

2nd DISTRIBUTION AGENDA – PARIS
July 3 - 6, 2006

INTERNATIONAL FEDERATION OF ACCOUNTANTS
INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS BOARD (IPSASB)

A Meeting of IPSASB will be held in Paris on July 3-6, 2006:
3rd July at Cour des Comptes, 13 Rue Cambon
4-6 July at Ministère de l’Economie, Des Finances et de l’Industrie, 139 rue de Bercy

AGENDA	PAGE NO	NOTES
SECTION 1: GENERAL MATTERS AND UPDATE		
1 WELCOME AND APOLOGIES		1st distribution
1.1 Attendance List	1.1 – 1.2	
1.2 Welcome and Apologies		
1.3 Receive and note the Meeting Timetable	1.3 – 1.4	
1.4 Program for Consultative Group Round Table discussion		To follow
2 CONFIRMATION OF MINUTES		1st distribution
2.1 A memorandum from staff	2.1	
2.2 Draft Minutes from Tokyo meeting in March 2006	2.2 - 2.18	
2.3 Draft Attachment to Minutes	2.19 – 2.23	
3 MATTERS ARISING		1st distribution
3.1 Action List from Tokyo meeting in March 2006	3.1 - 3.3	
4 CHAIRMAN’S REPORT		1st distribution
4.1 A report from the Chair	4.1 - 4.2	
5 IFAC LIAISON REPORT		1st distribution
5.1 A report from Matthew Bohun	5.1 – 5.2	
5.2 Report on IFAC Technical Boards and Committees	5.3 – 5.17	
5.3 Updated Members’ Correspondence Distribution List	5.18 – 5.24	
6 REPORT ON THE STANDARDS PROGRAM		1st distribution
6.1 A memorandum on translation, funding and presentations	6.1 - 6.5	
6.2 A memorandum from Paul Sutcliffe on the work plan	6.6 - 6.8	
6.3 Review of medium and long term strategy and implications	6.9 – 6.41	
6.4 IPSASB Work Plan for 2006+	6.42	
6.5 IPSASB Work Plan for 2006 – 2008	6.43	
6.6 Update on Projects of National Standards Setters	6.44 – 6.48	
6.7 IASB update	6.49 – 6.57	2nd distribution
7 COUNTRY BRIEFING REPORTS		2nd distribution
7.1 Country Briefing Reports from		
Canada	7.1 – 7.5	
India	7.6 – 7.11	
Israel	7.12 – 7.16	
Malaysia	7.17 – 7.21	
New Zealand	7.22 – 7.25	
Switzerland	7.26 – 7.27	
United Kingdom	7.28 – 7.31	
USA	7.32 – 7.35	
Australia	7.36 – 7.41	
Norway	7.42 – 7.43	
Italy	7.44	
Argentina		To Follow
France		To Follow
Japan		To Follow
Mexico		To Follow
Netherlands		To Follow

2nd DISTRIBUTION AGENDA – PARIS
July 3 - 6, 2006

AGENDA	PAGE NO	NOTES
South Africa		To Follow
SECTION 2: TECHNICAL MATTERS		
8 SOCIAL POLICY OBLIGATIONS – NON PENSIONS		1st distribution
8.1 A memorandum from John Stanford	8.1 – 8.5	
8.2 Draft ED on Social Policy Obligations other than pensions	8.6 – 8.57	
9 SOCIAL POLICY OBLIGATIONS - SOCIAL SECURITY PENSIONS		2nd distribution
9.1 A memorandum from John Stanford	9.1 – 9.3	
9.2 Key Issues Paper on Present Obligations and Social Security Systems	9.4 – 9.16	
9.3 Extracts of draft ED on Social Security Pensions	9.17 – 9.29	
9.4 Extract from short report on meeting of Advisory Expert Group	9.30 – 9.32	
10 EMPLOYEE BENEFITS – GOVERNMENT EMPLOYEES		1st distribution
10.1 Memorandum from John Stanford	10.1 – 10.6	
10.2 Draft ED “Employee Benefits” marked up version	10.7 – 10.111	
11 ED XX DISCLOSURE REQUIREMENTS FOR RECIPIENTS OF EXTERNAL ASSISTANCE		1st distribution
11.1 Memorandum from Paul Sutcliffe	11.1 – 11.7	
11.2 History sheet	11.8 – 11.10	
11.3 Draft ED XX proposing amendments to the Cash Basis IPSAS	11.11 – 11.64	
11.4 Appendix 2 from ED 24 “...Project Specific Entity”	11.65 – 11.70	
12 SERVICE CONCESSION ARRANGEMENTS – STRATEGY SESSION WITH NATIONAL STANDARDS SETTERS AND OTHER ORGANIZATIONS (NSS)		2nd distribution
12.1 Memorandum from Chair of subcommittee monitoring IFRIC consideration of service concessions	12.1 – 12. 3	
12.2 Background on IFRIC Project on Service Concession Arrangements	12.4 – 12. 10	
12.3 Agenda for discussion with NSS	12.11 – 12. 13	
12.4 Issues for discussion with NSS	12.14 – 12. 23	
13 CONCEPTUAL FRAMEWORK PROJECT – STRATEGY SESSION WITH NATIONAL STANDARDS SETTERS AND OTHER ORGANIZATIONS (NSS)		2nd distribution
13.1 Memorandum from Chair of subcommittee monitoring NSS and IASB-FASB project	13.1 – 13. 9	
13.2 Agenda for discussion with NSS	13.10 – 13. 12	
13.3 Project Brief for discussion with NSS	13.13 – 13. 48	
14 ED 27 - BUDGET REPORTING – COMPARISON ACTUAL AND BUDGET		2nd distribution
14.1 Memorandum from Paul Sutcliffe	14.1 – 14.6	
14.2 Marked-up proposed IPSAS “Presentation of Budget Information in Financial Statements”	14.7 – 14.41	
14.3 Table of additional comments - responses to ED 27 “Presentation of Budget Information in Financial Statements”	14.42 – 14.66	
14.4 Additional submissions on ED 27	14.67 – 14.92	
14.5 Analysis of responses to specific matters for comment in ED 27		Dist. Previously
14.6 Submissions received		Dist. previously
15 GENERAL IMPROVEMENTS PROJECT		
15.1 Memorandum from Matthew Bohun	15.1 – 15.5	1st distribution
15.2 Table of Other Comments – Preface, IPSASs 1, 3 and 4.	15.6 – 15.24	
15.3 Draft Preface to International Public Sector Accounting Standards (Marked)	15.25 – 15.33	
15.4 Draft IPSAS 1, “Presentation of Financial Statements” (Marked)	15.34 – 15.99	

2nd DISTRIBUTION AGENDA – PARIS
July 3 - 6, 2006

AGENDA	PAGE NO	NOTES
15.5 Draft IPSAS 3, “Accounting Policies, Changes in Estimates and Errors” (Marked)	15.100 – 15.134	
15.6 Draft IPSAS 4, “The Effects of Changes in Foreign Exchange Rates” (Marked)	15.135 – 15.167	
15.7 Memorandum from Matthew Bohun on Equity Accounting	15.168 – 15.171	
16 ED 28 – GENERAL GOVERNMENT SECTOR		2nd distribution
16.1 A memorandum from Matthew Bohun	16.1 – 16.3	
16.2 Analysis of late responses to ED 28	16.4 – 16.11	
16.3 Table of other comments	16.12 – 16.21	
16.4 Draft IPSAS XX, “Disclosure of Financial Information about the General Government Sector	16.22 – 16.55	
16.5 Additional Comments from the Task Force on Harmonization of Public Sector Accounting	16.56	
16.6 Comments from the Italian Consiglio Nazionale Dottori Commercialisti and Consiglio Nazionale Ragionieri	16.57 – 16.58	
16.7 Comments from the Indian Government Accounting Standards Advisory Board	16.59 – 16.61	
16.8 Comments from the Australasian Council of Auditors General	16.62 – 16.65	
17 UPDATE ON OTHER TECHNICAL PROJECTS		
A IMPAIRMENT OF CASH GENERATING ASSETS		
17.1 Memorandum from John Stanford	17.1	1st distribution
B. ED 29 REVENUE FROM NON EXCHANGE TRANSACTIONS – RESPONSES RECEIVED TO DATE	17.2	2nd distribution
17.2 Memorandum from Matthew Bohun		
SECTION 3: OTHER MATTERS		
18 IPSASB UPDATE – GOVERNANCE, ADMINISTRATION ETC.		
Verbal update on PIOB developments, Observer review and other matters		
19 IPSASB CONSULTATIVE GROUP		1st distribution
A memorandum from Matthew Bohun	19.1	
Current status of appointment process	19.2 – 19.3	
Consultative Group Membership Profile and operating procedures	19.4 – 19.8	
Consultative Group Members Attending	19.9	
20 FUTURE MEETINGS		1st distribution
Memorandum from Matthew Bohun	20.1	
IFAC Yearly Events Calendar	20.2 – 20.5	
21 FOR YOUR INFORMATION		
Items 1 to 6	21.1 – 21.6	1 st distribution

INTERNATIONAL FEDERATION OF ACCOUNTANTS
MEETING OF THE INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS
BOARD
JULY 3-6, 2006, PARIS

Name	Accompanied	Arrival	Departure
<u>FRANCE</u>			
Philippe Adhémar (Chair)	Simone Adhémar	July 3, 2006	July 6, 2006
Jean-Luc Dumont	Anne Dumont	July 3, 2006	July 6, 2006
Henri Giot		July 3, 2006	July 6, 2006
<u>UNITED KINGDOM</u>			
Mike Hathorn (Deputy Chair)	Carol Salah	July 2, 2006	July 6, 2006
Elizabeth Cannon		July 2, 2006	July 6, 2006
<u>ARGENTINA</u>			
Carmen Giachino Palladino		July 2, 2006	July 6, 2006
Pablo Maroni			
Maria Irene Rio			
<u>AUSTRALIA</u>			
J. Wayne Cameron		July 2, 2006	July 9, 2006
Jim Paul		July 2, 2006	July 7, 2006
<u>CANADA</u>			
Richard J. Neville	Kathy Neville Natalie Neville	July 1, 2006	July 8, 2006
Ron Salole		June 29, 2006	July 6, 2006
<u>INDIA</u>			
Pankaj Jain	Archana Jain	July 2, 2006	July 7, 2006
Avinash Chander			
<u>ISRAEL</u>			
Ron Alroy		July 2, 2006	July 6, 2006
Haya Prescher		July 2, 2006	July 6, 2006
<u>JAPAN</u>			
Tadashi Sekikawa		July 1, 2006	July 7, 2006
Ryoko Shimizu		July 2, 2006	July 6, 2006
<u>MALAYSIA</u>			
Mohd Salleh Bin Mahmud		July 2, 2006	July 7, 2006
Er Beng Kiong		July 2, 2006	July 7, 2006
<u>MEXICO</u>			
Alejandro Luna Rodríguez			

INTERNATIONAL FEDERATION OF ACCOUNTANTS
MEETING OF THE INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS
BOARD
JULY 3-6, 2006, PARIS

Name	Accompanied	Arrival	Departure
<u>NETHERLANDS</u>			
Frans D.J. Van Schaik		July 2, 2006	July 6, 2006
Thomas Van Tiel		July 2, 2006	July 6, 2006
<u>NEW ZEALAND</u>			
Greg Schollum		July 1, 2006	July 7, 2006
Joanna Perry		July 2, 2006	July 6, 2006
<u>NORWAY</u>			
Tom Henry Olsen		July 1, 2006	July 6, 2006
Harald Brandsaas		July 2, 2006	July 6, 2006
<u>SOUTH AFRICA</u>			
Erna Swart		July 2, 2006	July 6, 2006
Freeman Nomvalo			
<u>UNITED STATES</u>			
Ron Points	Lois Points	July 2, 2006	July 8, 2006
David Bean	Carol Bean	July 3, 2006	July 6, 2006
<u>PUBLIC MEMBERS</u>			
Andreas Bergmann		July 3, 2006	July 6, 2006
John Peace	Pam Peace	July 1, 2006	July 6, 2006
Stefano Pozzoli		July 2, 2006	July 9, 2006
Marcello Bessone (TA to Stefano Pozzoli)		July 2, 2006	July 7, 2006
<u>IFAC</u>			
Ian Ball		July 4, 2006	July 6, 2006
Paul Sutcliffe	Carolyn Sutcliffe	July 1, 2006	July 6, 2006
John Stanford		July 1, 2006	July 7, 2006
Matthew Bohun		June 29, 2006	July 6, 2006
<u>OBSERVERS</u>			
Robert Dacey (INTOSAI - CAS)		July 2, 2006	July 7, 2006
Lucie Laliberte (IMF)		July 3, 2006	July 6, 2006
Jayantilal Karia (UN)		July 2, 2006	July 7, 2006
Gwenda Jensen (UN)	John Stuart	July 3, 2006	July 6, 2006
Darshak Shah (UNDP)			
Marius Koen (World Bank)		July 2, 2006	July 6, 2006
P Y Chiu (ADB)		July 2, 2006	July 7, 2006
Jon Blondal (OECD)	Mme. Blondal	July 3, 2006	July 6, 2006
John Verrinder (EC)		July 3, 2006	July 6, 2006
Gilbert Gelard (IASB)		July 3, 2006	July 6, 2006

PROPOSED TIMETABLE: IPSASB MEETING – PARIS – JULY 3 - 6, 2006

July 3, 2006, Cour des Comptes, 13 rue Cambon, 75100 Paris Cedex
Tel: +33 (1) 42 98 95 07, +33 (1) 42 98 99 65, Fax: +33 (1) 42 60 01 59

July 4 – 6, 2006, Ministère de l'Économie, des Finances et de l'Industrie
139, rue de Bercy, 75572 Paris Cedex 12

Tel: +33(1) 53 18 70 54. Fax: +33 (1) 53 44 67 49

(Please note this proposed timetable is subject to change during the course of the meeting)

