BOHUN
SUBJECT: PSC MINUTES

ACTION REQUIRED

- **Review and approve** the minutes of the PSC meeting in Buenos Aires in March 2004.

AGENDA MATERIAL

2.2 Draft minutes of the PSC meeting in March 2004

Pages
2.2-2.34

BACKGROUND

The first draft of these minutes together with the draft action list was circulated to members and observers for comment on April 26, 2004. The attached draft has been marked-up to highlight amendments proposed by members and observers as a consequence of their review of the first draft of the minutes.

Matthew Bohun
TECHNICAL MANAGER

INTERNATIONAL FEDERATION OF ACCOUNTANTS
PUBLIC SECTOR COMMITTEE
 MINUTES OF THE BUENOS AIRES MEETING
 Held on March, 24 – ~~25~~26, 2004

ATTENDANCE

COUNTRY	MEMBERS	ATTENDEES	APOLOGY/NIA*
France	Philippe Adhémar (M)	X	
	Jean-Luc Dumont (TA)		X
	Henri Giot (TA)		X
Argentina	Carmen Giachino	X	
	Palladino (M)		
	Pablo Maroni (TA)	X	
Australia	Blanca Arazi (Translator)	X	
	Wayne Cameron (M)	X	
	Robert Keyes (TA)	X	
Canada	Rick Neville (M)	X	
	Ron Salole (TA)	X	
	Dan Duguay (TA)	X	
Germany	Norbert Vogelpoth (M)	X	
	Catherine Viehweger (TA)	X	
	Andreas Dörschell (TA)		X
Israel	Zvi Chalamish (M)	X	
Japan	Ryoko Shimizu (M)	X	
Malaysia	Mohd Salleh bin Mahmud (M)		X
	Er Beng Kiong (TA)		X
	Javier Pérez Saavedra (M)	X	
Mexico	Conrado Villalobos Diaz (TA)	X	
	Peter Bartholomeus (M)	X	
	Aad Bac (TA)	X	
Netherlands	Wilma Wakker (TA)		X
	Greg Schollum (M)	X	
	Simon Lee (TA)	X	
New Zealand	Tom Olsen (M)		X
	Harald Brandsås (TA)	X	
	Terence Nombembe (M)	X	
South Africa	Erna Swart (TA)	X	
	Freeman Nomvalo (TA)	X	
	Mike Hathorn (M)	X	
United Kingdom	John Stanford (TA)	X	
	Catherine Park (TA)		X
	Ron Points (M)	X	
United States	David Bean (TA)	X	
	Mary Foelster (TA)		X
	Ping Yung Chiu (O)	X	
ADB	Dieter Glatzel (O)		X
EU			

COUNTRY	MEMBERS	ATTENDEES	APOLOGY/NIA*
IFAC Board	René Ricol (B)	X (Thu a.m.)	X (Thu p.m. & Fri)
IASB	Warren McGregor (O)		X
INTOSAI	John Fretwell (O)	X	
IMF	Bert Keuppens (O)		X
	Betty Gruber (O)	X	
	Keith Dublin (O)	X	
OECD	Jon Blondal (O)		X
UN	Jay Karia (O)	X	
UNDP	Darshak Shah (O)		X
World Bank	Simon Bradbury (O)	X	
	Roberto Torallo (O)	X	
IFAC	Ian Ball (S)	X (Thu)	X (Fri)
	Paul Sutcliffe (S)	X	
	Matthew Bohun (S)	X	
	Jerry Gutu (S)	X	
	Li Li Lian (S)	X	
	<u>Hongxia Li (S)</u>	X	
	Charles Coe (C)	X	
	Jesse Hughes (C)	X	
	Ian Mackintosh (C)	X (Fri)	X (Thu)

* NIA- Not in Attendance

- (M) Member
- (TA) Technical Advisor
- (B) IFAC Board
- (O) Observer
- (S) IFAC Staff
- (C) Consultant

1. WELCOME AND APOLOGIES

Philippe Adhémar, the newly appointed PSC Chair, opened the meeting and welcomed the members to Buenos Aires for this meeting. The Chair noted that he is honored to have been appointed and is anticipating the support of the members in fulfilling this challenging role. He noted that it was a substantially new committee with fifteen members instead of twelve reflecting the importance of having a wide geographical diversification of PSC membership and a broader experience of members.

The Chair welcomed

- Mike Hathorn, the PSC member from the United Kingdom, who has been appointed as Vice-Chair, and advised that he had requested Mike to take a leadership and coordinating role with the IPSAS-IAS/IFRS harmonization project;
- René Ricol, President of IFAC. The Chair noted that Mr. Ricol would not be present for the entire meeting, but that his presence signifies the importance of the PSC to IFAC;
- Ian Ball, Chief Executive of IFAC, who would be present for the first day of the meeting;
- New Members:
 - Wayne Cameron (Australia). Mr. Cameron is the Auditor-General of the State of Victoria;
 - Zvi Chalamish (Israel). Mr. Chalamish is Deputy Accountant General for the Ministry of Finance of Israel;
 - Ryoko Shimizu (Japan). Ms. Shimizu is a partner of PricewaterhouseCoopers, Japan; and
 - Greg Schollum (New Zealand). Mr. Schollum is Chief Financial Officer of the Greater Wellington Regional Council and was the Technical Advisor to Kevin Simpkins, the previous PSC Member from New Zealand;
- New Technical Advisors:
 - Pablo Maroni (Argentina). Mr. Maroni is an officer of the Ministry of the Economy of Argentina; and
 - Freeman Nomvalo (South Africa). Mr. Nomvalo is Accountant General in the National Treasury of South Africa;
- Observers attending their first meeting:
 - Keith Dublin (International Monetary Fund). Mr. Dublin is Division Chief, Government Statistics Division of the IMF and will be replacing Betty Gruber as the Government Statistics Division Observer from the next meeting. Mr. Dublin noted that he has a particular interest in harmonizing the requirements of the *Government Finance Statistics Manual 2001* and IPSASs; and
 - Roberto Torallo. Mr. Torallo is the World Bank's Regional Manager for Latin America and will be observing for this meeting only; and
- Li Hongxia, staff member PSC. Ms. Li has been seconded from the Ministry of Finance of the People's Republic of China for a period of one year.

Apologies were noted from:

- Mohd Salleh bin Mahmud, Member (Malaysia);
- Tom Olsen, Member (Norway). The Chair advised that Harald Brandsås holds Tom's proxy if a vote is required;

- Jean-Luc Dumont, Technical Advisor (France);
- Er Beng Kiong, Technical Advisor (Malaysia);
- Warren McGregor, Observer (IASB);
- Jay Kariah, Observer (UNDP); and
- Jon Blondal, Observer (OECD).

2. CONFIRMATION OF MINUTES

The meeting received the minutes from the meeting held in Berlin on November, 5–7, 2003. The minutes were confirmed subject to minor editorial amendments.

Action Required: *Amend minutes, Post to IFAC Leadership Intranet.
Prepare Action List.*

Person(s) responsible: *PSC Staff.*

3. MATTERS ARISING AND ACTION LIST

There were no matters arising from the minutes, apart from matters to be raised under other agenda items. The PSC Technical Director noted that the items on the Action List had been dealt with as indicated.

Action Required: *Prepare Minutes and Action List from this meeting, circulate to members for review – members to advise staff of any proposed amendments.*

Person(s) responsible: *PSC members, Staff.*

4. CHAIRMAN'S REPORT

Philippe Adhémar advised that in addition to the items noted in the agenda material he had:

- Met with the World Bank to discuss the PSC Review and funding arrangements; and
- Attended a seminar at the University of Ferrara in Italy, which is developing a public sector accounting program.

Funding

The Chair reported that the PSC's funding for the Standard Setting program was precarious and that funding was only in place to sustain the technical program until June 2005. The Chair noted that the PSC had made a decision previously to suspend fundraising activities until the conclusion of the external review, however, it appears now that this decision must be reviewed to ensure the short term viability of the standards setting program.

The Chair requested that the Technical Director update members on the current status of PSC funding.

Paul Sutcliffe, Technical Director of the PSC:

- Tabled a note from the 2003 financial statements of IFAC, as approved by the IFAC Board at its November 4, 2003 meeting, which identified the costs of the standards program for 2003 funded by external funders;

- Advised on costs incurred by IFAC in support of the standards program, which included the costs of the PSC secretariat in New York and PSC meeting costs; and
- Noted commitments from external funders for funding for 2004 and that fund raising activities had been suspended pending completion of the PSC external review. Paul explained that, based on the standards program staff continuing to operate out of Australia, the current funding arrangements would support operations until mid-2005, but additional funds would be necessary for the standards program to continue at existing levels beyond that time.

Members discussed the funding situation and agreed that reactivation of funding activities should be considered prior to completion of the review. The Chair proposed that he, the Vice-Chair and the Technical Director meet with the international organizations represented as observers on the PSC during the course of this meeting to seek input on funding strategies. Members and observers agreed this was appropriate.

René Ricol, President of IFAC, stated that he considered it important that the PSC and International Auditing and Assurance Standards Board secure independent funding, perhaps by establishing a foundation to provide funding for these two standard setting programs. Mr. Ricol also noted that it was important to secure a broader funding base than is currently the case. He also stated that IFAC is extremely grateful to the current funders, but acknowledges the possibility that in the future a conflict of interests could arise with resulting problems for the funding of these standard setters. He further stated that the PSC was to be commended for doing as much work as it had with so little in the way of financial resources.

The Chair advised that he, the Vice-Chair and the Technical Director would be exploring the potential for reactivating fund raising activities immediately.

External Review of the PSC Review

The Chair noted that the Review Committee had met in Washington D.C. for two days in February and on March 15 circulated ~~is planning to prepare~~ a draft report for consideration by the Review Committee with a request to respond by April 2, 2004. He also noted that this is an ambitious timetable and may not be met.

The Chair noted that John Stanford has provided the Review Committee with administrative support, the Chair thanked John for this support.

At the request of the Chair, John Stanford tabled a one-page update which noted that the Review Committee had received one hundred and forty-two responses to its survey questionnaire and that the Review Committee had undertaken a preliminary analysis of these responses. John noted that a large number of responses were received from the United Kingdom, Australia and New Zealand, which expressed some common views and that in analyzing the responses, the Review Committee made some allowances for the heavy weighting of responses from Australasia and the UK. John noted that the responses indicated strong support from the constituents for the work of the PSC as an independent standard setter in the public sector; the responses also revealed that respondents were split on their views of the most appropriate governance arrangements for the PSC.

The PSC discussed the preliminary analysis of the responses to the Review Committee's questionnaire with a view to expressing its own opinion on the PSC's governance arrangements.

René Ricol noted that the IASCF was about to undergo a review itself. Further there is no likelihood that either the IASB or the IASCF would be in a position to pursue a partnership with the PSC at any time in the foreseeable future (at least five to seven years). Mr. Ricol reiterated the Board's support for the work of the PSC and noted that IFAC is now recognized internationally as a standards setter in: auditing and assurance, public sector accounting standards, accounting education, and ethics for accounting professionals. Mr. Ricol stated, however, that even remaining within IFAC may require changes to the PSC's governance structure so that, for example, the Consultative Group or an oversight group be strengthened/formed to ensure that the PSC continues, and is perceived to continue, to keep the public interest as its primary focus.

The members discussed the appropriate governance arrangements. Most of the members expressed the preliminary view that the PSC should remain a part of IFAC, but with some review of the governance arrangements. Some members expressed the view that, in the longer term, a closer relationship with the IASB should be pursued. Other members did not comment noting that it was premature to discuss this matter. They were of the view that it should be discussed when the report of the Review Committee had been completed and was available.

The members then discussed how to provide input to the Review Panel before the panel submits its final report to the IFAC Board. John Stanford advised that the current plan of the Review Panel is for Review Panel members to provide input by April 2 so that John Stanford can prepare the final draft of the report by the end of May. When the Review Panel Chair has approved this draft, it will be forwarded to the PSC for comment, before being submitting to the July 2004 meeting of the IFAC Board. The Review Panel would consider any comments from the PSC, but would not necessarily amend its report in light of them. Ian Ball noted that the Board commissioned the external review, and that the report is to be made to the Board.

The Chair advised that the report would be distributed electronically to the PSC as soon as it was available, and that members would need to provide their comments on the report to the Chair and Paul Sutcliffe within two weeks of its distribution. The Chair will provide any PSC comments to the Review Panel chair before the July meeting of the PSC. He also noted that the report of the ~~review-Review panel-Panel~~ would be a major item for discussion at the July meeting of the PSC.

Action required:	<i>Restart fundraising activities. Circulate Review Panel report. Comment on report. Prepare Chairman's Report for July meeting..</i>
Person(s) responsible:	<i>Chair, PSC Technical Director, PSC Members, John Stanford.</i>

5. SECRETARIAT'S REPORT

The Committee received and noted:

- A report from the Secretariat; and

- An updated Members' Correspondence Distribution List.

Jerry Gutu spoke to the Secretariat's report identifying the activities he had been involved in since the last meeting of the Public Sector Committee of November ~~2004~~ 2003 in Berlin, Germany. He advised the meeting that he had been involved among other duties in:

- Managing the nomination process to the Consultative Group including replacements and submissions from the Middle East following an appeal at the Berlin meeting;
- Finalizing arrangements for this meeting in Buenos Aires;
- Liaison with the IFAC's other technical committees, particularly the IAASB and the PSC sub-committee on drafting of PSPs and sending them to IAASB;
- Various other secretariat and support functions including updating the Network list and working on the 2004 edition of the IFAC PSC Handbook; and
- Arrangements on future meetings;

Members' attention was drawn to the updated Correspondence Distribution List (CDL) with a request to pass on to Jerry any amendments for updating.

Action Required: *Update PSC CDL with any changes. Finalize arrangements for July 2004 meeting and advise members.*

Person(s) Responsible: *PSC Secretariat.*

6. REPORT ON THE STANDARDS WORK PROGRAM

The Committee received and noted:

- A memorandum from Paul Sutcliffe, the PSC Technical Director, regarding funding activities, promotion activities and status of IPSAS translations;
- A memorandum from Paul Sutcliffe on the Standards Development Work Program;
- A report on the status of PSC projects;
- A draft work plan for 2004;
- A projected work plan for 2004 through 2006; and
- A summary of the active projects of national public sector standards setters and similar authoritative bodies in PSC member countries.

Paul noted that further to the discussion of funding under item 4, additional funding from the World Bank for the project on Development Assistance as reflected in the memorandum had not yet been approved but it was being pursued, and the memo should be amended to reflect this. The World Bank observer noted that this funding was not dependant on completion of the PSC Review.