Monday, July 3 2006 – IPSASB Meeting

8.30am – 9.00am	Coffee served	Galerie Bibliothèque (adjacent to meeting)
9.00am – 9.15am	Welcome to IPSASB (¼ hr)	Welcome from Philippe Séguin, Premier Président de la Cour des Comptes
9.15am – 9.30am	Items 1–3 (¼ hr)	Welcome, Minutes, Procedural Matters
9.30am – 10.15am	Items 4, 5, 18 and 19 (¾ hr)	Chairman's Report, IFAC Liaison Report and Consultative Group Update
10.15am – 10.45am	Item 6 (½hr)	IPSASB Update <i>Note Report on the standards work plan will occur on Thursday morning as part of strategy review.</i>
10.45am – 11.00am	Morning coffee/tea (¼ hr)	Galerie Bibliothèque (adjacent to meeting)
11.00am – 12.30pm	Item 1.4 (1½ hrs)	Consultative Group Discussion
12.30 – 2.00pm	Lunch (1½ hr)	Salle de conférences
2.00 am– 3.45am	Item 10 (1¾ hrs)	Accounting for Employee Benefits
3.45pm – 4.00pm	Afternoon coffee/tea (¼ hr)	
4.00pm – 6.00pm	Item 8 (2 hrs)	Social Policy Obligations – Non Pensions

Tuesday, July 4, 2006 – IPSASB Meeting

8.45am – 9.15am	Welcome to IPSASB	Welcome from Frank Mordacq , Directeur Général de la Modernisation de l'Etat and Nathalie Morin , Chef de Service, Direction Générale de la Comptabilité Publique du Ministère des Finances
9.15am – 10.30am	Item 11 (1¼ hrs)	ED24 Disclosure Requirements for Recipients of External Assistance
10.30am – 10.45am	Morning coffee/tea (¼ hr)	
10.45am – 11.15am	Item 9 - Presentation (½ hr)	USA Federal Government approach to reporting for social security pensions
11.15am – 12.45pm	Item 9 (1½ hrs)	Social Policy Obligations – Pensions
12.45pm – 1.30pm	Lunch (¾ hr)	
1.30pm – 2.30pm	Item 9 (1 hr)	Social Policy Obligations – Pension (continued)
2.30pm – 3.30pm	Item 15 (1 hr)	Improvements Project – Preface and draft IPSAS 1,3,4 to ED 26 “Improvements....”
3.30pm – 3.45pm	Afternoon coffee/tea (¼ hr)	
3.45pm – 4.45pm	Item 15 (1 hr)	Improvements Project (<i>continued</i>)
4.45pm – 6.00pm	Item 17 (1¼ hr)	Impairment of Cash-generating Assets and ED 29 “Revenue from Non-Exchange Transactions” – Updates on progress

Wednesday, July 5 2006 – IPSASB Meeting

8.30am – 10.30am	Item 14 (2 hrs)	Draft IPSAS “Presentation of Budget Information...”
10.30am – 10.45am	Morning coffee/tea (¼ hr)	
10.45am – 12.30pm	Item 16 (1¾ hrs)	Draft IPSAS “Disclosure of Financial Information about the GGS”
12.30pm – 1.30pm	Lunch (1 hr)	
1.30pm – 3.30pm	Item 12 (2 hrs)	National Standards Setters - Conceptual Framework
3.30pm – 3.45pm	Afternoon coffee/tea (¼ hr)	
3.45pm – 5.45pm	Item 13 (2 hrs)	National Standards Setters - Service Concessions
6.45 p.m. – 8.00 p.m	<i>Cocktail & Tour</i>	<i>Musée de la Monnaie</i>
8.00pm	<i>Official Dinner</i>	<i>At La Monnaie</i>

Thursday July 6, 2006 – IPSASB Meeting

9.00am – 12.00pm	Item 6 (3 hrs)	IPSASB Work Program and Strategy Review
12.00pm – 12.30pm	Items 7, 20, 21 (½ hr)	Country reports, future meetings, other matters.
12.30pm – 1.30pm	Lunch	
1.30pm	Meeting Close	



**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: 21 MAY 2006
MEMO TO: MEMBERS OF THE IPSASB
FROM: STAFF
SUBJECT: MINUTES FROM THE IPSASB MEETING IN TOKYO YORK IN
MARCH 2006

ACTION REQUIRED

The IPSASB is asked to:

- **review** and **approve** the minutes and attachment of the IPSASB meeting in March 2006.

AGENDA MATERIAL:

	Pages
2.2 Draft Minutes of the IPSASB meeting in March 2006	2.2 – 2.18
2.3 Draft Attachment to the Minutes of the IPSASB Meeting in March 2006	2.19 – 2.23

BACKGROUND

The first draft of these minutes was circulated to members and observers for comment on 11 April 2006. The attached draft (clean copy) has been revised as proposed by members and observers as a consequence of their review of the first draft of the minutes. (A marked-up draft is available on request.)

INTERNATIONAL FEDERATION OF ACCOUNTANTS
INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS BOARD
MINUTES OF THE TOKYO MEETING
Held on March 21 – 24, 2006

ATTENDANCE

COUNTRY	PARTICIPANTS	ATTENDEES	APOLOGY/NIA*
France	Philippe Adhémar (M)	X	
	Jean-Luc Dumont (TA)	X	
Argentina	Carmen Palladino (M)		X
	Pablo Maroni (TA)		X
Australia	Wayne Cameron (M)	X	
	Robert Keys (TA)	X	
Canada	Rick Neville (M)	X	
	Ron Salole (TA)	X	
	Dan Duguay (TA)	X	
India	Pankaj Jain (M)	X	
	Avinash Chander		X
Israel	Ron Alroy (M)	X	
	Haya Prescher (TA)	X	
Japan	Tadashi Sekikawa (M)	X	
	Ryoko Shimizu (TA)	X	
Malaysia	Mohd Salleh bin Mahmud (M)	X	
	Er Beng Kiong (TA)	X	
	Nafsiah Mohammed (TA)		X
	Alejandro Luna Rodríguez (M)	X	
Netherlands	Frans Van Schaik (M)	X	
	Thomas Van Tiel (TA)	X	
New Zealand	Greg Schollum (M)	X	
	Simon Lee (TA)		X
Norway	Tom Olsen (M)		X
	Harald Brandsås (TA)	X	
South Africa	Erna Swart (M)	X	
	Freeman Nomvalo (TA)		X
United Kingdom	Mike Hathorn (M)	X	
	Liz Cannon (TA)	X	
United States	Ron Points (M)	X	
	David Bean (TA)	X	
Public Member	Andreas Bergmann	X	
Public Member	John Peace	X	
Public Member	Stefano Pozzoli	X	
ADB	Ping Yung Chiu (O)	X	
EU	To Be Appointed (O)		X
IASB	Tatsumi Yamada (O)	X (Tuesday)	X (Wednesday – Friday)
INTOSAI	Robert Dacey (O)	X	
IMF	Keith Dublin (O)		X

COUNTRY	PARTICIPANTS	ATTENDEES	APOLOGY/NIA*
OECD	Jon Blondal (O)	X	
UN	Jay Karia (O)	X	
UNDP	Gwenda Jensen (O)	X	
World Bank	Simon Bradbury (O)	X	
IFAC	Paul Sutcliffe (S)	X	
	John Stanford (S)	X	
	Matthew Bohun (S)	X	

* NIA- Not in Attendance

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

1. WELCOME AND APOLOGIES

The Chair welcomed members to Tokyo for the IPSASB meeting, including the following to their first IPSASB meeting:

- Frans Van Schaik, Member from The Netherlands;
- Andreas Bergmann, Public Member;
- John Peace, Public Member;
- Stefano Pozzoli, Public Member;
- Thomas Van Tiel, Technical Advisor from The Netherlands; and
- Tatsumi Yamada, IASB Member from Japan, the nominated IASB Observer at this meeting.

The Chair noted that this was the first meeting for Tadashi Sekikawa as Member and Ryoko Shimizu as Technical Advisor from Japan.

The Chair noted apologies from:

- Carmen Palladino, Member from Argentina;
- Tom Olsen, Member from Norway;
- Simon Lee, Technical Advisor from New Zealand;
- Freeman Nomvalo, Technical Advisor from South Africa; and
- Keith Dublin, Observer from the International Monetary Fund.

2. CONFIRMATION OF MINUTES

The meeting received the minutes from the meeting held in Cape Town on November 29 – December 1, 2005. Members agreed to include an additional dot point under item 6:

“Following discussions from the last meeting, IFAC staff confirmed that because the IFAC Board had delegated authority to IPSASB to issue papers, such papers would be issued in the name of the IPSASB and would not carry a disclaimer from the IFAC Board.”

The minutes were confirmed subject to this and other minor editorial amendments.

<i>Action Required:</i>	<i>Amend minutes. Post to IFAC Leadership Intranet.</i>
<i>Person(s) responsible:</i>	<i>Staff.</i>

3. MATTERS ARISING AND ACTION LIST

There were no matters arising from the minutes, apart from matters to be raised under other agenda items.

<i>Action Required:</i>	<i>Prepare Minutes and Action List from March 2006 meeting. Provide to Chair for clearance to circulate to members for review – members to advise staff of any proposed amendments.</i>
<i>Person(s) responsible:</i>	<i>Chair, Members, Staff.</i>

4. CHAIRMAN'S REPORT

In addition to his written report, the Chair noted a financial report from the Technical Director outlining standards program costs for 2005 and projected 2006 costs and external funding currently committed. It was noted that while external funding committed to date was insufficient to meet projected cost of operations in 2006, it was anticipated the European Union would provide funds to support the development of an IPSAS based on IAS 19, "Employee Benefits" and additional funding from the Asian Development Bank, the United Nations and the Government of Canada was being pursued. In addition, the World Bank is continuing to work on the implementation of a trust fund to support IFAC activities including the IPSASB. It was also noted that informal advice had indicated that support from the Bertelsmann Foundation in Germany was unlikely to be achieved in the near future.

The Chair updated all participants on the outcome of the Observer review undertaken following the Cape Town meeting, thanked Observers and their sponsoring organizations for their ongoing support and noted that each organization had been advised of the outcome of the review. He also noted that he had received a reply to his letters regarding merging the UN and UNDP Observer position with a request that, given the pending adoption of IPSASs by the United Nations System, it would be beneficial if the UN and UNDP Observer positions could be retained at this stage. Members agreed that the UN and UNDP Observers should retain observer status at this time.

The Chair also advised that the Technical Director, Paul Sutcliffe, had tendered his resignation, to take effect within a three to six month period, whenever a new Technical Director was in place. The Chair thanked Paul for his contribution to the IPSASB and its achievements during the past six years and for extending his resignation date to provide sufficient time to ensure that there was an orderly handover to the new Director.

The IPSASB discussed the issue of recruiting and locating staff and agreed that a quick decision on locating staff IPSASB staff in Toronto, Canada and recruiting staff was desirable. Members also noted that, if possible, IFAC should attempt to retain some involvement of the current Technical Director in the IPSASB program.

<i>Action required:</i>	<i>Prepare Chair's Report for July meeting. Write to IFAC Chief Executive.</i>
<i>Person(s) responsible:</i>	<i>Chair, Technical Director.</i>

5. IFAC LIAISON REPORT AND MEMBER DISTRIBUTION LIST

The IPSASB noted a report including staff changes, a meeting with XBRL International and liaison with other Boards and Committees of IFAC. IFAC Technical Manager Matthew Bohun advised that there had been no further progress on IPSASB coming under the supervision of the Public Interest Oversight Board and that he had recently met with the technical staff of the Developing Nations Committee to update them on the progress with the project on the External Assistance project, and had received no averse feedback to the agenda materials and staff proposals included for consideration in the current meeting.

<i>Action Required:</i>	<i>Update IPSASB distribution list with any changes. Prepare Report for July 2006 meeting. Finalize</i>
--------------------------------	--

	<i>arrangements for July 2006 meeting and advise members.</i>
<i>Person(s) Responsible:</i>	<i>Staff.</i>

6. REPORT ON THE IPSASB WORK PROGRAM, COMMUNICATION, TRANSLATION AND FUNDING

The IPSASB received and noted:

- Memoranda from the Technical Director regarding funding and promotion activities, the status of IPSAS translations, and the standards development work program for 2006 and for 2006 – 2008, a summary of the active projects of national public sector standards setters and similar authoritative bodies in IPSASB member countries, and an update on staff establishment as reflected in the IPSASB funding proposal and whether this establishment was achievable.
- A report on IPSASB Standards Program costs and funding for 2005 and projections for 2006, and a note comparing the costs of accommodating the IPSASB staff in Canada and in New York. Members noted:
 - The World Bank had made a funding commitment for 2006 and that the establishment of a Trust Fund to support all IFAC activities was still in process;
 - That if the IPSASB staff relocated to Canada: the Canadian Government would provide free of charge for five years office space and secretarial support, and would make a direct financial contribution in support of IPSASB activities; and the Canadian Institute of Chartered Accountants (CICA) would provide a technical staff member to the IPSASB if the IPSASB staff were located in Toronto. Members agreed that the Chair should write to the IFAC Chief Executive noting they supported locating IPSASB staff in Toronto, Canada to take advantage of this offer;
 - It was anticipated that the European Commission would provide funding to support the IPSASB’s project on the applicability of IAS 19 “Employee Benefits” to the public sector; and
 - The activities of the funding committee, including that the follow-up on the potential for an additional staff member funded by the Bertelsmann Foundation had not yet provided any positive results;
- The 2006 and 2006 to 2008 work programs and agreed the programs, subject to updating to reflect decisions made in the course of this meeting. Members also noted that the work program focused on completion of existing initiatives with staff currently available and agreed that at the next meeting the IPSASB should commence the process of reviewing and considering its longer term strategy, and work program and staff resource implications thereof. Members noted that the response period for ED 29 “Revenue from Non- Exchange Transactions (including taxes and transfers)” closes on June 30, 2006 but that, if sufficient responses had been received prior to that date to make the exercise worthwhile, the IPSASB could commence its review of responses at the July meeting;
- That requests for training support, technical input and interpretation advice in addition to materials covered in Study 14 previously developed and updated by the IPSASB (and PSC), had been received from the Israeli government and the Nepalese standard setter, both of whom were in the process of progressively

adopting IPSASs. Members and staff noted that similar requests had been received previously from other bodies, organizations and countries and the IPSASB did not have the resources to service all these requests, but that other IFAC committees such as the Education Committee, the Developing Nations Committee or the Professional Accountants in Business Committee may be able to assist in providing and/or promoting the development of educational materials and providing linkages to relevant implementation resources. It was also noted that the maintenance of a resource facility on IPSASB or other IFAC Committee websites which provided a link to relevant implementation guidance/experience and related resources was likely to be useful to constituents. Members agreed that the Chair should write to the IFAC Chief Executive with copies to the Chairs of IFAC Committees to explore this potential;

- That due to resource/time constraints, Members and staff had not made individual submissions on the IVSC pre-release draft of an Exposure Draft on valuation of public sector assets. Staff noted they would monitor release of the IVSC Exposure Draft at which time IPSASB members may wish to consider whether a submission should be made; and
- That a good response had been received to the advertisement for an IPSASB Technical Manager and progress in developing a short list of candidates was well in hand.

Subsequently, the Canadian member provided an update on the offer of support from the Canadian Government if the IPSASB relocated to Canada and from CICA if that location was Toronto. Members agreed that the offer should be supported and the Chair should write to the IFAC Chief Executive to that effect.

Action Required:	<i>Update work plan based on decisions made at this meeting. Develop materials to assist in IPSASB strategy review. Chair to write to IFAC Chief Executive noting support for locating IPSASB staff in Toronto and seeking support of other IFAC Committees to provide, or promote the development of, educational implementation resources.</i>
Person Responsible:	<i>Chair, Subcommittee Members and Staff.</i>

7. COUNTRY BRIEFING REPORTS

The country reports were taken as read. Additional reports from France, the Netherlands, New Zealand, Norway, South Africa, and the United States of America were tabled by staff.

Action Required:	<i>Prepare country reports for the IPSASB meeting in Paris in July, 2006. Circulate reports with agenda materials.</i>
Person(s) Responsible:	<i>Members, Technical Advisors, Staff.</i>

8. SOCIAL POLICY OBLIGATIONS

The IPSASB received and noted:

- A memorandum from Staff; and
- A revised draft of an Exposure Draft (ED) of an IPSAS, “Accounting for the Social Policies of Government (excluding Pension Arrangements)”.

Members noted that the material reflected the directions provided at the Cape Town meeting. Members reviewed the draft ED and identified a number of detailed revisions and editorials (see Attachment to Minutes).

Members agreed that for the next meeting staff should develop a revised draft ED that:

- Reflects that a present obligation for cash transfers arises when all eligibility criteria have been satisfied;
- Reflects that the amount of the liability that arises from such a present obligation is the amount that the entity has no realistic alternative but to settle. In many cases this will be the amount of the next payment, but the amount will depend upon the specific terms of individual programs;
- Does not require the disclosure of liabilities arising from social benefits as a separate line item in the Statement of Financial Position;
- Explains the corresponding debit entry when a liability relating to a social policy obligation is recognized;
- Does not require disclosures of the present value of future cash transfers related to major cash transfer programs as had been proposed in the draft ED. The IPSASB agreed to consider at a future meeting as appropriate, whether sustainability reporting in the public sector should be added to the future work program as a separate issue and in a broader context;
- Makes clear that exchange transactions are outside the scope of the ED - therefore many of the references to the creation of present obligations in respect of exchange transactions throughout the ED are unnecessary; and
- Includes within its scope age-related cash transfers and age-related goods and services, but not social security pensions (basic/welfare and general/contributory pensions).

The IPSASB also agreed at a later date to reconsider the title of the ED, so that it adequately reflects the content.

<i>Action Required</i>	<i>Revise ED to reflect modified direction.</i>
<i>Person(s) Responsible</i>	<i>Staff</i>

9. SOCIAL SECURITY PENSIONS

The IPSASB received and noted:

- Memoranda from Staff; and
- Revised draft extracts of a draft ED on Social Security Pensions.

Members reviewed the draft ED and agreed that at the next meeting they would discuss further when a liability arises for social security pensions, and whether disclosures should be made of the present value of future payments to those currently eligible for a pension. Members also agreed to consider extracts of a draft ED which reflects the approach agreed at Agenda Item 8 for identification and recognition of present obligations and liabilities in relation to cash transfers.

Members also agreed that Staff should:

- Develop a key issues paper exploring whether present obligations for social security pensions might arise at different points depending on the nature of the social security system; and
- Modify the scope of the ED extracts deal only with social security pensions (basic/welfare and general/contributory) and not with age-related cash transfers and age-related goods and services. Age-related cash transfers and age-related goods and services are to be brought within the scope of the ED of an IPSAS, “Accounting for the Social Policies of Government (excluding Pension Arrangements)” at Agenda Item 8.

Staff highlighted developments in proposals for the modification of the System of National Accounts (SNA). Staff noted that the Advisory Expert Group (AEG) had met in late January/early February 2006 and considered the proposals of the Task Force on Employer’s Retirement Schemes. A formal report of the proceedings of the AEG had not been issued as at the date of this IPSASB meeting. However, based on informal soundings and a session at the recent OECD Public Sector Accruals Symposium it appears that the AEG:

- Strongly supports the task force recommendation that all pension liabilities related to employer schemes, including defined benefit pension schemes organized by government for its own employees should be recognized in core SNA accounts; and
- Has no intention of recommending the recording of a liability in the core SNA accounts for social security schemes.

Members agreed that Staff should monitor developments in the SNA and report further to the Paris meeting.

The INTOSAI Observer agreed to make a presentation at the next meeting on accounting for social security pensions and the manner in which future commitments/transfers for social policy pensions are disclosed in the USA at the Federal Government level.

<i>Action Required</i>	<i>Revise ED extracts as directed, Develop key issues paper, Monitor SNA developments.</i>
<i>Person(s) Responsible</i>	<i>Staff</i>

10. EMPLOYEE BENEFITS

The IPSASB received and noted:

- A memorandum from Staff; and
- A preliminary draft of an Exposure Draft (ED) of an IPSAS XX, “Employee Benefits”.

Members provided guidance on the issues identified by Staff. Members agreed that a revised ED should be prepared for consideration at the next meeting with a view to its approval for issue, subject to editorial and other amendments agreed at the meeting

and additional input on the discount rate for determining the present value of pension obligations related to defined benefit plans. The ED would:

- Permit full recognition of actuarial gains and losses in the Statement of Net Assets/Equity and other options as in IAS 19;
- Reflect the fact that, in the public sector, payments related to aspects of non-financial performance are likely to be common. However, it was also agreed that the term “bonus payments” is sufficiently broad to include performance related payments and that this limits the need to modify the wording in IAS 19; and
- Retain the general approach to state plans and the composite social security schemes in the draft ED was appropriate, subject to specified modifications (see Attachment).

Most members supported the use of a discount rate based on the yield on government bonds in determining the present value of defined benefit pension obligations. However, some members were of the view that there is no public sector reason to depart from the requirement in IAS 19 that the discount rate be related to the yield on high quality corporate bonds. It was also suggested that the ED should specify whether the government bond rate is a national rate or reflects the bond market for a particular governmental tier and that the ED should specify the approach for jurisdictions where there is no active market in government bonds. There was a general view that input from those with expertise and experience in this area would be beneficial in identifying the discount rate which applies the principles in IAS 19 to the public sector. As an initial step the OECD Observer agreed to consult the OECD’s Pension Committee for an informal view on this issue.

It was also agreed that the Chair would inform the European Commission that the Employee Benefits project is underway and highlight the project’s objectives and the areas within its scope. Members, TAs and observers were also asked to highlight any particular issues that might be relevant in their jurisdictions and/or organizations.

<i>Action Required</i>	<i>Revise ED, Seek views of OECD Pensions Committee on appropriate discount rate, Inform European Commission of commencement of project.</i>
<i>Person(s) Responsible</i>	<i>Chair, Staff, OECD Observer</i>

11. ED 24 DISCLOSURE REQUIREMENTS FOR RECIPIENTS OF EXTERNAL ASSISTANCE

The IPSASB received and noted a:

- Memorandum from the Technical Director, a history sheet on the project, and summary of additional responses to ED 24;
- A marked-up proposed draft IPSAS based on ED 24 reflecting required and encouraged disclosures based on the same structure as in the Cash Basis IPSAS; and
- OECD-DAC JV Draft Work Programme for 2006.

The IPSASB members noted a verbal report from Chair on his presentation to the OECD-DAC JV meeting in February 2006 and reviewed responses received on ED 24 and the revisions proposed to ED 24. The IPSASB agreed that:

- A new exposure draft proposing amendments to the required and encouraged sections of the Cash Basis IPSAS as proposed by staff with additional refinements as agreed at this meeting (see attachments to the minutes) should be developed for consideration and at the next meeting in July 2006 as an option to an ED of a proposed stand alone IPSAS;
- It was anticipated the ED would be approved for issue at the next meeting; and
- The period of exposure should be 6 months during which time the IPSASB should seek to field test the new ED and maintain its extensive liaison/communication program on the revised ED.

<i>Action Required:</i>	<i>Prepare new ED for consideration of IPSASB at its next meeting. Seek participation in field testing of new ED.</i>
<i>Person(s) Responsible:</i>	<i>Members and Staff.</i>

12. SERVICE CONCESSION ARRANGEMENTS AND IASB UPDATE

Re Service Concession Arrangements (Public Private Partnerships - PPPs), the IPSASB received and noted:

- A memorandum from the Chair of the Subcommittee monitoring the IASB-IFRIC project on development of IFRICs dealing with service concessions (public-private sector arrangements) and staff report on current status and recent developments;
- Written and verbal responses from national standards setters and similar bodies in Australia, Canada, France, New Zealand, United Kingdom and USA – GASB (if the project is initiated in 2007) noting their interest in exploring a collaborative approach to developing guidance/standards on accounting by public sector entities that are party to such arrangements. The IPSASB agreed to follow up with other bodies that had not yet replied to ensure that the Chair's letter had been received; and
- Advice that the OECD would host a major conference on service concessions which overlapped with the next IPSASB meeting on July 4-7, and would invite national and international standards setters to participate on July 7. The IPSASB agreed to attempt to rearrange its meeting to enable it to participate in that conference.

The IPSASB agreed to:

- Continue to monitor the progress of the IFRIC;
- Invite the national standards setters and similar bodies to meet with the IPSASB in conjunction with the next IPSASB meeting in July 2006 to discuss the manner in which a collaborative project might be progressed. Members also agreed to provide to the Chair and/or staff the names of other organizations that might be invited to participate.

Re IASB Update, the IPSASB noted and took as read the IASB Update prepared by staff.

Action Required:	<i>Monitor progress of IASB and IFRIC on service concessions, and propose strategy to IPSASB at next meeting as appropriate. Invite national standards setters and similar bodies to meet with the IPSASB in July 2006. Identify additional organizations to be invited to that meeting. Rearrange IPSASB meeting dates.</i>
Person(s) Responsible:	<i>Chair, Subcommittee, Members, Staff.</i>

13. PUBLIC SECTOR CONCEPTUAL FRAMEWORK

The IPSASB received and noted:

- A memorandum from the Chair of the IPSASB Subcommittee monitoring the work of the national standards setters (NSS) who are considering the implications of the IASB-FASB conceptual framework project for the public sector (and not-for-profit entities), and extracts from, and summary of, the NSS monitoring reports;
- Staff papers outlining strategic issues to be dealt with in actioning and pursuing a Conceptual Framework project for the public sector, proposed timelines and mechanisms for developing a detailed project brief and initiating a collaborative project with national standards setters and similar bodies; and background materials outlining frameworks in place in members' jurisdictions and concepts currently embedded in the existing standards; and
- A letter from the convener of the NSS group noting their interest in exploring a collaborative approach to the development of a public sector Conceptual Framework. The IPSASB agreed to respond positively to this correspondence and to invite the national standards setters and other relevant bodies as identified by IPSASB Members and Observers to discuss a collaborative approach with the IPSASB in conjunction with the next IPSASB meeting in July 2006. The IPSASB also agreed the Chair should write to the Chairs of the IASB and the TFHPSA to advise them of this initiative.

The IPSASB agreed (by a formal vote of 17 in favor with 1 member absent) that, subject to resource availability and no unfavorable impact on the IPSASB's IAS/IFRS convergence program, it would develop a Conceptual Framework for financial reporting by public sector entities, if possible in collaboration with national standards setters and other similar bodies. The IPSASB also agreed that the follow-up activities and timing proposed in the staff papers be progressively implemented and:

- The Subcommittee would continue to monitor the work of the NSS and report back at the next IPSASB meeting;
- The mandate of the Subcommittee would be extended and it would also work with staff to develop a detailed project brief which would initially be distributed to the IPSASB for comment and, subject to the approval of IPSASB members, made available to national standards setters and similar bodies for discussion with the IPSASB at the July 2006 meeting;
- The Chair would write to national standards setters and other similar bodies to explore the potential for a collaborative approach and to invite them to meet with the IPSASB in conjunction with the next IPSASB meeting in July 2006 to discuss

the manner in which a collaborative project might be progressed, including the scope, content and operating criteria for the project. Members also agreed to provide to the Chair and/or staff the names of other organizations that might be invited to participate.