Paul outlined translation and promotional activities that had been undertaken since the last meeting including:

- Significant progress had been made on translation of IPSASs into French and Spanish. The French and Spanish speaking members of the PSC advised that completion of comprehensive and high quality translations was near. However, they also noted that some definitions in IPSASs did not translate literally or directly into the French or Spanish equivalent terminology for public sector

entities, but that the translation process would ensure that the substance of the definitions was protected. Members confirmed that the PSC Update should be translated into French and Spanish and issued as soon as possible after the English version;

- That the PSC chair and members and staff had been active in promoting PSC activities. Members noted the schedule of PSC presentations included in agenda materials and agreed to provide to Staff out of session information about any additional presentations made or scheduled;
- Li Hongxia had joined the PSC staff from the Ministry of Finance of the People's Republic of China for a secondment of 12 months, and had made a significant contribution to the staff activities. Members welcomed Li Hongxia, noted that she had made a significant contribution to the Agenda papers for consideration at this meeting and expressed their appreciation to her for the quality of those papers.

Members noted that the joint symposium with the FACPCE on 24 March 2004 had been most successful and the follow-up discussion with Consultative Group members and key Latin American constituents augured well for strengthening relations with Latin America and the ongoing operation of the Consultative Group. Members also noted that the importance of issuing Spanish translations of IPSASs and the PSC update had been emphasized at the symposium and follow-up meetings.

Paul drew members' attention to the summary of projects on the active work plans of standard setters. He noted that it was compiled from input from PSC members and would be circulated to all members again prior to the next PSC meeting for any updates.

Paul noted progress on technical projects since the November ~~2004~~2003 meeting of the PSC including that:

- Documents issued – the following documents had been completed and issued:
 - Study 14 *Transition to the Accrual Basis of Accounting: Guidance for Governments and Government Entities (2nd Edition)* was issued as a web only document in December 2003;
 - Invitation to Comment *Non-Exchange Revenue, Including Taxes, Grants and Transfers* was issued in January 2004;
 - Invitation to Comment *Accounting for Social Policies of Government* was issued in January 2004;
 - Occasional Paper *The Governmental Accounting System of Argentina* was issued in January 2004;
 - Glossary of Defined Terms IPSASs 1 – 20, was issued in January 2004;
- Development Assistance Project – the formation of the Project Advisory Panel (PAP) had been delayed because of some restructuring of key constituent groups. Paul noted that the PAP chair and the consultant were present at the meeting and had developed a revised consultation process for discussion by the PSC during the course of this meeting;
- A revised draft of the budget reporting Research Report had been prepared by the consultant who was present at the meeting and would present the Report to members;
- The Task Force on Harmonization of Public Sector Accounting (TFHPSA) had met in February and proposed that the PSC action a number of projects directed at harmonizing IPSASs with statistical bases of financial reporting. The chair of

Working Group 1 of the Task Force which had developed those proposals was in attendance and would present the recommendations of the Working Group to the PSC;

- It was proposed that a first draft of the USA Occasional Paper be considered at the July 2004 PSC meeting if meeting time permitted. Members discussed matters to be included in the Occasional Paper and agreed that it should encompass both GASB and FASAB mandate, structure and activities – a first draft of the paper is anticipated for consideration at the July 2004 PSC meeting; and
- It was proposed that a project brief for an Occasional Paper surveying the use of IPSASs be considered in July 2004. Members agreed that this was important given that current surveys did not deal with the use of IPSASs in sufficient depth. However, members also noted that the program for the July 2004 meeting was full and that preparation of this brief should be subject to the availability of staff resources and time for discussion at the PSC meeting.

Members noted that it was anticipated that the IASB would issue an Exposure Draft proposing revisions to IAS 19 *Employee Benefits* in April 2004. It was agreed that subject to the timing of issue of the Exposure Draft, the PSC staff should prepare a response to the Exposure Draft for consideration by the PSC at its July 2004 meeting. The mandate for that response was to deal only with the proposed changes to IAS 19 and only to draw out any public sector specific implications of those changes. It was noted that the substantive discussion of IAS 19 was scheduled for November 2004 and that such timing appeared appropriate, but should be revisited at the next meeting.

Members noted and agreed the 2003 and 2004+ work plans, subject to revisions to reflect decisions made during the remainder of this meeting. Members also noted that:

- the work program was currently very heavy with significant demands on staff resources and PSC meeting time;
- the demands on staff resources and PSC meeting time were likely to increase as the PSC attempted to progress its IASB-IPSAS improvements project, maintain its long term IASB harmonization program; respond to recommendations dealing with GFS – ESA 95 – SNA harmonization and progress other active projects;
- it was important to develop and make public the PSC's policy for updating IPSASs currently on issue and for dealing with IASs/IFRSs for which an IPSAS had not yet been issued; and
- it was important to identify and make public the anticipated timing of issue of proposed updated or new IPSASs, ~~included including~~ those translated into French and Spanish. This would enable constituents to plan the implementation of IPSASs in an informed and orderly fashion.

It was agreed that staff should prepare for the July 2004 meeting a strategy paper for dealing with these matters and identifying the proposed timing for release of the second generation of IPSASs, which incorporated improvements to IASB standards, and new IASs/IFRSs.

The Chair advised that the Vice-Chair would work closely with staff in the development and presentation at PSC meetings of materials related to the PSC's IAS/IFRS harmonization program, including strategy documents.

Roberto Torallo, Manager, Financial Management for Latin America for the World Bank noted that the Bank was intending to action case studies on the implementation of IPSASs in Latin America.

Action Required: *Update register of funding, translation and promotion activities. Update work program. Develop the overview of projects on work programs of standards setters in PSC member jurisdictions. Prepare an Occasional Paper on USA governmental accounting and Project Brief for Occasional Paper on use of IPSASs. Consider reactivating funding activities. Meet with observers re funding strategies. Prepare Strategy Paper.*

Person Responsible: *PSC Chair and Vice Chair, Members, PSC staff, USA Delegation.*

7. COUNTRY BRIEFING REPORTS

The country reports were taken as read. Additional reports from Argentina and Israel were tabled.

Action Required: *Prepare country reports for the PSC meeting in New York in July 2004. Circulate reports with agenda materials.*

Person(s) Responsible: *Members, Technical Advisors, PSC Secretariat.*

8. ED 23 IMPAIRMENT OF ASSETS

The Committee received and noted:

- A memorandum from Matthew Bohun;
- A summary of responses to Exposure Draft 23 *Impairment of Assets*;
- A table of editorial and other comments on ED 23;
- A summary of GASB Statement 42 *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*; and
- A copy of submissions received on ED 23.

Matthew Bohun introduced the topic noting that the time between the closing of comments and the distribution of agenda materials was very short, and that there was insufficient time to prepare a draft IPSAS. Staff noted that in developing the Exposure Draft the PSC established for itself some principles on which to base a standard on impairment of assets and that the Staff analysis of the responses was in the context of these principles. These principles were:

- If an asset is a “cash-generating asset” as defined, then entities should apply IAS 36 *Impairment of Assets* in recognizing and measuring any impairment;
- Where impairment requirements exist in other IPSASs, those requirements take precedence over any impairment IPSAS;
- Assets measured at fair value do not need to be tested for impairment (some exceptions have been made to this general rule, such as for biological assets related to agricultural activity);
- A two stage process should be adopted for impairment:

- Testing whether an indicator of impairment is present, and
- If an indicator is present, testing whether the carrying amount of the asset is higher than its recoverable service amount;
- A present value notion of service potential should be adopted; and
- Generally speaking, an IPSAS should not vary from the requirements of IAS 36 unless there is a public sector specific reason for doing so. The PSC has made a number of exceptions to this general principle in other IPSASs, and in ED 23.

Staff noted that thirty-one responses had been received on ED 23 in sufficient time for inclusion in the analysis. Some members expressed concern that the majority of responses were from Australia, New Zealand and the United Kingdom and that this may give the perception of bias in the analysis, other members noted that it is inherently difficult to obtain responses to Exposure Drafts and that the PSC can only deal with the responses it receives. It was difficult to ascribe motives to respondents' decisions to respond, however:

- The response rate is not unusual compared to other PSC EDs; and
- The response rate compares favorably with those experienced by national standard setters; and.

~~□ Entities that received a copy of the ED, but did not respond may have agreed with the proposals in the ED.~~

Specific Matters for Comment

The PSC discussed the responses to the specific matters for comment.

(a) Scope of the proposed IPSAS

ED 23 proposed that property, plant and equipment carried at revalued amounts in accordance with the allowed alternative under IPSAS 17 *Property, Plant and Equipment* be excluded from the scope of the IPSAS on impairment. The PSC noted that a significant number of respondents argued that such assets should be excluded from the scope of the proposed standard, but others were in favor of including these assets within the scope of the proposed IPSAS, because they were within the scope of IAS 36 and respondents argued that there is no public sector specific reason to exclude them. Members noted that the reason for excluding these assets from the scope of the ED was that IPSAS 17 requires that assets subject to revaluation be carried at an amount that is not materially different from their fair value as at the reporting date, it is, therefore, unnecessary to subject such assets to an impairment test. The PSC discussed whether value-in-use and fair value could give different measures of an asset's value, and whether an impairment loss should be recognized in such circumstances. The PSC discussed this issue and agreed that the draft IPSAS to be discussed at the next meeting should exclude from the scope property, plant and equipment carried at revalued amounts. The PSC also agreed that the Basis for Conclusions of this draft should be more explicit about justify the exclusion of property, plant and equipment carried at revalued amounts and explain the reasons for differing from IAS 36 and that the issue should be reconsidered in the context of those reasons.

ED 23 proposed that biological assets related to agriculture, other than those carried at fair value, intangible assets and goodwill should be ~~implicitly~~ included within the

scope of the IPSAS on impairment. The PSC noted that some respondents had expressed concern about including these assets within the scope of the IPSAS. The PSC discussed the appropriate wording in relation to biological assets relating to agricultural ~~assets~~ activity, and noted that it had still to discuss the applicability of IAS 41 *Agriculture* to the public sector. The PSC made the preliminary decision that at this stage it would retain the staff's recommendation that the IPSAS should exclude from its scope biological assets related to agricultural activity carried at fair value in accordance with an international ~~or national international~~ or national accounting standard on agriculture adopted by the entity. However, the PSC also indicated that it would review this decision at its next meeting.

(b) Definition of Cash-Generating Asset

Staff noted that a number of respondents had interpreted the definition of "cash-generating asset" as changing the characteristics of GBEs to require them to generate a commercial rate of return. Staff proposed amending the definition of "cash-generating asset" to remove the reference to the assets of GBEs. The PSC agreed to this amendment.

The PSC discussed the nature of "commercial rate of return" and some members expressed the concern that this term was confusing. The PSC agreed to remove "rate of" from the definition and directed staff to include in the draft IPSAS commentary on what was meant by a "commercial ~~rate-of~~ return" for consideration at the next PSC meeting; this commentary would be considered at the next meeting of the PSC.

(c) Assessing Indicators at Each Reporting Date

The PSC noted that most respondents agreed with its proposal to require entities to assess at each reporting date whether an indicator of impairment was present. The PSC did not propose amending the draft IPSAS in relation to this issue.

(d) Assess recoverable service amount when an indicator of impairment is present at reporting date

The PSC noted that most respondents agreed with its proposal to require entities to assess the recoverable service amount of an asset when an indicator of impairment is present at reporting date. The PSC did not propose amending the draft IPSAS in relation to this issue.

(e) Exclude a decline in market value from the minimum indicators of impairment in "black letter"

The PSC noted that a majority of the respondents that expressed a view on this issue supported its proposal to exclude a change in market value from the list of minimum indicators of impairment. However, the PSC also noted that a significant number of respondents argued that there was no public sector specific reason to depart from the requirements of IAS 36, which includes an unexpected decline in market value in the list of minimum indicators of impairment. The PSC discussed this issue. Some members argued that a decline in market value should be an indicator of impairment and that governments are held accountable for decisions to hold assets that decline in market value, these members noted that in some circumstances it is difficult to

measure fair value. Other members argued that while the market value of an asset may decline, the asset may still be able to deliver the same level of service and therefore no impairment should be recognized. The PSC ~~and~~ concluded that the public sector specific reason for excluding an unexpected change in market value from the list of indicators in black letter is that the assets within the scope of this standard are non-cash-generating assets, whereas IAS 36 focuses on assets that are defined in ED 23 as cash-generating assets.

Staff noted that the commentary paragraph 21 states that a decline in market value may be an indicator of impairment. Staff pointed out that this guidance does not replicate the requirement in IAS 36 that such a decline must be unexpected. Staff noted that in many instances an entity will be aware that an asset's market value will decline substantially immediately it is acquired and that an entity will take this into account when estimating any residual value, staff recommended that paragraph 21(a) be amended to reflect the requirement of IAS 36. The PSC agreed that whilst an unexpected change in market value should not be included in the minimum indicators of impairment in black letter. ~~However~~, at this stage the draft IPSAS being to be prepared for the July 2004 should include the commentary in paragraph 21(a) but the commentary should reflect the IAS 36 requirement that such a change be unexpected. The PSC will review this commentary at its meeting in July.

(f) *Reduction in demand as an indicator of impairment*

ED 23 proposed that cessation of demand be an indicator of impairment, but did not propose that a significant reduction in demand other than cessation be an indicator of impairment. The majority of respondents were of the view that a significant reduction in demand should be an indicator of impairment, and that a significant increase in demand be an indicator of reversal of impairment.

The PSC discussed this issue and noted that there may be some difficulty in determining what "significant" means in relation to impairment – some members suggested that accounting practice in most many jurisdictions suggests indicates that a ten percent variation in a reported amount is considered significant. Some members considered that commentary might indicate when a significant decline in demand warranted an assessment of an asset's recoverable service amount. The PSC directed staff to reexamine the respondents' comments and to prepare recommendations for the next meeting.

(g) *Measurement of the value in use of a non-cash-generating asset*

ED 23 proposed that entities be required to measure the value in use of non-cash-generating assets using the depreciated replacement cost, restoration cost, or service units approaches. Most respondents agreed that these were appropriate methods of measuring value-in-use, consequently the PSC did not propose amending the draft IPSAS in relation to this issue.