<i>Action Required:</i>	<i>Monitor NSS work on implications for the public sector of the IASB-FASB conceptual framework project. Prepare detailed project brief and provide to IPSASB members for review. Invite national standards setters and similar bodies to meet with the IPSASB in July 2006 to discuss scope, content and operating criteria for the project. Members to advise Chair of national standards setters and similar bodies in their jurisdictions to be invited to this meeting.</i>
<i>Person(s) Responsible:</i>	<i>Chair, Subcommittee, Members, Staff.</i>

14. IMPAIRMENT OF CASH-GENERATING ASSETS

The IPSASB received and noted:

- A memorandum from Staff;
- A revised version of ED XX “Impairment of Cash-Generating Assets” developed by the subcommittee; and
- A revised version of an illustrative ED XX “ Impairment of Non-Cash-Generating Assets and Cash-Generating Assets”.

Members reviewed decisions made at the November/December 2005 meeting and the draft ED and agreed that an ED of a proposed IPSAS dealing with the impairment of cash-generating assets should be progressed and exposed for comment (rather than an ED proposing that a combined IPSAS dealing with both cash-generating and non-cash generating assets be developed). They further agreed that there should be a clarification of requirements related to corporate assets and of guidance on the demarcation between cash-generating and non-cash-generating assets.

Mr Ron Alroy, the Israeli member, agreed to become a subcommittee member. Members agreed that the ED would be issued subject to amendment as directed and agreement by members and the Chair out of session. In the event of any remaining concerns by members or unresolved issues the ED will be reconsidered at the next meeting.

<i>Action Required</i>	<i>Revise ED to reflect modified direction, circulate to Members for approval</i>
<i>Person(s) Responsible</i>	<i>Impairment Subcommittee, Chair, Members and Staff</i>

15. GENERAL IMPROVEMENTS PROJECT

The IPSASB received and noted:

- A memorandum from staff outlining an overview of responses to the specific matters for comment;

- A copy of all responses to ED 25, “Equal Authority of Paragraphs in IPSASs” and ED 26, “Improvements to International Public Sector Accounting Standards; and
- An analysis of responses to ED 25 and ED 26.

The IPSASB undertook a preliminary review of responses to ED 25, “Equal Authority of Paragraphs in IPSASs” and ED 26, “Improvements to International Public Sector Accounting Standards”. In relation to ED 25 the IPSASB noted that whilst the majority of respondents supported the proposed change, several respondents raised a concern that application of the proposed change to existing IPSASs might have unintended consequences. The IPSASB agreed that the “equal authority” principle will apply to new and reissued IPSASs and progressively to existing IPSASs after they have been subjected to a thorough review to ensure there were no unintended consequences of application of the new policy. The Preface is to be amended to make this clear.

The IPSASB noted that that the majority of respondents favored the improvements proposed to IPSASs 1, 3, 4, 6, 7, 8, 12, 13, 14, 16 and 17. The IPSASB agreed that it would develop for review at its meetings in July and November 2006, draft IPSASs which reflected decisions made at this meeting and are updated to respond to specific editorial and substantive issues identified in the responses.

Members discussed the responses to the specific matters for comment in each proposed IPSAS and agreed that:

- In IPSAS 1, “Presentation of Financial Statement”, to retain the proposed treatment of extraordinary items (to not define extraordinary items and neither require nor prohibit their disclosure) and retain the explanation in the ED 26 Basis for Conclusions of the reasons for departing from IAS 1. In addition, the treatment of revenue and income should be consistent throughout the improved IPSASs including illustrative examples (and subsequently other IPSASs as revised or developed; and
- In IPSAS 6 – 8, the withdrawal of the equity method for accounting for investments in associates and joint ventures in the separate financial statements of the controlling entities would be further considered at the next meeting, including whether such items could be measured using the principles established for measuring property, plant and equipment acquired in a non-exchange transaction as in IPSAS 17, and whether the rationale of the IASB for withdrawal of the equity method is equally applicable in the public sector or whether there is a public sector specific reason for a departure from the IAS such as where the cost is not known.

<i>Action Required</i>	<i>Prepare draft IPSASs for consideration at the July and November meetings. Follow up with IASB on reasons for withdrawal of equity method for separate financial statements.</i>
<i>Person(s) Responsible</i>	<i>Staff.</i>

16 ED 27 BUDGET REPORTING

The IPSASB received and noted:

- A memorandum from the Technical Director identifying issues raised by respondents to the ED;
- An Analysis of Responses to ED 27, “Presentation of Budget Information in Financial Statements” and staff views on major issues and proposed response thereto; and
- Copies of all responses to ED 27.

Members discussed the responses to the specific matters for comment included in the ED and additional specific matters raised by respondents. It was noted that and noted that a clear majority of respondents favored the proposed requirements included in ED 27, but some respondents had concerns about certain aspects of those proposed requirements including:

- whether explanations of budget variance, reasons for the changes from original and final budget, and budget and actual information prepared on different bases should be included in general purpose financial statements (GPFSs); and
- The relationship of the GPFSs to budget out-turn and similar reports which provide information about budget execution.

The IPSASB agreed that a first draft IPSAS based on ED 27 should be prepared for consideration at the next meeting and:

- Confirmed that the major features of ED 27 should be reflected in the first draft IPSAS. However, members noted they would revisit the issue of whether explanation of the difference between actual and budget should be included in the GPFS (compliance) or in a performance/evaluation report issued with or before the GPFS;
- That staff should consider whether the structure of the draft IPSAS should be revised to identify performance and compliance aspects of reporting budget and actuals as a basis for considering further whether explanations should be included in GPFS or in management discussion and analysis and similar reports accompanying, but additional to, the GPFSs and how budget information prepared on a different basis to the accounting basis should be presented and justified;
- Identified specific editorial and terminology amendments to ED 27 to be included in the draft IPSAS (see attachments to minutes) and aspects of ED that could usefully be further clarified and emphasized in the draft IPSAS;
- Noted the issue of whether the requirements should be included in a separate IPSAS or as revisions to IPSAS 1 and the Cash Basis IPSAS would be revisited as the project was progressed.

Members noted that:

- Issues related to whether ex-ante and/or ex-post budget reporting is within the scope of GPFSs and, if yes, which aspects could usefully be considered when developing the public sector conceptual framework; and
- There were few responses from budgeteers. The OECD Observer undertook to ensure that access to relevant IPSASB documents on this and other issues, as appropriate, including IPSASB agenda materials made publicly available before each IPSASB meeting are made widely available through OECD websites.

Action Required:	<i>Prepare first draft IPSAS for consideration at next meeting. Identify as issue for consideration in IPSASB conceptual framework project, whether ex-post and or ex-ante budget reporting should be included within the scope of financial reporting. Ensure IPSASB public material made accessible through the OECD websites.</i>
Person(s) Responsible:	<i>OECD Observer, Staff.</i>

17. ED 28 – GENERAL GOVERNMENT SECTOR

The IPSASB received and noted:

- A memorandum from Staff; and
- An analysis of responses to ED 28, “Disclosure of Financial Information about the General Government Sector”.

The IPSASB undertook a preliminary review of responses to ED 28 and noted that the majority of respondents were supportive of the IPSASB issuing an IPSAS on this topic, but that a significant minority opposed the issuance of an IPSAS on grounds that included:

- The inclusion in GPFs of information prepared on a different basis to the primary statements would confuse readers; and
- Disclosing information about the general government sector was more in the nature of a special purpose report than a general purpose report.

The IPSASB agreed that a draft IPSAS based on ED 28 should be developed for its initial review at its meeting in July, that the definition of GGS in ED 28 should be retained as is, that the text should emphasize that only controlled entities will be included in the GGS and that the draft should also include as appropriate amendments reflecting additional editorial and substantive issues identified by respondents. The IPSASB also agreed it will undertake a more extensive review of responses received at its next meeting in July 2006, including a review of any additional responses received.

The Technical Director reported that the Task Force on Harmonization of Public Sector Accounting (TFHPSA) which had acted as the Project Advisory Panel on this project had submitted a response to the IPSASB during the comment period and, in addition, had met in early March to discuss the ED. He noted that he had attended that meeting and advised that:

- The TFHPSA was strongly supportive of issuance of an IPSAS based on ED 28 and had proposed some additional refinements and clarifications including refinements to the illustrative example, which could usefully be considered at the next meeting; and
- The TFHPSA had largely concluded its business and was likely to now disband, but that the statistical community had welcomed its co-operation with, and the input provided by, the IPSASB as it advanced its work program and wished to maintain an ongoing relationship.

The IPSASB agreed this could be further considered at a future meeting as appropriate.

<i>Action Required:</i>	<i>Prepare draft IPSAS XX, “Disclosure of Financial Information about the General Government Sector” for IPSASB meeting in July.</i>
<i>Person(s) responsible:</i>	<i>Staff.</i>

19. IPSASB CONSULTATIVE GROUP

The IPSASB received and noted:

- A copy of the current membership list of the Consultative Group; and
- A copy of the current operating procedures of the Consultative Group.

The IPSASB approved the appointment of Mr. Frank McGuiness, Northern Territory Auditor-General, Australia, to replace Mr. Mike Blake, as the Consultative Group member nominated by the Australasian Council of Auditors-General.

On the first day of its meeting, IPSASB members met with Consultative Group members from Japan, and officers from the Japanese Ministry of Finance, the Japanese Supreme Audit Institution and the University of Tokyo. The discussion focused on accounting for social policies of governments, accounting for employee benefits, disclosure of budget information in financial statements and financial statements and the IPSASB work program. The discussion provided valuable input for the IPSASB’s deliberations. The Chair thanked all participants, noting that it had been a most useful discussion.

<i>Action Required:</i>	<i>Note views of Consultative Group members in development and discussion of IPSASB materials.</i>
<i>Person(s) Responsible:</i>	<i>Members, Staff.</i>

20 FUTURE MEETINGS

The IPSASB received and noted a memorandum from staff with details of the planned future meetings of the IPSASB. The IPSASB discussed future meeting dates and locations. Members expressed concern at the potentially high cost of meeting in New York in November, and agreed that staff should seek permission to either hold its November meeting in Norwalk rather than in New York City itself or to switch the timing of the Accra and New York meetings. Members also agreed that, if possible, the dates of the next meeting in Paris should change to July 3-6. Members are to advise staff if this presents a problem to them and staff are to confirm that meeting venues and accommodation are available. Meeting dates for 2006 and 2007 are as follows:

Dates	Locations
July 3 – 6, 2006	Paris, France
November 7 – 10, 2006	Norwalk, USA
March 2007	Accra, Ghana (Tentative)
July 3 – 6, 2007	Montreal, Canada
November 2007	New York

Members noted that invitations had also been received to meet in Wellington, New Zealand; Mexico City, Mexico; Kuala Lumpur, Malaysia; and Israel. Members were also advised that a formal invitation to meet in Italy should be expected imminently.

<i>Action Required:</i>	<i>Liaise with member bodies for 2006/07 meetings. Finalize arrangements for rescheduling Paris meeting and make arrangements for meeting in Norwalk or Accra in November 2006.</i>
<i>Person(s) Responsible:</i>	<i>Chair, Staff.</i>

ATTACHMENT TO MINUTES- DETAILS OF IPSASB DISCUSSION AND PROPOSED REVISIONS TO IPSASB DOCUMENTS

8. SOCIAL POLICY OBLIGATIONS

The IPSASB agreed that Staff should make the following changes and/or consider the following matters:

- Add a question on whether constituents would find disclosures of costs of future cash transfers useful;
- Add a question on whether the scope of the ED should include all liabilities and contingent liabilities arising from non-exchange transactions rather than just those arising from social benefits;
- Review whether certain commentary paragraphs in the text might be relocated to the Basis for Conclusions- for example the consideration of the key characteristics of individual goods and services and cash transfers in paragraph 16;
- At paragraph 6, include the term “public sector” before entities in order to ensure consistency of wording with paragraph 5;
- At paragraph 9, change the definition of a cash transfer so that it reads “ A cash transfer is a non-exchange transaction either settled in cash or as an expense paid through the tax system, to protect individuals against certain social risks where the use of the cash payment is at the discretion of the individual”;
- At paragraph 9, delete the definition of “Government”;
- At paragraph 9, delete the definition of “ A participant in a cash transfer program”;
- At paragraph 15, delete the discussion of the provision of security services in the market place;
- At paragraph 19, review the wording on expenses paid through the tax system to ensure that it is consistent with ED 29;
- At paragraph 29, review whether the commentary on constructive obligations is necessary and if so cross refer to the sections of the ED to which it is relevant;
- At paragraph 32, review whether the black lettering of the paragraph on present obligations for collective and individual goods and services is necessary and modifying the wording;
- Move parts of paragraph 33 into Basis for Conclusions;
- At paragraph 33, add commentary that acknowledges that for certain programs/activities there may be two tiers of eligibility criteria. Such programs/activities require satisfaction of initial eligibility criteria, but a further event must occur before the benefit is triggered e.g. a child benefit where the child must reach a specified age but the benefit will not be due until the child’s parents have satisfied further criteria related to income and/or asset holdings;
- Review the need for paragraphs 35 & 36 discussing the provision of collective and individual goods and services by third parties and government employees;
- Review the need for paragraphs 43 and 44 on the non-recognition of contingent liabilities;

- At paragraph 51, review whether the categorical assertion that an entity does not disclose the existence of a contingent liability in respect of collective and individual goods and services is correct and modify if necessary;
- At paragraphs 61 and 62 delete the transitional provision;
- Modify the Implementation Guidance to ensure a standardization of language and removing the references to exchange transactions;
- Include in the Basis for Conclusions an explanation of how the approach to the identification of present obligations and the recognition of liabilities is consistent with example 2B in Appendix C in IPSAS 19;
- Review the Basis for Conclusions and ensure that the rationales are consistent with the revised text in the body of the Standard;
- Clarify in the Basis for Conclusions that the distinction between cash transfers and individual goods and services (that for cash transfers individuals have discretion as to how to use the economic benefits transferred whereas for individual goods and services they do not have such discretion) might not be clear-cut as beneficiaries often have the option of disposing of goods; and
- If necessary amend certain references in IPSAS 1 to IPSAS 3, dependent upon the timing of the ED in relation to changes to IPSAS 1 and IPSAS 3 as a result of ED 25.

9. SOCIAL SECURITY PENSIONS

It also appears that the Advisory Expert Group (AEG):

- Accepts in principle that liabilities arising from pension obligations related to employer schemes be calculated using actuarial methods with a discount rate related to the yield on government bonds with a maturity related to the age structure of the benefits;
- Is still considering whether the actuarial approach for determining liabilities should reflect estimates of future salary increases as in IAS 19; and
- Agrees that where a government assumes the pension obligations of a corporation in exchange for a lump sum that transaction should not enhance the net worth of government.

10. EMPLOYEE BENEFITS

The IPSASB agreed that the draft ED to be presented at the next meeting should:

- Include an Introduction immediately before the Standards mirroring that in IAS 19, “Employee Benefits”. The Introduction should include the justification for addressing the areas covered by the ED;
- Retain the sections of IAS 19 on “Insurance Benefits”, as these sections are relevant in the public sector; and
- Retain the disclosures required in IAS 19 as these are relevant in the public sector.

The IPSASB agreed that Staff should make the following changes and/or consider the following matters:

- On “Contents Page” review the capitalization of line items;
- Ensure consistent terminology including that references to “balance sheet”, “balance sheet date”, “income” and “income statement” are replaced by

references to throughout the document to “statement of financial position”, “reporting date”. “revenue” and “statement of financial performance”;

- At paragraph 9, modify the definition of “Composite Social Security Schemes” so that it reads the such schemes “operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees”. Members agreed the draft should emphasize that benefits that are not consideration in exchange for services rendered by employees are outside the scope of the ED, even if provided as part of a composite social security scheme;
- At paragraph 9, modify the definition of “State Plans” so that it reads that “State plans are plans established by legislation which operate as if they are multi-employer plans for all entities in economic categories laid down in legislation”;
- At paragraph 19, delete the reference to “performance related payments” as such payments are bonus plans;
- At heading above paragraph 126, replace the term “Business Combinations” with “Entity Combinations”;
- Modify the italicized introductory text in the Basis for Conclusions to ensure that it contains the correct references to IAS 19 and the subject matter of the ED; and
- Include in the Basis for Conclusions a justification for adoption of IAS 19, otherwise it should only deal with areas where the ED departs from IAS 19.

11. ED 24 DISCLOSURE REQUIREMENTS FOR RECIPIENTS OF EXTERNAL ASSISTANCE

The IPSASB agreed that the draft ED should reflect the demarcation between required and encouraged disclosures as proposed by staff and that, in addition:

- Disclosure of major classes of external aid should be encouraged together with an explanation of those classes. However, the specific classes and definitions thereof in ED 24 should not be included in the ED prepared for the next meeting;
- Disclosure of the value of external assistance received in the form of goods and services should be encouraged, but the basis for determining value should not be specified. Rather, if an entity elected to disclose value it should be required to also disclose the basis on which value was determined; and
- Disclose of instances of non compliance with the terms and conditions of assistance agreements should not be required, but should be encouraged when significant.

14. IMPAIRMENT OF CASH-GENERATING ASSETS

The IPSASB agreed that:

- There will not be a specific matter for comment asking constituents whether they prefer an ED dealing with cash-generating asserts or a combined ED dealing with both cash-generating and non-cash generating assets;
- The ED should require that impairment losses for cash-generating units should be allocated on a pro-rata basis based on the carrying amount of each asset in the unit to all assets in that unit, subject to the constraint that no asset will be

- impaired below a floor of its recoverable amount in accordance with paragraph 97 and that a specific matter for comment on this issue should be included;
- Commentary on the definition of and characteristics of cash-generating assets should emphasize that the key distinguishing characteristic is the primary purpose for which an asset is operated. An asset which is held to provide a commercial rate of return is within the scope of the ED dealing with cash-generating assets even though it may not be achieving that objective at the reporting date. Conversely an asset which is not being held to provide a commercial rate of return is within the scope of IPSAS 21 even though it may be providing a commercial rate of return at the reporting date;
 - Commentary should clarify that assets that are held with the objective of generating cash flows that break-even are within the scope of IPSAS 21 rather than the ED dealing with cash-generating assets;
 - The scope of the ED should reflect IAS 36 scope exclusions, including the exclusion of deferred tax assets and assets arising from employee benefits, and the ED should follow the IPSASB agreed approach in dealing with matters addressed in IAS/IFRS for which IPSAS have not yet been issued i.e. users are directed to the relevant international and/or national standards dealing with these topics; and
 - A flow-chart may be inserted illustrating how corporate assets are to be addressed. This guidance will explain that in assessing the impairment of a cash-generating unit the carrying amount of an appropriate proportion of a corporate asset following any impairment test under IPSAS 21 will be included in the recoverable amount of the cash generating unit. However, because any impairment of the corporate asset will have been determined in accordance with IPSAS 21, no further impairment loss relating to the cash-generating unit will be applied to the corporate asset. The issue will also be addressed in the Basis for Conclusions;
 - At paragraph 9, in the definition of “cash-generating assets” clarify that the phrase “held to” means with the “objective of”;
 - Delete paragraph 18 on GBEs as paragraph 6 states that GBEs are excluded from the scope;
 - At paragraph 22, modify the example so that the majority of hospital wards are cash-generating rather than as currently drafted non-cash-generating;
 - At paragraph 116, modify the wording so that it emphasizes that there are a number of circumstances in which public sector entities hold assets with the objective of making a commercial rate of return;
 - In the Illustrative Examples, reordering the paragraph numbering;
 - Modifying Illustrative Example IB so that it is clear that the asset cannot be used for other purposes; and replace the building with an example of an aircraft used to freight defense equipment and partly dry-leased; and
 - Identify that a consequential amendment is needed to IPSAS 21 to reflect the IPSASB decision not to require an impairment of assets measured at fair value.

16 BUDGET REPORTING

The IPSASB agreed that the first draft IPSAS should:

- Include additional explanation to emphasize that the objective was to compare actual with the publicly available budget and this would direct whether in paragraph 12 the comparison was with the original or final budget;
- In paragraph 12, clarify that the relief was only from providing the previous period's budget and comparison of budget and actual (not from disclosing actuals of a prior period) and specify in the basis for conclusions the reasons for providing such relief;
- Explain that if the government financial reporting "package" included a management discussion and analysis, budget out-turn or similar report which included an explanation of the difference between actual and the publicly available budget, then such explanation need not be included in the GPFS;
- Be revised to acknowledge that explanations of differences between actual and budget should not be required in the GPFS if such were included in reports issued before, at the same time or in conjunction with the GPFS;
- Note that, if in a whole of government GPFS a budget was only made publicly available for a component of the government, the comparison would be made in respect of that budget/component;
- Retain the prohibition on adding additional budget columns to the primary financial statements when the budget and accounting basis are not the same;
- Clarify and emphasize that disclosure of the reasons for differences between the original and final budget are to be included in reports issued before, at the same time or in conjunction with the GPFS. That is, they are not required to be included in the GPFS;
- Continue to require that the budget basis is to be used for comparisons and that a reconciliation to the GPFS be prepared;
- Clarify that "actual" as used in the IPSAS may be referred to as budget out-turn or budget execution in budget reports;
- Explain that while budgets may focus on commitments to expend funds and changes therein, the GPFSs "actuals" related to revenues, expenses, assets, liabilities and cash flows; and
- Strengthen paragraph 10 if necessary to ensure the link between approved budgets and the legislature, or other authoritative approving body was clear.

**INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS BOARD
ACTION LIST FROM THE MARCH 2006 MEETING**

Action Required	Person(s) Responsible	Date Due	Date Completed
1. Prepare, review and distribute minutes.	Chair, IPSASB Staff	April 2006	April 2006
2. Update the Committee's Action List and distribute with the minutes.	Staff	April 2006	April 2006
3. Post approved minutes from the November 2005 meeting on the Internet and Intranet.	Staff	April 2006	April 2006
4. Prepare IPSASB Update 4 on March 2006 meeting.	Chair, Staff	April 2006	April 2006
5. Prepare Chairman's Report.	Chair	May 2006	May 2006
6. Confirm with Members IPSASB Correspondence, Distribution and Network Lists.	Staff	April 2006 and Ongoing	May 2006
7. Prepare IFAC Liaison Report.	Staff	May 2006	May 2006
8. Finalise arrangements for July 2006 meeting in Paris on revised meeting dates of July 3 – 6, 2006. Make arrangements for November 2006 meeting in Norwalk, USA or Accra, Ghana.	Staff	April 2006	April 2006
Liaise with member bodies re 07 meetings		May 2006 and ongoing	Ongoing
9. Update IPSASB Work Plan.	Staff	April 2006 and Ongoing	May 2006
10. Write to IFAC Chief Executive in support of locating IPSASB staff in Toronto and seeking support of other IFAC Committees to provide, or promote the development of, educational implementation resources	Chair and Staff	April 2006	April 2006
11. Continue fundraising activities. Follow up on funding and promotion activities.	Chair, Members, Staff	April 2006 and Ongoing	April 2006 and ongoing

Action Required	Person(s) Responsible	Date Due	Date Completed
12. Prepare country reports to be included in the Agenda for consideration of IPSASB at July 2006 meeting.	Members, Technical Advisors	May 2006	May 2006 and ongoing
13. Revise Exposure Draft on Social Policy Obligations (non-pensions) in accordance with IPSASB decisions.	Staff	May 2006	May 2006
14. Modify extracts of ED on social security pensions as directed.	Staff	May 2006	May 2006
15. Prepare key issues paper on when present obligations arise under social security systems	Staff	May 2006	June 2006
16. Monitor SNA developments for consideration at the July meeting.	Staff	May 2006	May 2006 and ongoing
17. Revise ED on "Employee Benefits" as directed by IPSASB, seek views of experts and OECD Pensions Committee on an appropriate discount rate, advise European Commission of commencement of project.	Staff	April, May 2006	May 2006 and ongoing
18. Prepare new ED on External Assistance, which proposes amending the Cash Basis IPSAS. Seek participation in field testing.	Staff	May 2006	May 2006
19. Subcommittee continue to monitor development of IFRIC Interpretations on Service Concessions. Report to IPSASB at July 2006 meeting. Invite national standards setters and similar bodies to meet with the IPSASB in July 2006. Identify additional organizations to be invited to that meeting.	Subcommittee Members and Staff	April - May and ongoing 2006	Letters invite to national std setters – April/May 2006

Action Required	Person(s) Responsible	Date Due	Date Completed
20. Subcommittee to continue monitor national standards setters (NSS) review of IASB-FASB conceptual framework project. Prepare project brief for IPSASB review. Members advise Chair of NSS and similar bodies in their jurisdictions to be invited to meet with the IPSASB in July 2006 to discuss scope, content and operating criteria for the project. Issue invitations.	Chair, Subcommittee, Members and Staff	April, May, June 2006	Letters invite to national std setters – April/May 2006
21. Revise ED on Impairment of Cash Generating Assets to reflect modified direction, circulate to Members for approval out of session.	Impairment Subcommittee, Chair, Members and Staff	April - May 2006	May 2006
22. Update analysis of responses to ED 25 and prepare draft Preface for consideration at July meeting.	Staff	May 2006	May 2006
23. Update analysis of responses to omnibus Improvements ED (ED 26) and prepare draft IPSASs for consideration by the IPSASB at the July and November 2006 meetings.	Staff	May – 2006 and ongoing	May 2006 and ongoing
24. Prepare draft IPSAS on Reporting Compliance with Budget (ED 27) for consideration of IPSASB at July 2006 meeting.	Staff	May 2006	May/June 2006
25. Ensure IPSASB public material is accessible through the OECD websites.	OECD Observer	June 2006	
26. Prepare draft IPSAS XX, “Disclosure of Financial Information about the General Government Sector” for consideration of IPSASB at July 2006 meeting.	Staff	May 2006	June 2006
27. Finalize USA Information Paper and publish on the internet.	Staff, USA –TA, INTOSAI Observer	March – April 2006	March 2006
28. Prepare update on IASB activities for next meeting.	Staff	May 2006	June 2006



**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: 25 MAY 2006
MEMO TO: MEMBERS OF THE IPSASB
FROM: PHILIPPE ADHÉMAR
SUBJECT: **CHAIRMAN'S REPORT**

ACTION REQUIRED

The IPSASB is asked to:

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

CHAIRMAN'S REPORT

Since the last IPSASB meeting in March 2006, I have been involved in the following:

- Reviewing the IPSASB Update 4.
- Writing to the UN to follow up on the IPSASB review of its Observer group.
- Writing to the Chair of the IASB regarding the IPSASB Public Sector Conceptual Framework Project.
- Writing to national standards setters regarding collaborative projects on accounting for service concession arrangements by public sector entities and the public sector conceptual frameworks, and inviting such to meet with the IPSASB in Paris in July 2006.
- Writing to the Chair of the TFHPSA noting the potential for ongoing collaboration between the accounting and statistical community and inviting the Chair to attend the meeting with national standards setters in Paris in July 2006.
- Agreeing the July 2006 IPSASB agenda with the Technical Director.
- Following up on funding and staffing arrangements with the IFAC Chief Executive, IPSASB members, the IPSASB Technical Director and others as appropriate.
- Following up with the European Union Commission and other potential funders regarding the potential for funding IPSASB projects.
- Preparing a report for the IFAC Board on the IPSASB's activities, outputs and future plans.