(h) *Are the depreciated replacement cost, restoration cost and service units approach a single measurement approach or three separate approaches?*

ED 23 treats the three approaches to measuring value-in-use as separate approaches, however the majority of respondents view them as a single approach. A number of

members expressed the concern that if the three approaches are to be considered as separate, this may have consequences for the revaluation provisions of IPSAS 17 *Property, Plant and Equipment*, which permit depreciated replacement cost as a method of determining fair value. These members felt that if the restoration cost and service units approaches were described as methods of calculating depreciated replacement cost, there would be no consistency problems. The PSC directed staff to examine this issue in relation to the amendments being proposed in respect of IPSAS 17 and prepare proposals for the next meeting. Some members expressed the view that the proposed IPSAS should give more direction on when to use each of the three approaches to measuring value in use. Some members expressed concern that some of the illustrative examples were not consistent with the provisions of the IPSAS with regard to measuring value in use, staff were directed to examine the illustrative examples and ensure that they are consistent with the proposed IPSAS.

- (i) *Recognize ~~an~~ impairment loss and reduce the carrying amount of an asset when the asset's recoverable service amount is less than its carrying amount*

ED 23 proposed requiring entities to recognize an impairment loss when an asset's carrying amount is higher than its recoverable service amount. Most respondents agree with this approach. Members discussed this issue and felt that the commentary related to this issue could usefully refer entities to IPSAS 3 *Net Surplus or Deficit for the Period, Fundamental Errors and Changes in Accounting Policies*.

The PSC noted in relation to all of the following issues that respondents concurred with the PSC's view as expressed in the Exposure Draft. The PSC did not propose amendments to the proposed standard in relation to these issues.

- (j) *Requirement to assess whether an impairment loss is no longer present*
- (k) *Requirement to assess recoverable service amount when an indicator of reversal of impairment exists*
- (l) *Recognize a reversal of impairment loss when the recoverable service amount is higher than the carrying amount*
- (m) *Disclosures*

Other Issues

Members directed staff to consider whether obsolescence should be included as an indicator of impairment of an asset. Members also directed staff to include an example of an impaired intangible asset in the appendix.

Members directed staff to prepare a draft IPSAS for consideration at the next meeting. In addition to the matters above the draft should:

- Include a more comprehensive Basis for Conclusions that provides reasons for adopting the positions in the IPSAS and explains differences between the IPSAS and IAS 36 and clearly identifies why an impairment test should not be applied to property, plant and equipment carried at revalued amounts;
- Includes any additional amendments arising from the issuing-issuance of the updated IAS 36; and

- Identify the differences between measurement of fair value in IPSAS 17 and the recoverable service amount under the proposed standards and identifies the circumstance in which value-in-use may not be equivalent to fair value

Action Required: *Prepare draft IPSAS.*
Person(s) Responsible: *PSC Staff.*

9. PSC STEERING COMMITTEE – BUDGET REPORTING

The Committee received and considered:

- A memorandum from Dr. Jesse Hughes;
- A draft Research Report prepared by Dr. Hughes; and
- Comments from Steering Committee members.

Ron Points, the Steering Committee Chair, introduced the topic and noted that:

- The draft Research Report had been updated to incorporate comments made by members at the last PSC meeting in November 2003;
- He was of the view that the Research Report was now substantially complete and should be made publicly available as soon as possible. Ron advocated that, following any input provided by members during the course of this meeting, the PSC should request Dr. Hughes to finalize and formally present his Research Report to the PSC and should schedule a discussion of the key recommendations of the Research Report at the next meeting and at that time determine whether the next stage of the project is to be activated, and the process to be adopted;
- There was strong support for the PSC dealing with budget reporting from constituents responding to the PSC Review survey;
- A number of presenters at the FACPCE seminar and a number of Steering Committee members had emphasized the importance of integration of budget and accounting; and
- Constituents from both the financial reporting and budget communities were eager for the paper to be issued and for more formal work to be developed by the PSC.

Ron also reminded members that the PSC had contracted Dr. Hughes to undertake a Research Report to be presented to the PSC identifying best practice in budget formulation, making recommendations on whether developing standards on budget reporting fell within the PSC mandate and, if it did, the nature of the budget reporting standards that should be developed. He emphasized that it was not intended that the Research Report resolve all issues to be addressed in developing such standards. Rather the Research Report was to provide input to the PSC for discussion before determining whether the PSC should move to Stage 2, being the standards development stage. In that sense it was an internal document for the PSC, rather than a document issued by the PSC. Ron also noted that the wider community had great interest in the Report and it should be made accessible by that community. He advocated that members accept the Report.

Dr. Hughes made a presentation to the PSC on the Research Report noting:

- The background to the Report; and
- The recommendations. Dr. Hughes emphasized that the recommendations were his, but he had had significant input from many Steering Committee members and from PSC staff, and thanked all for their input.

The Chair sought general views from members including the process to be adopted going forward. Members commended Dr. Hughes for his work, noted that his recommendations were significant for the PSC and financial reporting by public sector entities, and identified a number of key issues for clarification in the Report including that the Report could usefully:

- Ensure that a clear distinction was drawn between ex-ante and ex-post reporting, and recommendations relating to each identified. Some members were of the view that the issues and principles relating to ex-post and ex-ante reporting were substantially different and that this aspect of issues would need to be further explored;
- Identify whether the same definitions and principles should be applied in ex-ante and ex-post reporting;
- Acknowledge that many governments proposing to adopt accrual accounting ~~for their financial statements~~, had indicated an intention to maintain their budgets on the cash basis and provide additional guidance on the process for reconciling an ex-ante budget report on the cash basis with ex-post financial statements prepared on accrual basis;
- Provide guidance on the form of the ex-post budget report and whether it should be disclosed as a note to the financial statements;
- Consider whether a separate IPSAS was required for ex-post reporting or whether requirements should be introduced through an amendment to IPSAS 1. Some members were of the view that IPSAS 1 should be amended rather than a separate IPSAS developed;
- Provide recommendations on the level of detail to be disclosed in budget/actual comparisons. Some members were of the view that it was not necessary to disclose the legally approved and final budget and the actual;
- Explore the need to develop the relationship between financial information, whether ex-ante or ex-post and key non-financial performance indicators; and
- Clarify whether the recommendations applied to only whole-of-government reporting entities – whether national, provincial or local – and all other reporting entities. Some members were of the view that the implications of application of the recommendations to governments and to individual entities, such as departments and agencies, may be quite different.

Members then discussed whether the Report should be issued as a PSC document and, if so, what the process should be. It was noted that if it was issued as a PSC document, the PSC would need to work through the Report in detail and develop its own views on the recommendations and issues. After lengthy discussion, it was agreed that there was significant advantage in establishing a demarcation between this stage of the project, which reflected the work of Dr. Hughes in preparing an internal (though publicly available) document for PSC consideration, and subsequent decisions and developments which would reflect PSC views. It was also noted that it would be advantageous to make Dr. Hughes' final report publicly available as soon as possible. Accordingly, it was decided that:

- The Report is to be published as a Research Report prepared for the PSC by Dr. Jesse Hughes. It is to be made clear that the paper has been prepared by Dr. Hughes for consideration by the PSC and reflects Dr. Hughes views and not those of the PSC. It should also be made clear that the PSC will consider the contents of the Report at its July 2004 meeting. The Chair and Steering Committee Chair are

to clear the text which explains the status and nature of the Report and its relationship to PSC activities;

- The Report will be widely available from relevant PSC sections of the IFAC website;
- PSC members, observers and staff will provide input to Dr. Hughes regarding their observations on the contents of the Report within 3 weeks. Dr. Hughes will consider these and may amend his paper as a consequence. The IMF observer noted that their Fiscal Affairs Department will provide comments to Dr. Hughes;
- A limited number of hard copies of the Research Report will be produced and provided to members and observers for wider distribution, however the Research Report will be primarily a web-based product;
- Hard copies would be distributed to international organizations and PSC Observers for further distribution;
- At the July PSC meeting members would discuss the Report in substance and determine the next step forward. Dr. Hughes was requested to attend that meeting and participate in the discussions; and
- Staff would also provide input to Dr. Hughes and assist with the finalization of the Report.

Action Required: ***Update draft Research Report and make publicly available. Provide comments to the consultant.***

Person(s) Responsible: ***PSC Chair, Members and Observers, Consultant, PSC Staff.***

10. ACCOUNTING FOR DEVELOPMENT ASSISTANCE

The Committee received and considered:

- A Memorandum from Ian Mackintosh and Charles Coe;
- Responses to the KDQ from Project Advisory Panel members;
- A preliminary draft ED; and
- Key Decision Questionnaire – for information only.

Ian Mackintosh, Chair of the Project Advisory Panel (PAP) and Charles Coe, consultant on the project, were in attendance. Ian Mackintosh introduced the topic noting that:

- Some responses to the Key Decisions Questionnaire (KDQ) were included in the agenda materials. However, because of restructuring of the OECD-DAC arrangements the PAP had been formed later than anticipated and there had been limited opportunity for PAP members to provide responses to the KDQ;
- In order to keep the process moving forward, the consultant had developed a document which identified key aspects of an Exposure Draft and it was proposed that the PSC consider that document and provide input on the key issues. A first draft Exposure Draft would then be prepared and provided to the PAP for further input prior to a draft ED being presented to the PSC for discussion at the next meeting in July 2004; and
- The consultation process would also provide the opportunity for input by donors.

Ian outlined the proposed schedule for consultation with the PAP. This was agreed by the PSC.

Members thanked Ian and Charles for their work in ensuring the project continued to move forward and developing a high quality draft for consideration and discussed the key issues raised by Ian and Charles and agreed that:

- The proposed requirements were to conform with the definitions and recognition requirements established within the cash basis IPSAS;
- The draft Exposure Draft should deal with development assistance as defined and also humanitarian and disaster relief that did not fit within the definition of disaster relief development assistance;
- It was appropriate that the Exposure Draft propose additional requirements for the disclosure of accrual information about development assistance in the notes to financial statements prepared in accordance with the Cash Basis IPSAS. However, the items recognized in, or presented on, the statement of cash receipts and payments should comply with the requirements of the Cash Basis IPSAS;
- Disaggregated disclosures, whether on the face of the statement of cash receipts and payments or in the notes, should include requirements to disclose assistance provided by donors and whether the contribution was in the nature of a grant (or similar contribution) or loan, and other disclosures as currently proposed. However, members did note that caution should be exercised to ensure that information overload did not result from excessive disclosure requirements;
- The Exposure Draft should apply to public sector entities other than GBEs. Members noted that some GBEs may still be reporting on a cash basis and would therefore benefit from application of the proposed requirements. However, it was also noted that the position of the PSC was that GBEs should apply IASs/IFRSs and this position should not be undermined. Accordingly, the Exposure Draft should propose applicant's consistent with the scope provisions of the cash basis IPSAS;
- An illustrative example of the disclosures should be included in the draft Exposure Draft presented to PAP members and, subsequently, to the PSC at the next meeting; and
- The Exposure Draft should be formulated in PSC style and staff should provide input on drafting and other matters for the consultant to consider.

Action Required: *Develop draft Exposure Draft and forward to PAP for comment. Meet with OECD – DAC Committee as proposed. Update draft Exposure Draft, based on PAP comments for consideration at next PSC meeting.*

Person(s) Responsible: *PAP Chair, Consultant, PSC Staff.*

11. GFS, ESA, IPSAS HARMONIZATION

The Committee received and considered:

- A memo from Paul Sutcliffe;
- A document outlining the mandate of OECD Task Force on Harmonisation (TFHPSA) and the Agenda for the February 2004 meetings of the Task Force and Working Groups 1 and 2;
- The minutes of the Task Force Meeting on 11 February 2004, including the Report of Working Group 1;
- A paper on the Strategy of the Task Force; and
- A matrix identifying differences between IPSASs, GFSM 2001 and ESA 95.

Ian Mackintosh, the Chair of Working Group 1 of the Task Force, provided background to the Task Force and its Working Groups. He noted that:

- Philippe Adhémar, the PSC Chair, was a member of the Task Force and that the Working Groups reported to the Task Force;
- The Task Force had been established as a result of a meeting the PSC had initiated in June 2003 of an IPSAS-GFSM 2001-ESA 95 “convergence group”; and
- The purpose of the Taskforce is to promote convergence of the requirements of IPSASs, GFSM 2001 and ESA 95 where appropriate, and make recommendations to the various working groups involved in making proposals for the review of the *System of National Accounts 1993* (SNA 93) in 2008. He also outlined the broad anticipated time frame and activities involved in that review.

Ian then outlined the recommendations of Working Group 1, which included the following:

- the PSC should allow and encourage note disclosure of financial information about the general government sector as defined by the *Government Finance Statistics Manual 2001* (GFSM 2001). The PSC agreed that subject to resource availability, this project should be actioned and members of Working Group 1 may be requested to form the Project Advisory Panel. Staff are to prepare a draft project brief and program for development of this project for consideration by the PSC at its July 2004 meeting. Members noted that issues related to the prominence of such a note and the potential of such additional disclosures to confuse users about the reporting entity and the financial performance and position of that entity needed to be considered as the project progressed;
- the PSC should activate a long term project on developing a comprehensive report of financial performance which distinguishes between transactions and other economic flows as defined in GFSM 2001 as far as is possible. The PSC agreed that a performance reporting project was important and should be activated. The PSC noted that issues encompassed by such a project may be broader than those reflected in a desire to harmonize with GFSM 2001 as far as possible, and that a project proposal should be developed to draw out the wider issues. In the course of its discussion, the PSC noted that the IASB was re-establishing its project on reporting comprehensive income and the PSC would need to be cognizant of developments in that project and balance its twin objectives of harmonizing with IASs/IFRSs and with statistical financial reporting bases where appropriate; and
- the PSC should require or allow the adoption of current values in IPSASs. This would include:
 - adopting IAS 39 *Financial Instruments: Recognition and Measurement* either explicitly or implicitly through the PSC hierarchy of authoritative guidance; and
 - Requiring or allowing inventories to be valued at current replacement cost when all other assets are valued at fair value.

The PSC noted that these latter recommendations could imply a very significant departure from the original IPSAS. They also impacted on the IASB harmonization strategy. The PSC also noted that it would consider the role of the hierarchy in the IPSASs – IAS/IFRS improvement project. The PSC agreed to consider these recommendations as they progressed that project and to raise matters with the IASB as appropriate.

Philippe and Ian also noted that it was acknowledged in the Working Group and in the Task Force that some differences between accounting and statistical reporting models were likely to remain because of the different objectives of those models. Accordingly, after harmonization had been progressed, it would be necessary to develop a reconciliation statement for any remaining items.

Members noted that actions on these matters would need to be considered in the context of the PSC's strategy for the next stage of the standards program. Members noted that given current staff resources and PSC meeting time, these would be long term projects. The PSC directed staff to incorporate proposals regarding time and resource requirements for these projects within the broad PSC strategy document.