- Finalizing the media release issued to support the release of the USA Information Paper.
- Writing to the IFAC President and Chief Executive regarding IPSASB support for the Canadian Government and Canadian Institute of Chartered Accountants (CICA) offers in support of relocation of IPSASB staff to Toronto.
- Writing to the IFAC Chief Executive regarding the potential for IFAC and its Committees and members to provide additional interpretation and implementation support to entities and jurisdictions implementing IPSASs.
- Undertaking a review of ED 30, “Impairment of Cash Generating Assets” and its associated media releases.
- Preparing/reviewing with the UN Observer and the Technical Director, media releases and related materials regarding for inclusion on IPSASB webpage regarding the development of the IPSAS support network and data on IPSAS adoption.
- Presenting IPSASB’s activities to University Paris 4- La Sorbonne.
- Presenting IFAC organisation and IPSASB’s activities to Bordeaux University-Montesquieu IV.
- Testifying before Senate Finance Committee.
- Preparing Paris IPSASB meeting.

Philippe Adhémar
CHAIRMAN



**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 17, 2006
MEMO TO: MEMBERS OF IPSASB
FROM: MATTHEW BOHUN
SUBJECT: **IFAC LIAISON**

ACTION REQUIRED

The IPSASB is asked to:

- **note** the IFAC Liaison Report; and
- **provide** the staff with any feed back on the issues raised.

AGENDA MATERIALS

	Pages
5.2 Report on IFAC Technical Boards and Committees	5.3 – 5.17
5.3 Updated Correspondence Distribution List	5.18– 5.16

LIAISON ACTIVITIES

Communications

The Communications team at IFAC's office in New York develops press releases for IFAC publications, speeches for the IFAC President and Chief Executive and writes letters to media outlets on matters related to the accounting profession, IFAC, financial reporting, auditing and professional ethics. IPSASB staff in Melbourne and New York liaise with the Communications Director, Helene Kennedy at least weekly in the production of these items.

Staff Changes

As noted at the March 2006 meeting, IFAC has advertised a Technical Manager position for the IPSASB, applications for which closed on February 15, 2006, an appointment is anticipated in the near future.

IFAC advertised the position of Technical Director. Applications closed on May 15, 2006. The IFAC Chief executive will now continue the appointment process.

IFAC Boards and Committees

An update of the activities of other IFAC technical Boards and Committees is attached at item 5.2

Correspondence Distribution List

The current IPSASB Correspondence Distribution List is attached at item 5.3. Please report any updates, errors or omissions to Matthew Bohun (matthewbohun@ifac.org) or Shelly-Ann Alexander (shellyannalexander@ifac.org).

IPSASB Website

The IFAC Website is one of the most important means IFAC has of distributing information and publications to the broader community. The site is constantly being updated and reviewed. Since the last IPSASB meeting, the IPSASB member biographies for the new IPSASB members and further speeches on public sector accounting by Ian Ball, Chief Executive of IFAC have been added. Members are free to submit articles or speeches for posting to the website by forwarding them to Paul Sutcliffe or me. Members are also asked to check the biographical information on the website and advise me of any changes you wish to make.

Matthew Bohun
TECHNICAL MANAGER

IFAC Technical Board/Committees Update

Compliance Advisory Panel (CAP)

The CAP advises the IFAC Board and Council on the admission of new members, the advancement of affiliate or associate members, and the suspension of members. CAP staff also undertake the compliance survey, the survey by which IFAC member bodies make a self-assessment of their compliance with the IFAC Statements of Member Obligations (SMOs). The primary emphasis of the Compliance Program is on seeking continuous improvement by encouraging member bodies to incorporate and implement international standards thereby improving compliance with the SMOs.

Processing of Part 1 of the Compliance Program, Self-Assessment Questionnaire has been completed. During 2005, nine IFAC member bodies were suspended due to their failure to submit a response to the Part 1, Assessment of the Regulatory and Standard-Setting Framework questionnaire and demonstrate their commitment to IFAC membership. Since that time, three members have completed the questionnaire, one member resigned and five members remain in suspension. Throughout the suspension period, CAP staff have made every reasonable attempt, with the assistance of IFAC Board and Committee members, regional bodies, development banks and others to reach out to the suspended bodies and understand the specific challenges and impediments they are facing. It is likely that the CAP will recommend the expulsion of these members to the IFAC Board and Council during 2006.

The CAP launched Part 2 of the Compliance Program, the Statement of Member Obligations Self-Assessment Questionnaire, on December 2, 2006. To date 50 IFAC member bodies and associate member bodies have commenced the Part 2 process. Members are required to complete their response to Part 2 by May 1, 2006. To May 11, 53 member bodies have completed the questionnaire, 24 members have been granted extensions, 34 are in the process of completing the questionnaire. Forty-eight member bodies have not responded to the questionnaire. CAP staff are now following up with member bodies to provide assistance in completing the questionnaire and contacting member bodies who have not responded to the questionnaire.

The CAP works with the World Bank, Inter-American Development Bank, Asian Development Bank, USAID and other development organizations to foster development of strong accounting professions in developing nations. A critical part of this promotional program is to encourage the implementation of IPSASs, IFRSs and International Standards on Auditing. CAP will be continuing to foster these relationships during 2006 and beyond.

Communications

The IFAC Communications area supports IFAC by preparing speeches for the President and Chief Executive, press releases for all areas of IFAC, issuing eNews and the Global Digest, maintaining the IFAC website and monitoring the press for articles or references to IFAC and its

boards and committees as well as coordinating all electronic and print publications of IFAC. During the first four months of 2006, the IFAC President and Chief Executive made presentations at 24 events in five countries around the world.

In the first quarter of 2006 IFAC, its boards and committees was featured in 268 articles carried in business press and accountancy trade publications and websites. The key areas of focus by these journals were on IFAC standard-setting activities, particularly auditing and assurance, ethics and public sector accounting. Presentations by the IFAC President and Chief Executive were also widely covered in the countries they visited including China, India, Pakistan and Sri Lanka.

Developing Nations Committee (DNC)

The DNC's mission is to support the development of the worldwide accountancy profession by working in partnership with the global profession and relevant organizations to widen participation in the standard setting activities of the IASB and IFAC and membership of IFAC; to advocate the role of the profession in economic development; to facilitate assistance, including human resource and institutional capacity building to the developing profession; and to promote and represent the needs of the developing profession. The DNC aims to have an IFAC member body in every country.

Since February, the DNC has been working with the United Nations Conference on Trade and Development (UNCTAD) in Geneva to translate the "Good Practice Guidance – Establishing a Professional Accountancy Body" into French and Spanish, which will satisfy the strong demand for the guide in both languages. The DNC has also been working with bi-lateral and multi-lateral development agencies, regional accounting organizations, government agencies and others to promote the guide.

The DNC is organizing a Pan African Financial Reporting Conference on Thursday September 28 and Friday September 29, 2006 in Nairobi, Kenya. It is seeking funding from the African Development Bank and the World Bank to fund the cost of travel and accommodation for two representatives from each of the 53 African countries. The conference will be branded as a joint ADB, World Bank and IFAC event and to have representatives from both the public sector and the professional bodies from each country in attendance. The DNC expects this event to be high profile and a significant event on the African development calendar.

The DNC has established a database of relevant Government and Ministry of Finance contact details, the database will be further enhanced by information being collated for Africa by the World Bank.

The DNC will meet in Barbados on June 12 – 13, and in Nairobi on September 25 – 26, in conjunction with the African Conference.

International Accounting Education Standards Board (IAESB)

The IAESB's strategy and objectives are designed to support the development of the international profession, by establishing Standards that, when properly implemented, will ensure that individual members of IFAC member bodies will have a foundation of knowledge, skills and professional values that enable them to continue to learn and adapt to change throughout their professional lives. Robustness in the education of members of the profession, both at the point of entry to the profession and continuing education for all qualified members of the profession, is the necessary foundation to assist the profession to apply harmonized auditing, public sector, financial reporting and ethical standards. The IAESB will review its strategy and objectives at its July 2006 meeting to update them to align with the IFAC Board's strategy.

Current Projects

Proposed Standard on Competence Requirements for Audit Professionals

At its meeting in February 2006, the IAESB considered a further draft of proposed International Education Standard (IES) 8, "Competence Requirements for Audit Professions", and agreed:

- To revise the definition of "audit professional" to focus on the responsibility/delegated responsibility for sign incant judgments in the audit of historical information.
- To remove the requirement for an undergraduate degree. The proposed standard allows member bodies to demonstrate that the intellectual and personal sk8ills required have been developed to the required level in other ways.
- To clarify the definition of "advanced level" of knowledge as being deeper and broader than that required in IES 2, and that it is for member bodes to determine the levels of depth and breadth of knowledge as appropriate for their environment.
- To remove the requirement to have an "advanced level" of knowledge of information technology.
- To include in bold lettering the requirement to have a period of relevant practical experience, of which a substantial period is to be in the audit of historical financial information. Grey lettering would explain that an appropriate period is three years, two of which is spent in the area of historical financial information.
- That the effective date would be July 1, 2008.

IES 8 will apply to both existing and new audit professionals.

Ethics Education Project

In March 2004, the IFAC Education Committee appointed a project team led by Prof. Philomena Leung to undertake a research project on Ethics Education. The purpose of the research project was to provide practical guidance to IFAC member bodies, academics and others responsible for

the education of professional accountants on the implementation of professional values and ethics education as part of the pre-qualification education program and ongoing education through CPD. The outputs from the project include an academic research report, a “Tool Kit” to help member bodies implement Ethics Education, and a draft International Education Guideline to update the existing IEG 10. The IAESB has received the final academic research report and the final version of the toolkit. The research report will be published as an International Education Paper, and the tool kit will be circulated to IFAC member bodies and members of the Transnational Auditors Committee.

At its February 2006 meeting, the IAESB considered a draft revised IEG 10, “Approaches to Developing and Maintaining Professional Values, Ethics and Attitudes”, when this IEG is published, the tool kit will also be more widely disseminated.

IEG 11, “ Information Technology for Professional Accountants”

IEG 11 was first issued by the IFAC Education Committee in December 1995, revised in June 1998, and revised again in December 2002. The Guideline is intended to assist member bodies in preparing professional accountants to work in the information technology environment, describing the knowledge and competences required. The latest revision incorporates both revised capabilities as well as examples of tasks that a competent professional accountant should be able to perform in the workforce, therefore presents both the knowledge and the competences expected. Due to rapidly changing nature of IT and the IT environment, the guideline can become outdated within a short space of time, and therefore requires an ongoing review to ensure it appropriately reflects the knowledge and competences expected of professional accountants. The Education Committee agreed in August 2004 that consideration be given as to how to best update the document, in line with the new International Education Standards. A proposed, updated IEG 11 was considered by the IAESB at its meeting in February 2006, when it requested the project Task Force to make further refinements, a revised exposure draft is expected to be approved at the IAESB’s July meeting.

Practical Experience

The IAESB is developing further guidance to support IES 5, “Practical Experience”. This will update the Education Committee’s earlier discussion document issued in 1998, and provide specific guidance regarding the concept of mentoring. At its meeting in New York in February 2006, the IAESB noted an update report on the project, including a summary of responses received to date from a questionnaire sent to a targeted set of member bodies in early January 2006. Initial findings suggest that member bodies have implemented practical experience requirements, but that there are a variety of approaches to doing so, in particular in the areas of:

- Duration of practical experience and type(s) of experience recognized;
- Role of the mentor/supervisor, and guidance/support given to such individuals;
- Matching trainees and employers able to provide experience;

- Record-keeping, monitoring and control.

A project Task Force is currently analyzing responses, with the aim of producing an Issues Paper containing recommendations for a draft IEG for the IAESB's next meeting in July 2006. It is anticipated that the IAESB will consider a first draft IEG at its meeting in November 2006.

Accounting Technicians

The IAESB has recently begun a project to investigate the possible scope of guidance for the education of accounting technicians. This includes an exploration of the type of guidance that would assist stakeholders, an alignment of any guidance with the IAESB's current framework, and consideration of recommendations regarding the role of the IAESB in the technician sector. A web-based questionnaire exploring these issues was sent to IFAC member bodies, and to a number of non-IFAC member technician bodies, in April 2006. The IAESB will consider an options paper, based on the results of the questionnaire, at its next meeting in July 2006.

CPD Guidance

At its meeting in New York in February 2006, the IAESB noted an updated project proposal exploring the production of an International Education Paper (IEP) to assist with the implementation of IES 7, Continuing Professional Development: A Program of Lifelong Learning and Continuing Development of Professional Competence and the development of output-based CPD systems. The development of an IEP focusing on output-based CPD was strongly supported by the CAG, who were asked for their advice as to whether this approach would be welcomed by member bodies, regulators and others. The project aims to survey a range of regulated professions to identify innovative approaches to output-based CPD. The first phase of this research (an initial literature review and study of other professions) is currently underway and the IAESB will consider an issues paper at its next meeting in July 2006.

International Ethics Standards Board for Accountants (IESBA)

The IESBA's objective is to serve the public interest by setting high quality ethical standards for professional accountants and by facilitating the convergence of international and national ethical standards, thereby enhancing the quality and consistency of services provided by professional accountants throughout the world and strengthening public confidence in the global accounting profession.

Technical Projects

Independence

The IESBA has commenced a project to consider whether any parts of the independence requirements contained in Section 290 of the "Code of Ethics" should be revised. The independence provisions in the Code were issued in November 2001 with an effective date for assurance reports issued on or after December 31, 2004. Since issuance, several failures have led to a loss in credibility in aspects of the financial reporting process and many jurisdictions have

taken steps to restore credibility. Some of these steps have related to auditor independence requirements. Therefore, the IESBA has started a project to determine which parts of the independence requirements should be revisited. A forum was held in October 2005 to obtain input on this project. At the IESBA meeting in February 2006, the IESBA concluded that updating Section 290 was the most important item on our agenda and that the timeline for completion of this project needed to be advanced. The Board now intends to produce an exposure draft of proposed changes to Section 290 by the end of 2006. In anticipation of needing extra Board time to accomplish this, an additional meeting has been tentatively scheduled for December 2006. The need for this meeting will depend on how progress is made throughout the rest of this year.

Accountants in Government

The IESBA is continuing its project to develop ethical guidance for accountants in government. Section 290 of the Code applies only to professional accountants in public practice. The Task Force will consider the application of this section to assurance engagements in the public sector – many of which are conducted by accountants in government. The project will also consider whether any additional guidance is necessary in Part C of the Code for professional accountants in government.

Guidance for Professional Accountants in Business when Encountering Fraud

The IESBA has commenced a project to develop further guidance for professional accountants in business who encounter fraud or illegal acts. The Task Force working on this project has recommended to the IESBA that the project be broadened to address this issue for public accountants in practice as well. The Board has agreed to this expanded scope. As a result of the focus on the independence project, work on this “whistle blowing” project will be deferred until 2007. A number of the Consultative Advisory Group members see this is an urgent issue that needs to be addressed and the Board intends to proceed actively on this project during the next year.

Forum of Firms and Transnational Audit Committee (FOF/TAC)

The TAC objectives for 2006 are focused on the following areas:

- Regulation
- Audit Quality
- Firm Transparency
- Ethics
- Education
- Ongoing Responsibilities
- Providing input into IFAC’s budget setting process

The FoF remains committed to supporting the work of IFAC, and demonstrates this support by nominating members to various IFAC standard-setting boards and committees and providing a financial contribution to IFAC’s activities.

Proposed dialogue with European Commission (EC) and European Group of Audit Oversight Bodies (EGAOB) –

The EC has approached the IFAC Regulatory Liaison Group to determine the interest of the firms in discussing how global audit networks operate and in particular how they organize their global quality control processes and how this will impact the work of the EGAOB in ensuring a cost effective regulatory regime.

Network Firm Definition –

The TAC received an update from the International Ethics Standards Board for Accountants (IESBA) regarding proposed changes to the definition of a network firm. The Board determined that the language should be more closely aligned with the European 8th directive. With regards to the effective date, the Task Force is of the view that it should be for 2008 year-end – this will provide an eighteen month implementation period.

Independence Working Group

A briefing was received by the TAC from the IESBA on the possible revision to the independence section of the Ethics Code including:

- Clarity of requirements;
- Safeguards;
- Communicating with the audit committee;
- Documentation;
- Partner rotation;
- Partner compensation;
- Public interest entities;
- Management functions;
- Employment with an audit client;
- Taxation services; and
- Other non-audit services

A more detailed presentation will be made at the TAC meeting in June, 2006.

Global Master File (GMF)

Kingland Systems Corporation (KSC) is developing a database system whereby FoF members and other interested entities can monitor independence (i.e., not delivering a prohibited service to a subsidiary or affiliate of the audit client.) KSC has presented a number of different data offerings to the members of the FoF. At the April 27, 2006 TAC meeting it was agreed that the TAC will host a one day workshop for Forum members to determine how the GMF can best address their needs and to discuss practical implications of the network definition and related independence requirements. This workshop will be held June 28 or 30, 2006 in conjunction with the TAC meeting on June 29, 2006.

TAC Policy and Guidance Statements

The following policy and guidance statements were unanimously approved by the TAC on April 27, 2006:

- TAC Policy Statement 1 – Publication of membership by Provisional and Full Members of the FoF;
- TAC Policy Statement 2 – FoF membership obligations with respect to transnational audits; and
- TAC Guidance Statement 1 – Assistance for Provisional members of the FoF in meeting membership obligations.

External QA Inspections

The TAC prepared an analysis of the Public Company Accounting Oversight Board (PCAOB) inspection reports, through March 9, 2006. This report was compared to a similar study done by the American Institute of Certified Public Accountants (AICPA). The TAC also analyzed similar reports issued by the Canadian and UK oversight bodies. The reports of the three oversight bodies were also analyzed for any consistency in findings. The TAC will now focus its analysis on whether inadequacies found were the result of deficient standards, deficiencies in performance, or expectations being greater than current standards.

Forum of Firms Anti Competition Policy

The TAC received comments from member bodies on proposed amendments to the Forum's anti competition and anti trust policy statement and guidance. The final draft will be presented for approval at the June 29, 2006 TAC meeting.

Proposal for Update to IFRS Guidance Paper

The TAC is proceeding with preparing an update to this good practice paper originally issued in 2004.

Planned Services for 2006

The work plan for 2006 was discussed and agreed by the TAC and FoF in September 2005. The main strategic areas include:

- Regulation
 - Dialogue with regulators
 - Convergence of auditing, ethics and accounting standards and regulation
- Audit Quality
 - Processes for self assessment
 - Various IAASB projects
 - Liaison with IFAC Member Body Compliance Program
 - Providing good practice guidance to FoF members
 - Review and analysis of external quality assurance report findings
- Firm Transparency
- Ethics
- Education

- Ongoing Responsibilities
- Providing input into IFAC's budget setting process

International Auditing and Assurance Standards Board (IAASB)

Clarity Project

The comment period for the Clarity exposure drafts issued in October 2005 closed at the end of February and 46 comment letters have been received; these include responses from those major constituents expected to respond. Broadly, the responses indicate the following:

- There is strong support for the overall direction being taken. Several respondents have noted that the new drafting conventions represent a significant improvement over the existing style.
- Some concern exists about the form of the proposed objectives, in particular whether they should be written in terms of desired outcomes and the extent of detail in an objective, and whether each ISA needs an objective, or just some of them. In addition, there is a need for the IAASB to consider the objectives of all of the ISAs at an early stage to ensure that they form a complete and coherent set.
- Some concern also exists about the number of new requirements arising from the clarification process, specifically whether the IAASB's guidelines for specifying requirements have been applied rigorously enough.

In terms of implementation, the explanatory memorandum to the October 2005 exposure drafts included a proposed timetable that called for the IAASB to complete the redrafting of the entire body of ISAs by the end of 2011. Respondents have urged the IAASB to complete the Clarity project earlier than this. The IAASB is currently revising its programme to accelerate the timetable with a view to achieving completion in 2008. In anticipation of accelerated activity a further IAASB meeting has been agreed for October 2006. In addition, we have obtained the assistance of a number of national auditing standard setters with the redrafting process.

European Commission

As noted in the Technical Committee Update for the March 2006 IPSASB meeting, the EC formally established the European Group of Auditors' Oversight Bodies (EAOB) in December 2005 to advise it on any matters relating to the implementation of the revised Eighth Directive, including the possible adoption of ISAs for statutory audits in the European Union. The EC also created an EAOB sub-group on ISAs whose objective is to provide proactive input into the IAASB's standard-setting process, including enabling the EC to comment on the IAASB's exposure drafts.

The EC also has a further source of advice, in the Audit Regulatory Committee (AuRC). This group consists of representatives of the ministries in the Member States responsible for the implementation of the Directive. Having received advice from these groups, the EC submitted a comment letter on the Clarity project. The EC has now put in place arrangements to enable it to comment authoritatively on IAASB proposals. The IAASB Chair attended an informal meeting

of some of the AuRC to discuss the comment letter, and is of the view that liaison between IAASB and the EC and its advisory groups is of the first importance.

As also noted in the Technical Committee Update for the March 2006 meeting the EC had indicated its intention to accept the IAASB's invitation to send an observer to the IAASB meetings, with speaking rights, to join other IAASB observers from the U.S. Public Company Accounting Oversight Board and Japanese Financial Services Agency. The IAASB has now received the EC's written acceptance of this invitation and will welcome the EC observer at its May 2006 meeting.

National Standard Setters

The 6th IAASB–National Auditing Standard Setters meeting was held in Brussels over two days at the end of March. Representatives of national standard setters (NSSs) from twelve countries attended the meeting. The IAASB was pleased to welcome the participation of China for the first time, as well as a representative of the host country, Belgium. Participants provided input on various topics, including: international convergence and how NSSs can work with the IAASB towards convergence; the Clarity project; issues regarding documentation requirements in the audit of smaller entities; regulatory impact assessments; XBRL; and standards development for assurance engagements.

In relation to convergence, participants discussed a proposed guidance note for NSSs that adopt International Standards on permitted modifications to those standards. The draft guidance is not intended to be a definitive statement on convergence, as it would be desirable not to exclude approaches to convergence other than full adoption. It is instead intended to provide guidance to assist those NSSs in determining the limits to modifications to adopted International Standards that may be permitted while still allowing the NSS to assert that the national standards conform to International Standards. Participants were generally in agreement with the proposals to limit permitted modifications to specified circumstances. The IAASB will discuss the proposed guide, as well as issues arising from developing the guide, at its next meeting in May.

Participants also discussed and agreed, in principle, to a statement of purpose of IAASB-NSS liaison, in response to the agreed IFAC reforms. This statement will be published on the IFAC website, once NSS participants have reviewed the final version.

Chinese Auditing Standards Board (CASB)

Further to the December 2005 issue of the joint CASB-IAASB statement to recognize the progress China is making towards international convergence, the IFAC President, Chief Executive and IAASB Chair attended a ceremony in Beijing on February 15, 2006, at which the Chinese Ministry of Finance released new accounting and auditing standards which conform more closely to international standards. The release of these standards reflects China's commitment to international convergence with accounting and auditing standards, and its recognition of the importance of these standards in building public confidence in financial statements.

International Organization of Supreme Audit Institution (INTOSAI)

At the end of 2003, the IAASB approved a memorandum of understanding with INTOSAI that formalizes a project structure and cooperation process enabling INTOSAI to use ISAs as a basis for developing its Guidelines for Financial Audit for use in the public sector. The memorandum called for the IAASB and INTOSAI to review the arrangements every two years. In light of this, IAASB staff met representatives of the INTOSAI secretariat to discuss the need to update the memorandum of understanding, principally to reflect recent structural changes within INTOSAI. Once revised, the updated memorandum of understanding will be presented to INTOSAI's Professional Standards Committee and the IAASB for approval. The IAASB's relationship with INTOSAI is working well and INTOSAI representatives have made good contributions to a number of IAASB task forces

Technical Projects

The IAASB approved the re-exposure draft of the proposed revised ISA 600, "The Audit of Group Financial Statements", at its March 2006 meeting. The first exposure draft was issued in March 2005 under the current drafting conventions, and the revised exposure draft under the Clarity conventions. While this in itself warrants re-exposure, there are other issues on which further consultation is required (e.g., the effect of the distinction between related and unrelated auditors).

Planned output for the remainder of 2006 includes the following:

- Final pronouncements:
 - ISA 240 (Redrafted), The Auditor's Responsibility To Consider Fraud in an Audit of Financial Statements
 - ISA 300 (Redrafted), Planning an Audit of Financial Statements
 - ISA 315 (Redrafted), Obtaining an Understanding of the Entity and Its Environment and Assessing the Risks of Material Misstatement
 - ISA 330 (Redrafted), The Auditor's Procedures in Response to Assessed Risks
 - Revised Preface to the International Standards on Quality Control, Auditing, Review, Other Assurance and Related Services
 - ISA 550 (Revised), Related Parties
- New exposure drafts:
 - ISA 580 (Revised), Written Representations
 - ISA 620 (Revised), Using the Work of an Expert
- Exposure drafts/re-exposure drafts of the application of the Clarity drafting conventions to the following:
 - ISA 230 (Redrafted), Audit Documentation
 - ISA 260 (Revised), The Auditor's Communication with Those Charged with Governance
 - ISA 320 (Revised), Materiality in Planning and Performing an Audit
 - Proposed ISA 450, Evaluation of Misstatements Identified During the Audit
 - ISA 510 (Redrafted), Initial Engagements – Opening Balances

- ISA 540 (Revised), Auditing Accounting Estimates and Related Disclosures (Other than Those Involving Fair Value Measurements and Disclosures)
- ISA 545 (Redrafted), Auditing Fair Value Measurements and Disclosures
- ISA 560 (Redrafted), Subsequent Events
- ISA 610 (Redrafted), Considering the Work of Internal Auditing
- ISA 720 (Redrafted), Other Information in Documents Containing Audited Financial Statements

In addition to the Clarity project, the Group Audits re-exposure draft issued in March and the planned output for the remainder of 2006, the IAASB is also working on the development of other new or revised standards and guidance on:

- External confirmations
- The independent auditor's report on other historical financial information and on summary audited financial statements
- Modifications to the opinion, and emphasis of matter paragraphs and other matters paragraphs, in the independent auditor's Report
- The meaning of material weaknesses in internal control
- Service organizations

Professional Accountants In Business Committee (PAIB)

The Professional Accountants in Business (PAIB) Committee's mission is to enable IFAC to add unique value to professional accountants in business. The key PAIB Committee strategic objective, which has been driven by IFAC's strategy and member body feedback, is to facilitate communication and sharing of knowledge between member bodies.

Resource Center Project

The PAIB's major achievement in the last year was the delivery of the prototype on the resource center. The objective was to create a knowledge bank for professional accountants in business using the excellent information from member body websites, along with other targeted resources. The technical solution takes advantage of a web indexing system and a software product, utilizing a spider, will regularly crawl specified web pages and index the results into a centralized database. The results page will provide a summary of the information spidered and provide a link to the original document on the source website. Control of material to be accessed will remain with the member bodies. The prototype was completed in December 2005 and the IFAC Board approved the full introduction of the project at their February meeting. Full rollout is being planned and a marketing and communication plan has been developed by IFAC staff.

Corporate Code of Conduct

The PAIB has now committed to producing 'principles based good practice guidelines' and the first guideline 'Guidance for the Development of a Corporate Code of Conduct' was published for exposure in January 2006. This was chosen as it was the first recommendation of the

Credibility Task Force, chaired by John Crow, entitled 'Rebuilding Public Confidence in Financial Reporting: An International Perspective' www.ifac.org/credibility/. A framework document was agreed at the April PAIB meeting which will provide the objectives and characteristics of good practice guidance and this will be issued to member bodies to invite feedback on the committee's priorities for topic selection.

Roles and Domain of the Professional Accountant in Business

The 'Roles and Domain of the Professional Accountant in Business' was published in early 2006. This provides an understanding of the roles and responsibilities that professional accountants occupy in businesses. This updates the management accounting principles paper (IMAPS1) which has been the core of the PAIBC's philosophy over several years.