The PSC also considered whether it should request the primary authors of the matrix to further develop the document with the view of issuing it as a PSC Study, Occasional Paper, or other publication. Members agreed it was a most useful piece of work and should be issued. Some members suggested that the "comments" column be deleted. However, other members were of the view it should be retained but that:

- It should be re-labeled as "Working Group Recommendations"; and
- It be neutralized as far as possible by noting that recommendations for change may be made to various groups. However, the recommendations therein were specifically directed to the PSC because it was felt that in some cases the PSC was in a better position to pursue harmonization.

It was agreed that the Comments column should be relabeled, neutralized as far as possible and retained.

It was agreed that Ian Mackintosh seek permission from Working Group 1 members to develop the matrix as a PSC Paper and Betty Gruber, Robert Keyes and Paul Sutcliffe be requested to participate in that development.

<i>Action Required:</i>	<i>Seek agreement from Working Group I to develop an Occasional Paper. Develop Project Brief on Performance Reporting and outline program for General Government Sector Reporting.</i>
<i>Person(s) Responsible:</i>	<i>Working Group1 Chair, Betty Gruber, Robert Keyes, PSC Staff.</i>

12. IASB UPDATE AND IPSAS HARMONIZATION WITH IASs/IFRSs

The Committee received and considered:

- A memorandum from Paul Sutcliffe on IASB update and IPSAS harmonization with IASs/IFRSs;
- A memorandum from Li Li Lian and Matthew Bohun on status of IASB projects;
- A memorandum from Li Li Lian and Hongxia Li on IPSAS General Improvements project;
- Overview of changes in IPSASs affected by the IASB's General Improvements project; and
- Marked-up IPSASs and summary of main changes.

Paul introduced the topic and noted that:

- The IASB issued ~~thirteen IASs under~~ the ED *Improvements to International Accounting Standards* (General Improvements Exposure Draft) in May 2002 ~~and a subsequent ED~~. Thirteen improved IASs had now been issued. These IASs impact eleven existing IPSASs. The PSC made a submission to the IASB on the General Improvements ED;
- There was strong support coming from responses to PSC's external review that the PSC should retain and ensure a link between IASs and IPSASs to the extent appropriate;
- At the November 2003 meeting, the PSC confirmed continuing harmonization with IASs/IFRSs and directed Staff to mark-up the eleven IPSASs affected by the IASB's General Improvements Project. To date, Staff have updated eight IPSASs in conjunction with IPFA of South Africa. The three IPSASs remaining have been marked-up but have not yet been reviewed internally;
- It was proposed that Staff continue working on all affected IPSASs during 2004, with the objective of issuing an omnibus ED in early 2005. The development of an omnibus ED mirrors the approach adopted by the IASB in its General Improvements ED; and
- The Chair had requested that the Vice-Chair, Mike Hathorn, in the future coordinate the IASs/IFRSs harmonization project. Mike had agreed to this proposal and in this context in the future Staff proposed sending the draft IPSASs to Mike Hathorn prior to submitting them to the Chair and the PSC for review. Staff also proposed that there be a standing agenda item to bring together the various components of harmonization of IPSASs with IFRSs, including the IASB Update. Members agreed that:
 - The IPSAS Improvement Project should proceed;
 - Updating the IPSASs affected by the IASB improved IASs should be identified as a priority project; and
 - The process suggested by the Chair and Staff to facilitate this should be adopted.

Status of IASB Projects

Li Li drew members' attention ~~to the~~ to the IASB status report in the agenda materials and noted that:

- New Standards and EDs issued by the IASB since the last quarter included the 13 revised IASs in the General Improvements Project, the 2 improved financial instruments Standards, ED 6 on exploration and mineral reserves and IFRS 2 *Share-Based Payments*; and
- New Standards anticipated to be issued in the first quarter of 2004 are:
 - IFRS 3 *Business Combinations*; revised IAS 36 *Impairment of Assets*;
 - Revised IAS ~~39-38~~ *Intangible Assets*;
 - IFRS 4 *Insurance Contracts*; and
 - IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

IAS 32 Financial Instruments: Presentation and Disclosure and IAS 39 Financial Instruments: Recognition and Measurement

Matthew Bohun provided a brief update on the IASB's financial instruments standards IAS 32 *Financial Instruments: Presentation and Disclosure* and IAS 39 *Financial*

Instruments: Recognition and Measurement. Matthew drew members' attention to Appendix 2 to Item 12.2, and advised that the IASB had also issued an Exposure Draft on Hedge Accounting that will affect IAS 32 and 39, and that the IASB had indicated in their March 2004 update that further amendments to these IASs are likely. Matthew indicated that the two IASs should be considered as a package rather than as completely separate standards, and that any decision to amend IPSAS 15 *Financial Instruments: Presentation and Disclosure* should be made in the context of a proposed process relating to PSC adoption of IAS 39 if appropriate. The Chair noted that the PSC's work program indicated that a strategy discussion on financial instruments was due to occur at the November 2004 meeting. The PSC directed staff to continue to monitor IASB developments and to prepare a strategy paper and recommendations on financial instruments for the November PSC meeting.

General Issues Arising from the IASB's General Improvements Project

Li Li outlined the pervasive issues that arose as a result of the IASB's General Improvements Project and noted that the PSC would need to establish a policy in respect of these issues as it moved forward with its harmonization program. These issues were:

- Equal authority of "black letter" (Standard) and "grey letter" (commentary) paragraphs: The PSC discussed whether "equal authority" should only be applied to newly issued and revised IPSASs going forward or whether "equal authority" should be applied to all new and existing IPSASs. Some members advocated the latter option because there appeared to be no public sector specific reason to depart from the IASB policy. However, some members were concerned that with the advent of "equal authority", users may interpret some of the commentary added by the PSC in IPSASs as requirements. The PSC concluded that, in principle, it would adopt the doctrine of equal authority in the development of IPSASs, and Staff were directed to review and confirm that grey letter commentary paragraphs used "may" unless it referred to a ~~and~~-black letter requirement in which case authoritative language was used;
- Updating the *Preface to International Public Sector Accounting Standards*: Some members proposed that the PSC should issue an Exposure Draft proposing revisions to the Preface as part of the omnibus ED. These revisions would deal with general policy issues and other developments that have taken place since the Preface was first issued. Staff were directed to prepare a draft Preface for consideration at the July 2004 PSC meeting. PSC members confirmed that any changes to the Preface should be subject to the usual due process;
- Numbering of the objective paragraphs: The PSC agreed to number the objective paragraphs;
- Amendments to other pronouncements: Staff introduced this issue and noted that the changes in the General Improvements Project will affect other existing IPSASs that are not part of the Improvements Project. This may cause confusion to users, for example, when an IPSAS has changed its name and existing IPSASs that refer to it have not been updated to reflect that change. Consequently, Staff proposed following the IASB's example and include an appendix that is authoritative and provides the amendments to other IPSASs as a result of issuing an IPSAS. In addition, these amendments can be incorporated into the affected IPSASs themselves in the PSC handbook, which is updated annually and on the internet. However, a number of PSC members noted that they were not comfortable with

the notion that IPSASs would be subject to constant changes. They advocated that the PSC establish a stable platform of IPSASs and update only periodically and with extensive forewarning for constituents. This matter is to be considered further at the next PSC meeting in July 2004;

- Inclusion of a Basis for Conclusions in each improved IPSAS: The PSC agreed that in principle the new IPSASs would include a basis for conclusion, the nature of which would be assessed on a case by case basis. The PSC agreed that for the IPSAS Improvements Project, one Basis for Conclusions would be issued in respect of the “package” of changes. This Basis for Conclusions would include reasons why-if the PSC decided that certain requirements in IPSASs will-should depart from the equivalent requirements in IAS/IFRS. It was also agreed that the Basis for Conclusions would focus on changes only;
- Renaming certain Appendices as Implementation Guidance: The PSC did not make any decision as to whether to rename certain Appendices “Implementation Guidance”. A decision will be made once the PSC has reviewed all the changes proposed for the improved IPSASs;
- Terminology “should” or “shall”: The PSC agreed to change the terminology from “should” to “shall” to reflect mandatory requirements;
- Effective date and earlier application disclosure requirement: PSC agreed to harmonize with the IASB and use the same wording to describe the effective date of an IPSAS, encourage earlier application and require disclosure about earlier application. It was suggested that the PSC consider additional transitional provisions in the improved IPSASs;
- Define International Public Sector Accounting Standards (IPSASs): Li Li noted that the IASB has defined International Financial Reporting Standards (IFRSs) to include International Accounting Standards (IASs) issued by the IASB, guidance/interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), the IASB’s Standing Interpretations Committee (SIC) and guidance in appendices to IFRSs. The PSC noted that it does not currently possess a range of authoritative pronouncements and agreed that it was not necessary to define what constitutes an IPSAS;
- Conceptual Framework: The PSC agreed that where the IASB refers to the *Framework for the Preparation and Presentation of Financial Statements*, the IPSAS would refer to the definitions, recognition and measurement criteria in IPSASs, where appropriate. It was also noted that the PSC planned to consider of the development of a conceptual framework at its July 2004 meeting;
- Unnecessary Definitions: The PSC agreed that where there are unnecessary definitions in an IPSAS, they would be deleted from the IPSAS. Unnecessary definitions occurred in the first batch of IPSASs when the PSC did not have a framework or a glossary. It was also noted that this policy had been adopted in IPSAS 9 *Revenue from Exchange Transactions* and subsequent IPSASs. Members noted that the same definition may appear in a number of IPSASs if it was central to, and used in these IPSASs;
- Impact on the Cash Basis IPSAS: The PSC agreed to review whether the changes as a result of the Improvements Project should be reflected in the Cash Basis IPSAS in 2005; and
- Translation of IPSASs: Some members were concerned that the changes proposed to IPSASs by the Improvements Project will cause the current translations of IPSASs to be obsolete before, or soon after, they are completed. It was noted that the PSC has devoted considerable resources to translating the IPSASs into Spanish

and French, and these resources would be a waste if the lifespan of those IPSASs were unduly short. However, other members noted that the PSC should follow the IASB in updating its IPSASs as soon as possible because revised IASs in the IASB's General Improvements Project are also translated and it may cause confusion if the translated IPSASs are not harmonized with the revised translated IASs. It was also noted that the proposed changes would not take effect until after 2006. Consequently, it was advocated that PSC confirm that the existing IPSASs reflect a stable platform and establish a clear date for the "next generation" stable platform at which time English, French and Spanish versions would all be available for IPSASs. This would mean that should the PSC issue IPSASs, these IPSASs would not be applicable until a later date. This will assist users to note that the translated IPSASs will not change for a while.

Staff were directed to prepare a strategy paper that outlines:

- If and how the PSC can amend the Preface to reflect the change in the authority of "black letter" and "grey letter" paragraphs;
- The PSC's strategy on how to deal with the continuation of harmonization of IPSASs with IFRSs; and
- The resources and both staff and PSC time required to support ~~The~~ the PSC's harmonization program.

Changes in Specific IPSASs

Hongxia introduced the topic and noted that:

- The IASB issued thirteen IASs under the General Improvements Project, which affect eleven existing IPSASs;
- The IASB General Improvements Project ED was issued in May 2002. The PSC reviewed the changes in IASB ED and made a submission to the IASB. The PSC's submission generally focused on the specific questions raised in the ED and expressed overall agreement with the proposals in the ED;
- Agenda Papers (Item 12.5) provides a brief overview of the major changes made to eight of the IPSASs affected. It also identifies the PSC's views on these proposed changes as included in the PSC's submission to the IASB on General Improvements project; and
- Agenda Paper (Item 12.6) provides marked-up versions, either in full or in part, of eight of the IPSASs affected by the IASB's General Improvements Project. Each of these marked up IPSASs is accompanied by a summary of main changes to the IPSAS. This directly mirrors the IASB's approach to presenting its General Improvements project ED.

Hongxia proposed that the PSC review the changes made to the first three IPSASs, being: IPSAS 12 *Inventories*, IPSAS 13 *Leases* and IPSAS 14 *Events after the Reporting Date*. This was because the changes made to these three standards are fewer and less complex. Members agreed with the proposed discussion process.

The Committee undertook a page-by-page review of the proposed revised IPSAS 12, IPSAS 13 and IPSAS 14:

- With respect to IPSAS 12, the Committee agreed with the changes proposed by staff except the scope exclusion related to biological assets in paragraph 2(c). Staff noted that the proposed change in paragraph 2(c) was consistent with the PSC's

policy for dealing with a topic where an IPSAS does not exist but the PSC wished to reflect the substance of the proposed IAS/IFRS. However, some members expressed the view that the existing requirement should not be changed until the PSC reviewed the applicability of IAS 41 to public sector entities. The Committee agreed that paragraph 2(c) be retained as it is in the current IPSAS 12 pending a comprehensive discussion of PSC's policy on ~~Standards-IASs/IFRSs~~ that have not yet been ~~issued-dealt with by the PSC~~ such as IAS 41 and IAS 39;

- With respect to IPSAS 13, the Committee agreed with the changes proposed by Staff subject to two editorial changes in paragraph 19 and paragraph 85. Some members questioned whether two SICs related to IAS 17 *Leases* should be brought into IPSAS 13. Staff were directed to consider their inclusion as part of IASB harmonization strategy; and
- With respect to IPSAS 14, the Committee agreed with the changes proposed by Staff ~~Subject-subject~~ to an editorial change in paragraph 17 – the words “in the period covered by the financial statements” in this paragraph should be amended to “at the reporting date”. In addition, some members questioned whether “year 2010” used in the example in paragraph 33 was too long and gave an implication for IPSASs’ adoption. Staff will consider this suggestion when updating IPSAS 14.

Action Required: *Review the language used in grey letter and black letter of IPSASs. Prepare a draft Preface, which shows the impact of equal authority of paragraphs. Prepare Strategy Paper. Update the 11 IPSASs for review at future PSC meetings.*

Person(s) Responsible: *Vice-Chair, PSC Staff.*

13. PSC CONSULTATIVE GROUP

Members received and considered:

- A memorandum from Jerry Gutu regarding the PSC Consultative Group;
- A report on current status of appointments to the Consultative Group;
- A membership profile and operating procedures of the Consultative Group; and
- A list of members of the group and key delegates from the region of Latin America attending (circulated in Buenos Aires) the meeting as well as a proposed agenda for the special session of the group.

Jerry Gutu provided an update on the status of the Consultative Group, noting that fifty-eight out of sixty-six individuals and organizations had confirmed their membership and participation in the Group. He confirmed that some of the Group members had participated in a brief survey on review of PSC by the External Review Panel in January 2004. The participation of the members was very much appreciated by staff and it was hoped that the level of participation of the group members in other activities of PSC would continue to increase. Jerry pointed out that of the eight appointments, which remained outstanding, three were from the Middle East, two from Latin America and a single seat each remaining for Asia, North America and Australasia. Jerry appealed to the members and participants for assistance in finalizing the outstanding appointments.

The meeting was advised and agreed to the following:

- Endorsement of membership to the Consultative Group of Professor Andreas Bergmann representing Switzerland. Professor Bergmann was present and observed the meeting in Buenos Aires;
- Replacement of Mr. Michel Prada by Ms. Daniele Lajoumard as representative of the French Professional Body of Accountants on the Consultative Group;
- Nomination of Mr. Jeremiah Mutonga to the Consultative Group as a representative of the African Development Bank;
- Nomination of Mr. Pyun Ho-Bum of the Confederation of the Asian and Pacific Accountants to the Consultative Group as a representative;
- Decline by ARABOSAI to join the Consultative Group;
- Nomination of Dr. A.M. Hegazy as representative of the Union of Arab Accountants and Auditors to the group;
- Activating the membership of former member of PSC from Pakistan, Mr. Rafi, whose country is no longer represented on the committee;
- Further enquiry on Hong Kong's joining the group following their resignation from the PSC; and
- Placement on reserve list of recently retired members of PSC whose countries are currently on PSC, Ian Mackintosh of Australia and Kevin Simpkins of New Zealand.

The meeting noted that a special session of the Consultative Group members from Latin America had been held on the first day of the meeting, March 24, following the joint seminar with FACPCE. The Chair appealed for continued dialogue with members of the group and to encourage them to participate more actively.

The Chair also reminded members of the discussions with the Consultative Group on Wednesday afternoon, when the PSC had undertaken to develop a more constructive process for PSC – CG discussions. This could be achieved, among other ways, by selecting for each meeting, a few important issues for discussion, so that the PSC is able to take stock of Consultative Group members' ideas or recommendations.

Action Required: ***Finalize the remaining nominations to the Consultative Group. Refocus the dialogue with Consultative Group.***

Person(s) Responsible: ***Members, PSC Secretariat.***

14. PUBLIC SECTOR PERSPECTIVES ON ISAs

Members received and noted:

- A progress report on the process of takeover of responsibility for preparing and issuing PSPs by INTOSAI and IAASB from Jerry; and
- An update on the current Public Sector Perspectives (PSPs).

Jerry expressed appreciation to the PSP subcommittee for the assistance they had given PSC Staff since the meeting in Berlin.

In providing an update on PSPs, Jerry made reference to Item 14.3 Table on Progress on PSPs on page 14.3 of the agenda papers. He advised the meeting that two draft PSPs had been submitted a few days before the meeting to IAASB on two standards proposed by IAASB for issue at the end March 2004. These were for revised ISA 700

on auditor's responsibility and revised ISA 600 and new IAPS on Group Audits. The remaining two PSPs would be developed for revised ISA 540 on accounting estimates audit; and revised ISA 320 audit materiality due for issue mid 2004. Jerry advised the meeting that all the amended PSPs for Audit quality control and Audit Risk Standards had been submitted to IAASB.

Jerry advised the meeting that IAASB Staff, some members of the PSC subcommittee on PSPs and INTOSAI representatives held a telephone conference on January 20, 2004 to discuss the process of drafting PSPs. INTOSAI representatives expressed their appreciation for the dialogue with IAASB and PSC representatives as they prepared to be involved in the PSPs development process and participation in the development of ISAs on IAASB taskforces.

Ron Points noted the World Bank had sponsored the setting up and running of the INTOSAI secretariat. Ron indicated that it now appears that the mechanism to take over the PSP process will only come on stream in 2005 and that PSC would have to continue developing PSPs for those ISAs currently under development until the end of 2004. John Fretwell confirmed this position.

Action Required: *PSP subcommittee and Staff to draft PSPs and to circulate to PSC and forward the PSPs to IAASB.*
Persons Responsible: *PSP Subcommittee and Secretariat.*

15. FUTURE MEETINGS & GENERAL BUSINESS

Future Meetings

The Committee noted the dates and venues of the meetings for the remainder of 2004:

- July 5 – 7, New York, USA at the Double Tree Hotel, Times Square; and
- November 10 – 12, New Delhi, India.

It was also proposed that, if possible, on Wednesday, July 7, 2005, the PSC will co-host a seminar at the United Nations.

The PSC also discussed meeting locations for 2005. Members noted that the following were possible. Members also noted that IFAC has a policy of having at least half of all meetings in New York. The Committee would need to obtain authorization from IFAC if all the following venues are to be accepted, the application for authorization will need to provide sound reasons for meeting outside New York:

- March 2005 – Oslo, Norway;
- June 2005 – Paris, France; and
- November 2005 – South Africa.

Jerry Gutu also noted that the Institute of Chartered Accountants in Ghana had expressed interest in hosting a meeting of the PSC and he would follow up to identify proposed dates.

General Business

The Committee was advised that the Forum (an association of the Spanish, Portuguese and Latin American Accountants-General) had received funding for training public

sector accountants in Latin America from the Spanish governments co-operation funding program. The training would focus on the IPSASs.

Action Required: *Liaise with IFAC, the United Nations and others as necessary to co-ordinate the July 2004 meeting in New York.*

Persons Responsible: *PSC Staff and Secretariat.*

16. PSC/FACPCE JOINT SEMINAR ON IPSASs

The PSC and the FACPCE jointly hosted a seminar on March 24, 2004. The seminar was attended by approximately two hundred public sector accountants from the federal and various provincial governments of Argentina, as well as some public sector accountants from Bolivia and Brazil. The seminar was opened by Miguel Felicevich, President of the FACPCE, Fermin del Valle, IFAC Board member from Argentina and Philippe Adhémar, Chair of IFAC-PSC.

Presentations were made on:

- The operations of IFAC-PSC, by Philippe Adhémar
- Advances in Governmental Accounting in Argentina, by Dr. Ricardo Gutierrez;
- Governmental Accounting in Mexico, by Javier Pérez Saavedra;
- Governmental Accounting in Latin America, by Carmen Palladino; and
- The current governmental accounting processes in
 - Canada, by Rick Neville;
 - France, by Philippe Adhémar;
 - South Africa by Terence Nombembe;
 - United Kingdom, by Mike Hathorn; and
 - The role of the World Bank in Latin America, by Roberto Torallo.

17. CONSULTATIVE GROUP MEETING – MARCH ~~23~~24, 2004

Philippe Adhémar, PSC Chair, welcomed participants to the closed session of the meeting. In attendance were members of the Consultative Group (CG), key participants from Latin America and PSC Members, Observers, Technical Advisors and Staff. The list of participants from Latin America as well as other Consultative Group members from other regions is attached.

Philippe advised that the discussion of the meeting would center on three following issues:

- How PSC could improve the operations of the Consultative Group and fully utilize the expertise at its disposal;
- Improvement of liaison between the PSC and Latin America; and
- Informing the participants about the PSC Work Plan.

Improvement of Consultative Group Operations

Philippe asked Paul and Jerry to give some background information on the operations of the Consultative Group as a way to open discussions. Paul and Jerry summed up the Consultative Group (CG) as a sounding board for facilitating feedback to the PSC and for informing the constituents of the developments at PSC. The meeting was advised that the CG was had been established with the intention of conduction

business primarily on an electronic basis. This was for economic efficiency. Meetings were held in conjunction with PSC meetings. While all CG members were invited to attend it was only anticipated that members in the region or others traveling to that region would attend. Paul and Jerry outlined how the IAASB Consultative Advisory Group (CAG) operates and noted this was an option worth the consideration of PSC in its desire to improve its consultative body. They noted that the IAASB CAG has a separate chair from the committee with full rights of the floor during IAASB meetings, and that the IAASB CAG met independently of IAASB twice per year. They further noted that the CAG had a lot more input on the technical agenda of IAASB than the PSC ~~Consultative Group~~.

Philippe opened the floor and invited the participants to introduce themselves as they contributed to the discussion on improvement of operations of the PSC CG.

Participants introduced themselves and spoke to the subject as follows:

- Charles Coe – Consultant and Member of the Consultative Group. He noted that the current arrangements regarding regional meetings and business being conducted electronically were appropriate, but that the agenda of the CG meeting needed to be more structured than hitherto and focus on issues on which PSC required input;
- Andreas Bergmann – Professor and Swiss Federal Ministry of Finance Representative to the PSC Consultative Group. He agreed that regional or continental meetings of the CG were appropriate and should become a regular feature. He also highlighted the need to develop courses on IPSASs to compliment the few degree courses in Government Accounting and other non-degree courses, which are slowly gaining interest in Europe. He also echoed the point made by Charles Coe for the need to focus the CG agenda on specific topics of priority to PSC even for the electronic discussions and input; and
- Lou Hong – Director in the Ministry of Finance of People’s Republic of China and Member of the Consultative Group. Lou Hong supported the idea of continuing the bulk of the work of the CG on an electronic basis with some physical meetings as well where possible.

Philippe opened the discussion to other Latin American participants to discuss academic links:

- Adolfo Rinaldi – University of Buenos Aires. He supported Andreas Bergmann’s suggestion that Universities adopt a role in teaching public sector accounting highlighting that currently he was not aware of any University in the Latin American region teaching public sector accounting;
- Pascoul Torga – Professor, La Plata University. He stressed the need to establish the link between PSC and Universities and supported the view to develop curriculum in Accounting in the public sector;
- Ermino Rodriguez – Provincial Accountant General, Argentina. He advised the meeting of the existence of a network at Provincial level in Argentina for training and awareness campaigns in accounting in the public sector;
- Monica Gonzalez – Provincial Accountant General, Argentina. She emphasized the need to continue the awareness and to maintain the link with Universities and to provide the relevant material on public sector accounting including IPSASs;
- Carmen Palladino – PSC Member for Argentina. She highlighted that awareness of IPSASs and work of PSC had been raised through workshops financed by

IADB in the Latin American region. She indicated her support for the development of a proposal to further training in IPSAS and accounting in the public sector in the region;

- Aad Bac – Technical Advisor to the Netherlands Member of the PSC. Aad advised the meeting of the existence of the CIGAR Initiative (Comparative International Governmental Accounting Research) network in Europe, comprising Professors and other participants interested in Government Accounting. He stressed the importance of PSC retaining contacts with such networks, which are also in existence in other parts of the world such as Asia. Aad also stressed the importance of translation to speed up interactions with other regions which use other languages other than English;
- David Bean – Technical Advisor to the United States Member to PSC. David Bean advised the meeting of the close relationship between the academia and his organization, GASB (Governmental Accounting Standards Board), responsible for setting standards at the state government level in the US. The academia is represented on the Board and has representation on the Advisory Board. He also indicated that twenty percent of the content of accounting courses at University is on Government Accounting though these are relegated to Advanced courses;
- Zvi Chalamish – PSC Member for Israel. He echoed the suggestion to introduce Government Accounting in Universities, particularly in his home country, where these do not exist at the moment; and
- Wayne Cameron – PSC Member for Australia. Wayne supported the view for development of programs and establishment of linkages with Universities. He made reference to the Annual congresses of the Public Accounts Committee of Australia for which a program has been developed for Members of Parliament on matters concerning accountability and public accounting. He also emphasized the need for clarification of objectives of the CG highlighting whether members are required to report back regularly to PSC rather than being just being a sounding board;

The Chair summed up the discussions of this part of the meeting stressing the following:

- The meeting appears to be in favor of retaining the CG as a group that conducts its business primarily by electronic means;
- The CG regional meetings in conjunction with PSC meetings were considered worthwhile and could usefully be strengthened;
- CG meetings should be more focused with members asked to comment on a few priority items to the PSC. The PSC would continue to work on this and to combine this with the results of the PSC Review Panel;
- The PSC Update produced after every meeting should be distributed to Universities. Philippe asked CG members, PSC members and other to assist in this distribution;
- The PSC will consider translating ~~the~~ the PSC Update and distributing it more widely;
- The PSC will consider the use of existing PSC Members and Technical Advisors' networks/links with Universities. Aad Bac agreed to assist in providing contact names for additional networks/links in this connection;
- The Chair appealed for additional key contacts for links to which PSC Update may be disseminated.

Improving Liaison with Latin America

The following participants introduced themselves and contributed to the subject under discussion as follows:

- Adolfo Garcia – FACPCE, Argentina, stressed the importance of the PSC work and its programs particularly to the work of professionals and the academia in Latin America. He supported the idea that the contacts and links with Universities be strengthened;
- Mercedes Vega Garcia – Member of the Consultative Group representing the Latin American Accountants General, informed the meeting of her organization, Ibero-American which is based in Spain and represents twenty-one Government Accountants-General, nineteen from Latin America and two from Europe, that is, from Spain and Portugal. This organization was formed in 1995 and works to assist the Accountants-General to improve accounting in government. She supported the need for closer working relationships between the PSC, Ibero-American Accountants-General and Universities even commencing on an electronic basis on a few priority items; and
- Miliciades Dure – President of the Association of the Accountants-General of Argentina, stressed the importance of tapping into the already existing network of the Association of Argentina Accountants General with emails addresses and other contact details. He however lamented the lack of continuity of policies at Government level.

Philippe asked Dr. Gutierrez, a consultant and former Secretary of Finance in the Government of Argentina, to give his views on what could be done at the political level to strengthen commitment for reforms encompassing public sector accounting reform.

Dr. Gutierrez, who had made a presentation during the seminar in the morning, summed up his views in response to the issue of political commitment to reforms as follows:

- In Argentina in the early 1990s there had been strong political and technical groups in existence creating an environment conducive to drastic changes. There was strong political support and abundant resources for change;
- Reforms sometimes emanate from Multi-lateral Development Banks (MDBs) with conditionalities without political support in the country. These reforms are likely to fail;
- There is need to have programs at University level on accounting and reforms in the public sector not just some postgraduate courses in Public Administration. A gap currently exists in this area and needs to be plugged; and
- Reforms including change in accounting in the public sector are about changing power and the power balance. The issue is about how to take the message of transparency and accountability to the authorities, politicians and other stakeholders in a manner that they will receive. There was need to look out for convergence of conditions and deliver an appropriate message at an opportune time.

PSC Work Plan

Paul presented the PSC Work Plan and apologized to the non-English speaking audience as the plan was only in English. He referred to the major issues being covered currently including the ITCs on Non-Exchange Revenue, Social Policy Obligations as well as other projects such as the Budget Reporting and Accounting for Development Assistance. He highlighted that some projects had been identified but could not be undertaken due to resource constraints such as the Conceptual Framework of IPSASs.

Philippe indicated that suggestions from participants on projects they viewed as priorities, which PSC should consider pursuing would be appreciated.

Participants stressed the following projects as possible priorities:

- Budget reporting;
- Heritage assets;
- Accounting in non-governmental organizations, not legal entities themselves, providing services to local and regional governments but not being part of the latter in a legal sense;
- Public private partnerships (PPP or PFI); and
- ITCs on *Revenue from Non-Exchange Transactions (Including Taxes and Transfers)* and *Accounting for the Social Policies of Governments*.

The ~~chair~~ Chair closed the session by thanking all the participants for their contributions and inviting them to provide further comments by email, which would be welcome and requested Carmen Palladino to establish contact for PSC with all those who had expressed such interest.

List of Participants from Latin America and PSC Consultative Group Members who attended the closed session: Buenos Aires, March 24, 2004

	Name	Organization	Title
1	Monica Gonzalez	Argentina	Provincial Accountant General
2	Jorge Bornavioto	Argentina	Provincial Accountant General
3	Charles Coe	Consultant	Consultant, Member PSC CG
4	Daniel Arado	Municipality of Boliz Blanca	Sub Director
5	Lou Hong	Ministry of Finance, Treasury Dept , PRC	Director, Member of PSC CG
6	Hector Herrero	Argentina	Provincial Accountant General
7	Pascoul Torga	CEC & UNLP (La Plata) University,	Professor

		Argentina	
8	Ivan Javier Flores	Argentina	Provincial Accountant General
9	Andreas Bergmann	Federal Ministry of Finance, Switzerland	Professor, PSC CG Member
10	Luis Zurnini	Uruguay	Accountant General
11	Mercedes Vega Garcia	Ibero-American Association of Accountants-General	PSC CG Member
12	Cesar Sergio Duro	Argentina	Accountant General
13	Adolfo Rinaldi	University of Buenos Aires	Professor
14	Milciades Dure	Argentina, Association of Accountants General of Argentina	President of the Association of Accountants General
15	Ermindo Rodriguez	Argentina	Provincial Accountant General
16	Angel Horacio Franco	Argentina	Provincial Accountant General
17	Dr. Gutierrez	Argentina	Consultant, former Secretary of Finance
18	Adolfo Garcia	FACPCE, Argentina	FACPCE Official

18. POSTSCRIPT

After the PSC meeting concluded, the FACPCE hosted an evening function for the PSC. At this function, attended by the PSC and members of FACPCE, Dr. Miguel Felicevich, President of FACPCE, announced that as a result of the successful symposium and the PSC meeting in Buenos Aires, the board of FACPCE had voted to establish a public sector committee of the FACPCE. Dr. Felicevich also advised that Dr. Carmen Palladino had volunteered to be a member of that committee.

**PUBLIC SECTOR COMMITTEE
ACTION LIST FROM THE BUENOS AIRES MEETING**

Action Required	Person(s) Responsible	Date Due	Date Completed
1. Prepare, review and distribute minutes.	Chair, PSC Staff	April 2004	April 2004
2. Update the Committee's Action List and distribute with the minutes.	PSC Staff	April 2004	April 2004
3. Post approved minutes from the Berlin meeting on the Intranet.	PSC Staff	April 2004	April 2004
4. Prepare PSC Update on Buenos Aires Meeting.	Chair, PSC Staff	April 2004	April 2004
5. Prepare Chairman's Report.	Chair	June 2004	May 2004
6. Circulate Review Panel report. Comment on report.	Chair PSC, Technical Director, PSC Members	June 2004	Pending
7. Update PSC Correspondence, Distribution and Network Lists; and send to members.	PSC Secretariat	May 2004 and Ongoing	May 2004
8. Prepare Secretariat Report	PSC Secretariat	May 2004	May 2004
9. Liaise with IFAC, the United Nations and others as necessary to co-ordinate the July 2004 meeting in New York, advise members.	PSC Secretariat	May 2004 and Ongoing	April, May 2004 and ongoing
10. Update PSC Work Plan. Update register of funding, translation and promotion activities.	PSC Staff	May 2004 and Ongoing	May 2004
11. Restart fundraising activities. Meet with observers re funding strategies. Follow up on funding and promotion activities.	Chair, PSC Staff	April 2004 and Ongoing	April, May 2004 and Ongoing
12. Develop the overview of projects on work programs of standards setters in PSC member jurisdictions.	PSC Staff, Members	June 2004	June 2004
13. Prepare Occasional Paper of USA governmental accounting.	USA delegation	June 2004 and ongoing	Ongoing

Action Required	Person(s) Responsible	Date Due	Date Completed
14. Prepare Project Brief for Occasional Paper on use of IPSASs.	PSC Staff	June 2004	Ongoing
15. Prepare country reports to be included in the Committee Agenda.	Members, PSC Secretariat	June 2004	May 2004 and Ongoing
16. Prepare draft IPSAS <i>Impairment of Assets</i> .	PSC Staff	June 2004	June 2004
17. Update Budget Reporting draft Research Report and make publicly available. Provide comments to the consultant.	PSC Chair, Members and Observers, Consultant, PSC Staff.	May 2004	May 2004
18. Develop Development Assistance draft exposure draft and forward to PAP for comment. Meet with OECD – DAC Committee as proposed. Update draft exposure draft, based on PAP comments for consideration at next PSC meeting.	PAP Chair, Consultant, PSC Staff.	May/June 2004	May 2004
19. Seek agreement from the Task Force on Harmonization of Public Sector Accounting (TFHPSA) and Working Group I to develop an Occasional Paper from the Matrix of Differences between IPSAS/GFSM 2001/ESA 95.	Working Group 1 Chair, Betty Gruber, Robert Keyes, PSC Staff.	April 2004	April 2004
20. Develop Project Brief on Performance Reporting.	PSC Staff	June 2004	Ongoing
21. Prepare Project Brief for Project on reporting of General Government Sector information.	PSC Staff	June 2004	Ongoing
22. Prepare Strategy Paper for dealing with IASB issues identified by the PSC in the work program, identifying the timing for release of the second generation IPSASs	Vice-Chair, PSC Staff	June 2004	May 2004

Action Required	Person(s) Responsible	Date Due	Date Completed
23. Review the language used in grey letter and black letter of IPSASs. Prepare a draft Preface, which shows the impact of equal authority of paragraphs. Update the 11 IPSASs for review at future PSC meetings.	Vice Chair, PSC Staff.	June 2004	Ongoing
24. Finalize the remaining nominations to the Consultative Group.	Members, PSC Secretariat.	May 2004 and ongoing	May 2004 and Ongoing
25. Draft Public Sector Perspectives (PSPs) on International Standards on Auditing (ISAs) and circulate to PSC, forward final PSPs to IAASB.	PSP Subcommittee, PSC Secretariat	June 2004 and ongoing.	May 2004 and ongoing



**INTERNATIONAL FEDERATION
OF ACCOUNTANTS**

545 Fifth Avenue, 14th Floor Tel: (212) 286-9344
New York, New York 10017 Fax: (212) 286-9570
Internet: <http://www.ifac.org>

DATE: 7 JUNE 2004
MEMO TO: MEMBERS OF THE IFAC PUBLIC SECTOR COMMITTEE
FROM: PHILIPPE ADHÉMAR
SUBJECT: **CHAIRMAN'S REPORT**

ACTION REQUIRED

The Committee is asked to:

- **note** the Chairman's Report.

CHAIRMAN'S REPORT

Since the last PSC meeting in March 2004, I have been involved in the following:

- Attended meetings of the PSC Review Panel chaired by Sir Andrew Likierman and reviewed and provided input to draft versions of the Report. The Review Panel Report will be distributed separately to PSC members once finalized. It will be discussed at the forthcoming meeting. John Stanford who is providing staff support to the Panel has included a report on the status of the Panel's deliberations at Agenda Item 13.
- Met with the Chair of the IASB in May 2004 to discuss matters of mutual interest.
- Accepted appointment to the IASB – Standards Advisory Council (SAC).
- Discussed with the Chief Executive of IFAC staffing arrangements for the PSC. I will provide a verbal update on those discussions at this meeting.
- Reviewed and agreed PSC Update 11, including providing additional input on the translation of the French translation thereof.
- Prepared letters thanking the Argentinean member and the FACPE for their support for the PSC meeting, seminar and round table discussions in March 2004.
- Submitted a report to the IFAC Board on PSC activities during 2004. A copy of this report is included at Agenda item 17.
- Discussed with the PSC Vice-Chair Mike Hathorn, the development of the IASB harmonization strategy. With my agreement, Mike met with staff to work through a range of issues in May 2004. The draft proposed harmonization strategy is included at item 12 for discussion at this meeting.
- Reviewed and finalized the Budget Reporting Research Report, together with Ron Points the Steering Committee Chair.
- Reviewed and agreed a media release regarding the Budget Reporting Research Report.

- Reviewed a draft funding proposal for use in securing funds for the PSC. With the finalization of the Report of the PSC External Review Panel, this proposal will be reviewed again and if necessary updated to ensure it co-ordinates with recommendations and consequences of that Report.
- Provided input to organizers of the next World Congress of Accountants in Turkey in 2006. I noted that the following theme was likely to be of great interest to many: *Internationalization and Harmonization - Role of the Accounting Profession*.
- Provided a response to INTOSAI on their draft Guidelines on Internal Control Standards noting that this was really a topic more appropriately addressed by the IAASB. I also undertook to circulate the draft Guidelines to PSC members who may wish to provide comments. My letter to INTOSAI is attached at Agenda item 17.
- Reviewed the March, April and May 2004 monthly financial statements prepared in respect of the Standards Program.
- Development of the program for the seminar in New York with the UN and the items for discussion with the Consultative Group.
- Reviewed and agreed the Agenda for the July 2004 PSC meeting.
- Presented an update on the PSC's work program to the European Accounting Association in Prague in April.
- Agreed to make a presentation on behalf of the PSC to the International Colloquium on Financial Management for National Governments in September 2004.
- Reviewed a project proposal of the Professional Accountants in Business (PAIB) Committee of IFAC regarding Business Planning Guidelines for Small/Medium Enterprises and Practices, and noted that it had limited applicability in the public sector. Therefore PSC would not be involved. A copy of the project proposal is available from staff.
- Advised IFAC that Mr. Pat Barret is a most appropriate choice as IFAC Board liaison member to the PSC and I would be delighted with his appointment as such.
- Participated in an OECD workshop on Implicit Liabilities and IAS 19 *Employee Benefits*



**INTERNATIONAL FEDERATION
OF ACCOUNTANTS**

545 Fifth Avenue, 14th Floor Tel: (212) 286-9344
New York, New York 10017 Fax: (212) 286-9570
Internet: <http://www.ifac.org>

DATE: 27 MAY 2004
MEMO TO: MEMBERS OF THE IFAC PUBLIC SECTOR COMMITTEE
FROM: JERRY GUTU
SUBJECT: **SECRETARIAT'S REPORT**

ACTION REQUIRED

The Committee is asked to:

- **receive and note** a report from the Secretariat;
- **receive and note** a report on IFAC Technical Committees;
- **receive and confirm** address details in the Members' Correspondence Distribution List;
- **receive and note** a timetable for a roundtable with UN;

AGENDA MATERIAL:

	Pages
5.2 Report on Secretariat Activities	5.2
5.3 Report on IFAC Technical Committees	5.3-5.11
5.4 Members' Correspondence Distribution List	5.12-5.22
5.5 Timetable for a roundtable with UN	5.23

Secretariat Report

For your information, as Secretariat to the Public Sector Committee (PSC) I have been involved in the following matters since the last International Federation of Accountants (IFAC) PSC meeting in Buenos Aires, Argentina, March 24-26, 2004:

- Preparations and arrangements for July PSC meeting in New York.
- Seeking replacements and new appointments for the remaining nominations to the Consultative Group.
- Liaison with IFAC Committees including IAASB, Education, PAIB, Compliance, TAC and Ethics including coordinating drafting and submission of PSPs to IAASB.
- Attended External Review meeting in London in May 2004.
- Working on budget estimates for PSC Secretariat for 2005 and 2006.
- Production and submission of PSC project reports accompanied by 2003 IFAC Annual Financial Statements to PSC funders including ADB, World Bank and IMF.
- Liaison with constituents translating PSC work including IPSASs for an update. These include constituents from Latin America, Japan, China, Indonesia, Arab countries, Russia and Switzerland.
- Assisting in putting together Orientation package materials for new Technical Advisors to PSC Committee Members.
- Participated, together with other IFAC Technical Managers, in the IFAC Technical Managers meeting in May 2004 and contributed to issues regarding IFAC Internal Operating Processes and Procedures.
- Various other secretarial and support issues including responses to queries on PSC work on standards, guidelines, studies, updating the Network list and CDL.

IFAC Committees Liaison Report

The Committee is asked to note the activity reports of the other IFAC Committees summarized below under this item.

Transnational Audit Committee (TAC)

TAC Audit Quality Initiatives

The TAC is developing projects in accordance with its work plan. Projects included under its audit quality initiative include providing feedback to the IAASB on its proposed representation letters project, and a study of restatements.

Other projects include:

- Transparency disclosures
- FoF branding proposals
- Development of a Global Master File

Input into Standard Setting

The TAC periodically provides input to the IAASB, Ethics Committee and other IFAC task forces preparing standards. Forum of Firms (FoF) members have been requested to supply candidates to IASB projects.

Next Meetings

June 23	New York
September 22	Europe
September 23	Europe (FoF)
November 30	North America

Ethics Committee

The Committee met in May 2004 and considered a draft of the proposed revisions to the Code of Ethics that reflects comments received in response to the July 2003 Exposure Draft. The meeting of the Committee also discussed changes to Section 8 on Independence to reflect the new Assurance Framework issued by the IAASB.

The Committee agreed that the structure of the re-draft was more readable and much of the repetition, which had caused concern on exposure, had been eliminated.

The Ethics Committee created a Task Force comprising seven of its members and charged it with responsibility to further develop the draft IFAC Ethics Code. The Task Force was provided with

detailed comments and it was agreed that a further draft would be brought to the September 2004 meeting for consideration and approval of the full Ethics Committee.

Professional Accountants in Business Committee (PAIB) formerly *Financial Management Accounting Committee (FMAC)*

PAIB publishes documents that uniquely add value to the global field of management accounting practice. These publications generally arise out of current and emerging issues and from identification of IFAC member body interests. They can take the form of thought pieces, studies, theme booklets, and other material.

Enterprise Governance

The PAIB Committee was asked by the IFAC board to explore the emerging concept of enterprise governance. *Enterprise Governance: Getting the Balance Right* is the result of this PAIB Committee project. The collaborative study, which is jointly published between IFAC and the Chartered Institute of Management Accountants (CIMA), looks at the accountability framework of the organization in terms of the balance between corporate governance and value creation. It includes an in-depth analysis of corporate successes and failures in 27 case studies from 10 countries. The publication was launched in February and has received positive attention, including two feature articles in the Financial Times.

Sustainability

The PAIB Committee has been keenly watching the area of sustainability and how this is impacting on accountants in business. CPA Australia produced a landscape paper for the PAIB meeting in Paris France, March 29-31, 2004 entitled “*Sustainable Development: The Role ahead for Accountants,*” which outlines the wide breadth and complexity of this area. After much debate on the fundamental issues vis-à-vis accountants in business, the committee agreed that accountants have a key role to play in the areas of measuring, reporting and assurance and therefore it is imperative that sustainability remains high on the PAIB Committee agenda.

A new collaborative steering committee is currently being formed to decide on the next course of action. The steering committee will also comment on the draft paper “*International Guidance Document on Environmental Management Accounting (EMA)*,” which has been produced in collaboration with the Board of IFAC.

Ethics

The committee considered the project proposal for Corporate Codes of Ethics. The purpose of this project is to heighten the awareness of the need for a corporate code of ethical conduct and to provide guidance to the professional accountant in business on how to develop and administer a high quality corporate code of ethical conduct. The project was unanimously approved and a steering group formed, with CMA Canada taking the lead. A draft document is expected for the next PAIB Committee meeting in September.

The PAIB Committee will continue to liaise with IFAC's Ethics Committee to ensure that the views of accountants in business are adequately represented.

Business Planning

The purpose of this project is to provide guidelines to professional accountants in business for developing and implementing business planning in SMEs. The draft publication was discussed at the meeting and a number of suggestions made by the committee have been actioned by the project team. In addition FEE, which encouraged the PAIB Committee to take on this project, will be consulted for feedback. It was agreed that the final output would be a co-badge with the Malaysian Institute of Accountants, who have provided the necessary technical resources for this project.

Training and Education

A project team will be looking at the proposal, put forward by TMUD Expert Accountants' Association of Turkey, to provide guidance to IFAC member bodies, especially in emerging economies, on how to initiate CPD programs for the specific needs of members who work in business (as opposed to practice).

The committee also discussed the level of interest in a potential collaborative project that would explore the scope of member bodies working together on a common content for CPD programs tailored to accountants in business. It was agreed all PAIB Committee members should consult with their member bodies and report back to the Committee.

Annual Articles of Merit Competition

A new judging panel was elected for the 2004 PAIB Committee Articles of Merit Award Program. Closing date for submissions was April 30, 2004. The committee expects to publish the next compendium in August 2004.

2004 Theme Booklet

This year's theme booklet will take a look at the varying roles that professional accountants in business perform. The objective of this project is to demonstrate the many ways in which professional accountants add value. Robert Bruce, a financial journalist for Time and Financial Times, has been commissioned to conduct a number of interviews with professional accountants proposed by the PAIB Committee and write up the booklet. The committee received an update on the progress to date and made suggestions for outstanding interviewees. The project team will finalize a work plan by June 2004 for publication later in the year.

Resource Center

The objective of this project is to create a unified information space tailored for the professional accountants in business community. The proposal is to develop a web based resource that would

bring together quality information produced by IFAC member bodies along with other supportive resources and community features.

A progress report on work carried out on the Resource Center project was given at the meeting. Preliminary feasibility research has been conducted and a first draft project document prepared. The committee reiterated its enthusiasm for this project and discussed various issues, in particular that of funding. Committee members agreed to discuss the proposal of a small financial contribution from their member bodies.

A new steering committee was elected to drive this project forward. The steering committee will review the draft project document in May.

New projects

The PAIB Committee spent considerable time discussing future priorities and projects. Following an assessment of the suitability of various proposals tabled, three project groups were formed to explore the following priorities:

1. Roles and responsibilities of professional accountants in business in financial reporting
2. Towards a converged and enhanced corporate reporting framework
3. The role of CFOs in emerging economies

It was also agreed that position papers would be produced for the next PAIB meeting in September:

- Better budgeting
- Role of the CFO and Business Planning
- Knowledge Management
- Evaluating effective internal controls
- PAIB Committee focus on public sector

Future meetings

The next PAIB meeting will take place in New York, September 13-15, 2004.

A member body wishing to host the following March 2005 meeting should put their proposal in writing by June 30, 2004.

Education Committee

The Education Committee is focusing on the following projects:

International Education Standards for Professional Accountants

In early May 2004, the Committee issued IES 7, *Continuing Professional Development (CPD): A Program of Lifelong Learning and Continuing Development of professional Competence*, following the release of the first International Education Standards for Professional Accountants (IES) in October 2003. IES 7 emphasizes the profession's commitment to serving the worldwide

public interest and presents CPD as a key means of meeting this commitment. The standard prescribes mandatory CPD for all members of the profession regardless of their work domain. It also calls on IFAC member bodies to facilitate access to CPD opportunities and resources to assist professional accountants in meeting their responsibility for lifelong learning. All IFAC member bodies are expected to comply with the standard from January 1, 2006.

Assessment Methods

The purpose of this project is to provide guidance to assist and encourage member bodies of IFAC to select a range of appropriate assessment methods to better test the capabilities and competencies of candidates for admission to the profession. The committee plans to publish an IEG in 2004 to assist and encourage member bodies to adopt an integrated assessment approach using an appropriate range of assessment methods. This is an area of great interest for many member bodies and will assist them in meeting the Education standards.

Education for Specialist areas

The Committee is working to develop general guidance as to how to go about considering and implementing specialist classes of membership.

Ethics Education Project

The Committee has commissioned research on *Ethics Education for Professional Accountants*. At the March 2004 meeting the Committee considered several proposals from leading researchers to assist it with this project and commissioned a team led by Dr Philomena Leung of Deakin University, Australia, to undertake the project. The objective of this project is to update and reissue the guidance the Committee issued in November 1992 IEG 10, *Professional Ethics for Accountants: The Educational Challenge and Practical Application*, and provide guidance to support the implementation of IES 4, *Professional Values, Ethics and Attitudes*. The IFAC Ethics' statements and Code of Ethics have been substantially revised since the issue of IEG 10 and therefore it is somewhat urgent that a serious review and update be undertaken. Significant progress will be made on this project during 2004 and it is planned formal documentation and practical guidance and tools will be issued in 2005.

Implementation Guidance

Having released the first set of International Education Standards, the Committee is now turning its focus to consider what additional guidance is required to assist member bodies to implement the requirements set down in the Standards. The recent meetings in Cape Town and New York resulted in a number of suggestions, and further work is now required to prioritize these projects. The new strategic plan and project schedule will be approved at the August 2004 meeting.

Audit Education

The Committee has agreed to develop an International Education Standard on education and training for auditors. This Standard will prescribe specific requirements for the education and training of professional accountants working in audit, including transnational audit work. This project is progressing at pace with the final draft anticipated to be approved at the August 2004 meeting for issue as an Exposure Draft. Consultation and input is to be sought from the Transnational Auditors Committee (TAC) and the IAASB. This standard will have significant

consequences to many IFAC member bodies, but the Committee, and indeed the global profession, is receiving consistent messages that a minimum benchmark is needed for the education/training of auditors, and this standard aims to address this need.

Future meetings of Education Committee

The committee is meeting in August 2004 in Stockholm, Sweden.

IAASB Committee

Materiality

The IAASB deliberated, and provided feedback on, a draft revised standard and issues highlighted by the task force addressing the revision of ISA 230, "Materiality." Topics addressed included the implications of having a different definition in the draft standard than in the financial reporting framework used for the preparation of the financial statements, qualitative assessment of materiality when planning the audit, misstatements arising from differences of judgment and the allocation of materiality and tolerable error.

The IAASB asked that the task force consider its comments and present a draft revised ISA 230 for review at its September 2004 meeting. A PSP is being developed by PSC on this ISA.

Accounting Estimates

The IAASB deliberated, and provided feedback on, a draft revised standard and issues highlighted by the task force addressing the revision of ISA 230, "Audit of Estimates." Topics addressed included the relationship of the standard with the project on materiality, methods and assumptions used in making accounting estimates, the development a range of reasonably possible outcomes by the auditor, evaluating compliance with the recognition criteria of the financial reporting framework, and the treatment of misstatements arising from differences in judgment and possible inappropriate management bias.

Noting that the proposed revised standard may create significant differences with ISA 545, "Auditing Fair Value Measurements and Disclosures," the IAASB agreed that the Task Force should formulate a recommendation on the treatment of ISA 545.

The IAASB asked that the task force consider its comments and present a draft revised ISA 540 for review at its September 2004 meeting. A PSP will be developed by PSC on this ISA.

Clarity of IAASB Standards

The IAASB was provided with an update on the project to improve the clarity of IAASB standards. A proposal to improve the clarity of IAASB standards will be presented to the IAASB for review at its next meeting. PSC Staff together with other IFAC Committee Staff are watching and monitoring this IAASB project in view of its implications on drafting of standards in IFAC.

Planning the Audit

The IAASB discussed the proposed revised ISA 300, "Planning an Audit of Financial Statements." Among other matters, the IAASB agreed that the standard, in addressing the

development of the overall audit strategy, should distinguish between those matters that are by nature broad operational planning matters and those that affect how the audit will be conducted. The standard should also give recognition to the fact that decisions pertaining to the overall audit strategy flow into the decisions to be made in the audit plan, and that their development is closely interrelated and not necessarily discrete or sequential. In addition, the standard should emphasize that the development of the audit plan is the outcome of the iterations of a planning process that occurs throughout the audit.

The IAASB asked that the task force consider its comments and present a revised ISA 300 for approval at its next meeting. PSC provided a PSP to IAASB on this ISA.

Documentation

The IAASB deliberated, and provided feedback on, a draft revised standard and issues highlighted by the task force addressing the revision of ISA 230, "Documentation." Topics addressed included the definition of documentation, the nature and extent of matters to be documented, subsequent changes to documentation after the date of the auditor's report, confidentiality, the principle of a rebuttable presumption that work that is not documented was not performed and working paper considerations.

The IAASB asked that the task force consider its comments and present a draft revised ISA 230 for approval as an exposure draft at its next meeting.

Review of Interim Financial Information

The IAASB discussed the significant issues raised by commentators on the June 2003 Exposure Draft "Review of Interim Financial Information Performed by the Auditor of the Entity." The IAASB agreed that the Task Force should continue to develop this ISA and, at the same time, use what it has learned from this project to comprehensively identify the issues (and tentative solutions) that are likely to arise in the revision of ISRE 2400, "Engagements to Review Financial Statements." It was noted that the differences between the proposed ISA and ISRE 2400 should be identified and analyzed and, depending upon the nature of the differences, it might be appropriate to merge the two documents. PSC provided a comment to IAASB to the effect that a PSP was not necessary on this ISA.

Communication of Audit Matters with Those Charged with Governance

The IAASB deliberated, and provided feedback on, issues highlighted by the task force addressing the revision of ISA 260, "Communication of Audit Matters with those Charged with Governance." Topics addressed included the scope of the project, the nature of the auditor's responsibility to communicate to those charged with governance, identifying those charged with governance and reporting to others.

Modifications to The Independent Auditor's Report

The IAASB deliberated, and provided feedback on, issues highlighted by the task force addressing the revision of the proposed ISA 701, "Modifications to the Independent Auditor's Report." Topics addressed included the objectives and scope of the project, emphasis of matter

paragraphs, guidance relating to acceptance of, or withdrawal from, an engagement, multiple uncertainties and disclaimer of opinion, and the form and content of modifications to the auditor's report. PSC provided a PSP to ISA 700 on Auditor's Report.

Representations

The IAASB approved the commencement of a project to revise ISA 580, "Management Representations." PSC provided comments on classification of this project.

Next Meeting

The next IAASB meeting is scheduled to be held in Copenhagen, Denmark on June 14-17, 2004.

Compliance Advisory Panel (CAP)

IFAC Membership Compliance Program

Statements of Membership Obligations (SMOs)

The Board of the International Federation of Accountants (IFAC) in March 2004 approved seven Statements of Membership Obligations (SMOs) designed to assist and direct IFAC's 158 member organizations and potential members in ensuring high quality performance by professional accountants. The SMOs, released after an extensive comment period, cover a member body's obligations to support the work of IFAC, the work of the International Accounting Standards Board, and obligations regarding quality assurance and investigation and discipline.

Assessment of the Regulatory and Standard-Setting Framework

The first part of the assessment process was launched on March 3, 2004 with the distribution of the Assessment of the Regulatory and Standard-Setting Framework questionnaire. The questionnaire was sent to all IFAC member bodies (active and suspended bodies) with a requirement to respond by June 1, 2004. Staff will be actively pursuing non-respondents and reviewing results of the questionnaire during June and July 2004.

Compliance Self-Assessment

The second part of the assessment process involves the completion of a self-assessment questionnaire by each member body. The quality of the self-assessment process and the information obtained from the questionnaire is critical in achieving the objectives of the Member Body Compliance Program. The information obtained will form the basis for understanding a member body's state of compliance with the individual Statements of Membership Obligations (SMOs) and identifying gaps in compliance and the reasons for the gaps.

Staff are in the process of developing the self-assessment questionnaire tools and are exploring how to structure the questionnaire and the nature and scope of the content to ensure the program's objectives will be met. The CAP plans to launch the self-assessment questionnaire in late 2004 with a four to six month response period.

New Membership Applications

Staff have reviewed 11 applications for membership and intend to recommend 6 applicants to the Board for approval. The applications will be considered by Board at its July 7-9, 2004 meeting.

**International Federation of Accountants
Public Sector Committee 2004
Members Correspondence Distribution List**

REPRESENTATIVE

FRANCE

Philippe Adhémar (**Chair**)
Cour des Comptes
13, Rue Cambon
75100 Paris Cédex
France
Phone: 33 1 4298 9507
Fax: 33 1 4260 0159
Email:
padhemar@ccomptes.fr
Term Ending: 2006

TECHNICAL ADVISOR

Jean-Luc Dumont
JLD Expertise & Conseil
1 Rue de Courcelles,
75008 Paris
France
Phone: 33 1 45 63 05 76
Fax: 33 1 45 63 99 81
Email: jean-luc.dumont@wanadoo.fr

**TECHNICAL
ADVISOR**

Henri Giot
Direction des relations
internationales
Conseil Supérieur des
Experts Comptables
153 rue de Courcelles
75817 Paris Cedex 17,
France
Phone: 33 1 44 15 60 72
Fax: 33 1 44 15 90 05
Email hgiot@cs.experts-comptables.org

UNITED KINGDOM

Mike Hathorn (**Vice Chair**)
Moore Stephens
1 Snow Hill
London
EC1A 2EN
Phone: 44 20 7334 9191
Fax: 44 20 7651 1823
Email:
mike.hathorn@moorestephens.com
Term Ending: 2004

John Stanford
CIPFA
3, Robert Street
London, WC2N 6BH
United Kingdom
Phone: 44 207 543 5682
Fax: 44 207 543 5695
Email: John.Stanford@cipfa.org

ARGENTINA

Carmen Giachino Palladino
1284 Riglos Street
Capital Federal, CP
Buenos Aires 1424
Argentina
Phone: 54 11 4922 8714
Fax: 54 11 4349 6559
Phone: 54 9 11 4415 0978
(mobile)
Email:
cpalladino@cponline.org.ar

Blanca Arazi
2048 Av. Las Hears 9A, CP :
1127
Buenos Aires,
Argentina
Fax/Phone : 5411 4803 6623
(home)
Phone : 5411 4807 4309 (office)
Phone : 54 9 11 4949 5420
(mobile)
Email :

Term Ending: 2004

blanca@soporte24hs.com

AUSTRALIA

J. Wayne Cameron
Auditor-General
Victorian Auditor-General's
Office
Level 34
140 William Street
MELBOURNE
Victoria 3000
AUSTRALIA
Phone : 61 3 8601 7100
Fax : 61 3 8601 7020
wayne.cameron@audit.vic.gov.au

Term Ending: 2006

Robert Keys
Senior Project Manager
Australian Accounting Standards
Board
PO Box 204
Collins St West Vic 8007
Australia
Phone: 61 3 9617 7624 (direct)
61 3 9617 7600 (general)
Fax: 61 3 9617 7674 (direct)
61 3 9617 7608 (general)
Email: rkeys@aasb.com.au

CANADA

Rick Neville
Vice President &
Chief Financial Officer
Finance and Administration
Royal Canadian Mint
320 Sussex Drive, Ottawa,
Ontario, Canada KIA OG8
Phone: 613 993 5384
Fax: 613 952 8342
Email address:
Neville@mint.ca
Term Ending: 2005

Ron Salole
Director of Accounting
Standards
CICA
277 Wellington Street, West
Toronto, Ontario
M5V 3H2
Canada
Phone: 1 416 204 3277
Fax:
Email: Ron.Salole@cica.ca

Daniel A. Duguay
Auditor General
Office of the Auditor
General
Cayman Islands Audit
Office
Tower Building
North Church Street
Grand Cayman
Cayman Islands
Phone: 345 244 3201
Fax: 345 945 7738
Email
dan.duguay@gov.ky

GERMANY

Dr. Norbert Vogelpoth
PwC Deutsche Revision AG
Member of
PricewaterhouseCoopers
Friedrich-List-Strasse 20
D-45128 Essen
Germany
Phone: 49 201 438 1500
Fax: 49 201 438 1504
Email:
norbert.vogelpoth@de.pwc.com
Term Ending: 2005

Catherine Viehweger
Institut der
Wirtschaftsprüfer in
Deutschland e.V.
Tersteegenstrasse 14
40474 Duesseldorf
Germany
Phone: 49 211 4561 253
Fax: 49 211 4561 233
Email:
viehweger@idw.de

Andreas Dörschell
PwC Deutsche Revision AG
Member of
PricewaterhouseCoopers
Friedrich-List-Strasse 20
D-45128 Essen
Germany
Phone: 49 201 438 1160
Fax: 49 201 438 3112
Email:
andreas.doerschell@de.pwc.com

ISRAEL

Zvi Chalamish
Deputy Accountant General
Ministry of Finance
1 Kaplan Street
Jerusalem
Israel
Phone: 972 2 531 7457
Fax: 972 2 531 7032
Email: zvi@mof.gov.il
Term Ending: 2006

JAPAN

Ryoko Shimizu
 Partner, PwC Japan
 Chuo Aoyama Audit
 Corporation
 Kasumigaseki Building,
 32nd Floor, 3-2-5
 Kasumigaseki
 Chiyoda-ku
 Tokyo 100-6088
 JAPAN
 Phone : 81 3 5532 3909
 Fax : 81 3 5532 3901
Ryoko.shimizu@jp.pwc.com
 Term Ending: 2005

MALAYSIA

Mohd Salleh Bin Mahmud
 Accountant General's
 Department
 Level 8, Lot 2G1A,
 Kompleks Kewangan
 Pusat Pentadbiran Kerajaan
 Persekutuan
 62594 Kuala Lumpur
 Malaysia
 Email:
msallehm@anm.gov.my
 Phone: 60 3 888 21011
 Fax: 60 3 888 95819
 Term Ending : 2006

Er Beng Kiong
 Accountant General
 Department
 Level 7, Lot 2G1A,
 Treasury
 Complex Federal
 Government
 Administrative Centre
 62594 PUTRAJAYA
 Malaysia
 Tel: 60 3 8882 1038
 Fax: 60 3 8882 1042
 E-mail:
bengkionger@yahoo.com

Prof Madya Dr Nafsiah Bt
 Mohamed
 Fakulti Perakaunan, Universiti
 Teknologi Mara, UiTM
 Kampus,
 Seksyen 17, 40200 Shah Alam
 Tel :
 60 3 5548 2599 or
 60 3 5548 2330
 Fax : 60 3 552 27308
 E-mail :
drkancil@yahoo.com

MEXICO

Javier Pérez Saavedra
 Subdirector de Control de
 Calidad
 Petróleos Mexicanos
 Marina Nacional 329,
 Torre Ejecutiva Piso 7
 México 11311, D.F.
 México
 Phone: 52 5 611 6062
 Fax: 52 5 615 5020
 Email:
jperezs@dcidp.pemex.com

Conrado Villalobos Diaz
 Commission Federal de
 Electricidad
 Paseo de la Reforma No.
 164-6
 Col. Juarez 06600
 D.F. Mexico
 Phone: 52 5 229 4611
 52 5 229 4400 ext. 7822
 Fax: 52 5 705 6863
 Email :conrado.villalobos@cfe.gob.mx

Term Ending: 2004

NETHERLANDS

Peter H. E. Bartholomeus
Directeur Audit en
Toezichtbeleid
Ministerie Van Financien
P.O. Box 20201
NL 2500 EE The Hague
Netherlands
Phone: 31 70 342 7255
Fax: 31 70 342 7987
Email:
p.h.e.bartholomeus@minfin.nl
.nl Term ending: 2004

Aad Bac
Tilburg University
Postbus 90153
5000 LE Tilburg
Netherlands
Phone: 13 466 3422
Fax: 13 466 2611
Email: a.d.bac@uvt.nl

Christianne den Houting
Koninklijk Nederlands
Instituut van
Registeraccountants
A.J. Ernststraat 55
P.O. Box 7984
1008 AD Amsterdam
Netherlands
Phone: 31 20 301 0301
Fax: 31 20 301 0302
Email: c.houting@nivra.nl

NEW ZEALAND

Greg Schollum
Chief Financial Officer
Greater Wellington - The
Regional Council
PO Box 11646
142-146 Wakefield St
Wellington
New Zealand
Phone: 64 4 802 0308
Fax: 64 4 384 5023
Email : greg.schollum@gw.govt.nz
Term Ending: 2005

Simon Lee
Manager, Accounting and
Professional Standards
Institute of Chartered
Accountants of New
Zealand
Level 2, CIGNA House
40 Mercer Street
P. O. Box 11-342
Wellington
New Zealand
Phone: 64 4 917 5638
Fax: 64 4 472 6282
Email:
simon_lee@icanz.co.nz

NORWAY

Tom Henry Olsen
PricewaterhouseCoopers
DA
Karenslyst alle 12
N-0245 Oslo
Norway
Phone: 47 23 16 00 39
Fax: 47 23 16 10 00
Email:
tom.henry.olsen@no.pwcgl

Harald Brandsås
Technical Director
The Norwegian Institute of Public
Accountants
P.O. Box 5864 Majorstuen,
N-0308 Oslo
Norway
Street Address: Pilestredet 75 D, Oslo
Phone: 47 23 36 5200
Mobile 47 99 52 5186

SOUTH AFRICA

Terence Nombembe
Deputy Auditor-General and
Chief Executive Officer
Office of the Auditor-
General Republic of South
Africa
271 Veale Street New
Muckleneuk 0002
Mailing address:
Box 446, Pretoria, 0001
South Africa
Phone: 27 12 426 8242
Fax: 27 12 426 8257
Email: terencen@agsa.co.za
Term Ending: 2004

Erna Swart
Chief Executive Officer
Accounting Standards Board
Postal address: P O Box
74129
Lynnwood Ridge
Pretoria 0040
South Africa
Phone: 27 12 470 9500.
Fax: 27 12 348 4150
Email: ernas@asb.co.za

Sithembiso Freeman
Nomvalo
Accountant General
National Treasury of
Republic of South Africa
240 Vermeulen Street
Pretoria, 0002
Phone: 27 12 315 5417
Fax: 27 12 315 5791
Email:
freeman.nomvalo@treasury.gov.za

UNITED STATES

Ronald J. Points
Regional Financial
Management Advisor
World Bank - EAPCO
1818 H Street, N.W.
Room MC 9-143
Washington, DC 20433
United States
Phone: 1 202 473 4018
Fax: 1 202 522 1663 1739
Email:
rpoints@worldbank.org
Term Ending: 2006

David R. Bean
Director of Research
Governmental Accounting
Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116
United States
Phone: 1 203 847 0700 x244
Fax: 1 203 849 9714
Email: drbean@gasb.org

Mary M. Foelster
American Institute of
Certified Public Accountants
1455 Pennsylvania Ave. NW
Washington, DC 20004-
1081
United States
Phone: 1 202 434 9259
Fax: 1 202 638 4512
Email: mfoelster@aicpa.org

obal.com
Term Ending: 2005

Fax: 47 22 69 0555
Email:
harald.brandsaas@revisornett.no
www.revisornett.no

IFAC

Paul Sutcliffe
Technical Director
International Federation of
Accountants
Suite 1302
530 Little Collins St
Melbourne
Victoria 3000
Australia
Phone: 61 3 9909 7680
Fax: 61 3 9909 7669
Email: psutcliffe@ifac.org

Jerry Gutu
Technical Manager
International Federation of
Accountants
545 Fifth Avenue, 14th Floor
New York, NY 10017 USA
Phone: 1 212 471 8714
Fax: 1 212 286 9570
Email: jerrygut@ifac.org

Matthew Bohun
Technical Manager
International Federation of
Accountants
Suite 1302
530 Little Collins St
Melbourne
Victoria 3000
Australia
Phone: 61 3 9909 7677
Fax: 61 3 9909 7669
Email: mbohun@ifac.org

Hongxia Li
Technical Manager
International Federation of
Accountants
Suite 1302
530 Little Collins St
Melbourne
Victoria 3000
Australia
Phone : 61 3 9909 7670
Fax: 61 3 9909 7669
Email: lihongxia@ifac.org

Li Li Lian
Technical Manager
International Federation of
Accountants
Suite 1302
530 Little Collins St
Melbourne,
VIC 3000
Australia
Phone: 61 3 9909 7670
Fax: 61 3 9909 7669
Email: llian@ifac.org

OBSERVERS

**ASIAN DEVELOPMENT
BANK**

Ping-Yung Chiu
The Controller
Asian Development Bank
Headquarters
6 ADB Avenue
Mandaluyong City
0401 Metro Manila

Mailing Address

P.O. Box 789
0980 Manila Philippines
Phone: 63 2 632 4542
Fax: 63 2 636 2586
Email: pychiu@adb.org

**EUROPEAN
COMMISSION**
[\(To be advised\)](#)

**INTERNATIONAL
ACCOUNTING
STANDARDS BOARD
(IASB)**

Warren McGregor
IASB
1st Floor, 30 Cannon Street
London EC4M 6XH
United Kingdom
Phone: 44 20 7246 6410
Fax : 44 20 7246 6411
Email:
wmcgregor@iasb.org.uk

**INTERNATIONAL
MONETARY FUND**

Keith Dublin
Division Chief
Government Finance
kdublin@imf.org
Phone: 1 202 623 7993
Ethan Weisman (*Alternate*)
Deputy Chief
Government Finance
Eweisman1@imf.org
Phone 1 202 623 4625
Fax: 1 202 623 6012
Bert Keuppens (*Alternate*)
Assistant Treasurer
International Monetary Fund
70019th Street, N.W.
Room IS3-900
Washington, D.C. 20431
USA
Phone : 1 202 623 7813
Fax : 1 202 623 8244
Email: bkeuppens@imf.org

INTOSAI CAS

John C. Fretwell
U.S. GAO
441 G. Street NW
Room 5085
Washington DC 20548
USA
Phone: 202 512 9382
Fax: 202 512 9193
Email: fretwellj@gao.gov

OECD

Jon Blondal
OECD
Deputy Head of Division
Budgeting and Management
Division
Directorate for Public
Governance
2 Rue Andre Pascal
75775 Paris Cedex 16
France
Phone : 33 1 4524 7659
Fax : 33 1 45 24 85 63
Email: jon.blondal@oecd.org

UNITED NATIONS

Jayantilal M. Karia
Director, Accounts Division
Office of Programme
Planning, Budget and
Accounts
United Nations,
304 East 45th Street
Room FF-706
New York
NY 10017, USA
Phone: 1 212 963 6380
Fax: 1 212 963 4184
Email: karia@un.org

UNITED NATIONS
DEVELOPMENT
PROGRAM

Darshak Shah
Comptroller, Comptroller's
Division, Bureau of
Management
United Nations Development
Programme
Mailing address:
304E 45 Street,
Room FF 416,
New York, New York 10016
USA
Phone: 212 906 6100
Fax : 212 906 6306
Email:
darshak.shah@undp.org

WORLD BANK

Simon Bradbury
Division Manager, Loan
Department
World Bank, Room# MC7-
775
1818 H Street, NW
Washington, DC 20433
USA
Phone : 1 202 473 6882
Fax : 1 202 522 1649
Email:
sbradbury@worldbank.org

Tentative Program for a Roundtable with the UN, July 6, 2004 *(subject to change)*

Time	Activity
15:00 – 15:10	Welcome and Introductory Remarks Jay Karia, Director UN and PSC Observer Philippe Adhémar PSC Chairman
15:10 – 15:30	Presentation on the work of PSC by Philippe Adhémar Chair of PSC
15:30 – 16:00	Presentation on the UN Accounting System by Jay Karia
16:00 – 17:00	Discussion on challenges facing the UN on possible transitioning to accrual accounting
17:00	End