Small and Medium Practice Committee

The SMP Committee is charged with identifying and representing the needs of SMPs that principally provide accounting and assurance services to SMEs. The SMP Committee's main role is to:

- Directly work with IFAC committees and boards and other standard-setting bodies to ensure that they are aware of and give due consideration to issues relevant to SMEs and SMPs.
- Facilitate the communication and sharing of information between member bodies, IFAC committees and task forces and other external groups.
- Support SMPs that provide accounting and assurance services to SMEs by leveraging the work of member bodies and others.
- Identify other issues relevant to those providing accounting and assurance services to SMEs and develop guidance on these issues.

Projects/Activities

Input to IAASB Standard-Setting

Presently the major part of the SMP Committee's work program is on providing SMP / SME specific input to the IAASB's standard-setting process. This input, largely in the form of comment letters, is made at all key stages of the development of an ISA from project proposal to draft exposure draft (ED). The process for inputting to the IAASB standard-setting is now well established and operates efficiently. Since February 2006 the SMP Committee has made submissions to the IAASB on new and revised standards and guidance as follows:

- Clarity;
- Management Representations (ISA 580);
- Communications (ISA 260);
- Special Reports (ISA 701 and ISA 800);
- Group Audits (ISA 600);
- Accounting Estimates (ISA 540);
- Modifications (ISA 705 and ISA 706); and

- Service Organizations (ISA 402).

Input to IASB Standard-Setting

The SMP Committee is pleased to report that the IAASB values its input. Moreover, there are a number of instances of draft ISAs being amended to reflect comments made by the SMP Committee. A recently prepared position paper helps to provide direction and ensure consistency of the SMP Committee's input.

Guide to ISAs for SME Audits

On November 18, 2005 the deadline passed for the submission of proposals for the supply of 'Guide to ISAs for use on SME Audit Engagements' ('ISA Guide'). The ISA Guide is intended to help SMPs and members of the developing profession understand, implement and comply with ISAs. Five proposals were received, 2 from IFAC member bodies and 3 from commercial organizations.

An SMP Committee task force, which includes representation from the Developing Nations Committee and the IAASB, conducted a detailed analysis of the proposals. This analysis culminated in a day long meeting with 3 short-listed suppliers in London. The task force duly tabled a recommendation at the SMP Committee meeting of March 27-28, 2006 which was unanimously approved. The SMP Committee is now seeking IFAC Board approval to progress this project.

Research into a Micro-Entity User Needs

The SMP Committee has noted the lack of international research in the area of the information needs of micro-entity financial reports. It believes that addressing this gap will help inform any future IFAC action in this area and be used in liaison and advocacy, for example in the IFAC response to the IASB's ED on IFRS for SMEs. In March 2006 a research team commenced work. In early May 2006 a short IFAC member body survey was posted to the IFAC website. Results from this survey and a corresponding literature review are expected to be available in August 2006. A subsequent phase of the research project may set out to test the applicability of IFRS-SME to micro-entities.

The SMP Committee is also exploring how it can work with the United Nations Conference for Trade and Development's Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (UNCTAD/ISAR) in this area. UNCTAD/ISAR's Small and Medium-sized Guidelines for Accounting (SMEGA) Level 3 are aimed at micro-entities. If the IASB's IFRS-SME proves unsuitable for micro-entities then SMEGA Level 3 may provide a basis for a third tier of standards/guidelines.

SMP Quality Control Manual

The SMP Committee is investigating the case for it to publish a quality control guide aimed at helping SMPs comply with International Standard on Quality Control (ISQC) 1. A number of

member bodies have issued guidance. A project proposal is expected to be tabled at its next meeting. If approval is forthcoming it is likely a tender process similar to that used for the ISA Guide will be adopted.

Review Engagements

The SMP Committee believes that consideration should be given to having another form of assurance to that of an audit, such as the limited assurance offered by a 'review', but that this should be an alternative to, rather than a replacement for, an audit for an SME. The SMP Committee is investigating the case for revising International Standard on Review Engagements (IRSE) 2400 and how to market such a limited assurance product. A decision on whether or not to advance this project will be taken at the next meeting of the SMP Committee.

Information Sharing

The SMP Committee is fully committed to assisting SMP/SMEs through the sharing of information. Since joining the Resource Center project, led by the Professional Accountants in Business (PAIB) Committee, the SMP Committee has given its whole-hearted support and been actively participating so as to help ensure that SMP/SME considerations are seamlessly integrated into the end product. This assistance extends to helping with the process of incorporating the websites of willing IFAC member bodies and identifying suitable external information sources.

**International Federation of Accountants
International Public Sector Accounting Standards Board 2006
Members Correspondence Distribution List**

<u>REPRESENTATIVE</u>	<u>TECHNICAL ADVISOR</u>	<u>COPY CORRESPONDENCE TO:</u>
NOMINATED BY MEMBER BODIES		
FRANCE		
Philippe Adhémar (Chair) Cour des Comptes 13, Rue Cambon 75001 Paris FRANCE Phone: 33 1 4298 9507 Secretary : 33 1 4487 7265 Fax:33 1 4260 0159 Email: padhemar@ccomptes.fr Term Ending: 2006	Jean-Luc Dumont JLD Expertise & Conseil 31, avenue des Champs-Elysées, 75008 Paris FRANCE Phone: 33 1 45 63 57 23 Mobile : 33 6 82 83 00 09 Fax: 33 1 45 63 57 23 Email: jean-luc.dumont@wanadoo.fr	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 (Deputy Chair) Moore Stephens 1 Snow Hill London EC1A 2EN UNITED KINGDOM Phone: 44 20 7334 9191 Fax: 44 20 7651 1823 Email: mike.hathorn@moorestephens.com Term Ending: 2007	Liz Cannon Assistant Director, Technical and International CIPFA 3 Robert Street London WC2N 6RL Phone: +44 20 7543 5647 Mobile: +44 7917581857 Fax: +44 20 7543 5695 Email Liz.Cannon@cipfa.org	
ARGENTINA		
Carmen Giachino Palladino 1284 Riglos Street Capital Federal, CP Buenos Aires 1424 ARGENTINA Phone: 54 11 4922 8714(H) Fax: 54 11 4922 8714 Phone: 54 9 11 4415 0978(C) Email: cpalladino@palladinogroup.com Term Ending: 2007	Pablo Maroni Public Accountant Alsina 193 – 11A (1870) Avellaneda, Provincia de Buenos Aires, ARGENTINA Tel: +54 11 4201-8192 Cell: +54 11 4537-8284 Email: pmaroni@palladinogroup.com	Maria Irene Rio Public Translator of English Palladino Group Olazabal 2060 - 4A (1428) Capital Federal, Buenos Aires 1424 ARGENTINA Tel: +54 11 4787-5694 Email: irio@palladinogroup.com

<u>REPRESENTATIVE</u>	<u>TECHNICAL ADVISOR</u>	<u>COPY CORRESPONDENCE TO:</u>
<u>AUSTRALIA</u>		
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	Jim Paul Senior Project Manager Australian Accounting Standards Board Level 4, 530 Collins Street AUSTRALIA Vic 3000 61 3 9617 7600 (general) Fax: 61 3 9617 7691 (direct) Email: jpaul@asb.com.au	
<u>CANADA</u>		
Richard J. Neville Vice President, Finance and Administration, & Chief Financial Officer Royal Canadian Mint 320 Sussex Drive, Ottawa, Ontario, CANADA KIA 0G8 Phone: 613 993 5384 Fax: 613 952 8342 Email address: Neville@mint.ca Term Ending: 2008 PA Sarah Brown: browns@mint.ca	Ron Salole Vice President, Standards CICA 277 Wellington Street, West Toronto, Ontario M5V 3H2 CANADA Phone: 1 416 204 3277 Fax: 1 416 204 3412 Email: Ron.Salole@cica.ca	
<u>INDIA</u>		
Pankaj I. Jain Practicing Chartered Accountant 6-B Pil Court , 6 th Floor 111, M. Karve Road Churchgate Mumbai, ñ 400 020 INDIA Direct: +91 22 2200 7373/ 5638 5000 Fax: +91 22 5634 8482 Mobile: +91 98 2008 7168 E-mail: pankaj@kjco.net and (Cc:) pankaj_j@vsnl.com and Pankaj@icai.org Term Ending : 2007	Dr. Avinash Chander Technical Director The Institute of Chartered Accountants of India ICAI Bhawan, P.B. No. 7100, Indraprastha Marg, New Delhi - 110 002 India Phone: +91 11 3011 0456 Fax: +91 11 3011 0582 Email: tdte@icai.org and avinash@icai.org	

<u>REPRESENTATIVE</u>	<u>TECHNICAL ADVISOR</u>	<u>COPY CORRESPONDENCE TO:</u>
<u>ISRAEL</u>		
Ron Alroy Chief Accountant Accountant General's Office Ministry of Finance Hamapuchit St. No. 5 Rishon LeZion 75563 ISRAEL Tel: +972 2 5317558 Fax: + 972 2 5317876 E-mail: alron@mof.gov.il Term Ending: 2006	Haya Prescher Project Manager Government Accounting Accountant General's Office Ministry of Finance Davizon St. No. 9 Rishon LeZion 75357 ISRAEL Tel: +972 2 5317443 Fax: +972 2 5695359 E-mail: hayapr@mof.gov.il	
<u>JAPAN</u>		
Tadashi Sekikawa Deloitte Touche Tohmatsu, CPA, ODA Consulting PCPM Building 11-1 Marunouchi 1-chome Chiyoda-Ku Tokyo 100-6211 JAPAN Phone : 81 3 6213 3550 Fax : 81 3 6213 1275 Email : tadashi.sekikawa@tohmatu.co.jp Term Ending: 2008	Ryoko Shimizu Chuo Aoyama Audit Corporation Kasumigaseki Building, 32 nd Floor, 3-2-5 Kasumigaseki Chiyoda-ku Tokyo 100-6088 JAPAN Phone: +81 3 5532 3909 Fax: +81 3 5532 3901 Email: ryoko.shimizu@jp.pwc.com	
<u>MALAYSIA</u>		
Mohd Salleh Bin Mahmud Accountant General's Department Level 8, 2GIA Kompleks Kewangan Pusat Pentadbiran Kerajaan Perksekutuan 62594 Kuala Lumpur MALAYSIA Phone: 60 3 888 21011 Fax: 60 3 888 95819 Email: msallehm@anm.gov.my 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: erbk@anm.gov.my	
<u>MEXICO</u>		
Alejandro Luna Rodriguez Insurgentes 1735 -5th Floor Col. Guadalupe Inn Del. Alvaro Obregón C.P. 01020, MEXICO, D.F. TEL: +52 (553) 003 3023 FAX: +52 (555) 662 3138 E-mail: alunar@funcionpublica.gob.mx Term Ending : 2007		

<u>REPRESENTATIVE</u>	<u>TECHNICAL ADVISOR</u>	<u>COPY CORRESPONDENCE TO:</u>
<u>THE NETHERLANDS</u>		
Frans D.J. Van Schaik Admiraliteitskade 50 P.O. Box 4321 3006 AH Rotterdam NETHERLANDS Tel: +31 6 55 853 527 Fax: +31 10 272 11 19 E-mail: fvanschaik@deloitte.nl Term Ending: 2008	Drs. Thomas A. van Tiel R.A. Directie Coördinatie Auditbeleid Dept. Ministerie van Financiën Prinses Beatrixlaan 512 Postbus 20201 2500 EE DEN HAAG Tel: +33 70 342 7278 Cell: +33 6 2469 7042 E-mail: t.a.tiel@minfin.nl	Prof. Aad Bac Tilburg University Postbus 90153 5000 LE Tilburg THE NETHERLANDS Tel: +31 (13) 466 3422 Fax: +31 (13) 466 2611 E-mail: a.d.bac@KUB.nl
<u>NEW ZEALAND</u>		
Greg Schollum Assistant Auditor General, Accounting & Auditing Policy Office of the Controller and Auditor- General Private Box 3928 48 Mulgrave Street Wellington NEW ZEALAND Phone: 64 4 917 1500 Fax: 64 4 917 1515 Email : greg.schollum@oag.govt.nz Term Ending: 2008	Simon Lee Manager – Accounting and Professional Standards New Zealand Institute of Chartered Accountants (NZICA) 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@nzica.com	
<u>NORWAY</u>		
Tom Henry Olsen PricewaterhouseCoopers DA Karenslyst alle 12 N-0245 Oslo NORWAY Phone: 47 95 26 0039 Fax: 47 23 16 1000 Email: tom.henry.olsen@no.pwc.com Term Ending: 2008	Harald Brandsås Technical Director The Norwegian Institute of Public Accountants P.O. Box 5864 Majorstuen N-0308 Oslo NORWAY Street Address : Wergelands v.1, Oslo Phone : 47 23 36 5200 Mobile : 47 99 52 5186 Fax : 47 23 36 5202 Email : harald.brandsaas@revisornett.no Website : www.revisornett.no	
<u>SOUTH AFRICA</u>		
Erna Swart Chief Executive Officer Accounting Standards Board Postal address: P O Box 74129 Lynnwood Ridge Pretoria 0040 SOUTH AFRICA Phone: 27 12 470 9480. Fax: 27 12 348 4150 Email: ernas@asb.co.za Term Ending: 2007	Sithembiso Freeman Nomvalo Accountant General National Treasury of Republic of South Africa 240 Vermeulen Street Pretoria 0002 SOUTH AFRICA Phone: +27 12 315 5417 Fax: +27 12 315 5791 Email: freeman.nomvalo@treasury.gov.za	

<u>REPRESENTATIVE</u>	<u>TECHNICAL ADVISOR</u>	<u>COPY CORRESPONDENCE TO:</u>
<u>UNITED STATES</u>		
Ronald J. Points Consultant World Bank -EAPCO 1818 H Street, N.W. Room MC 9-143 Washington, DC 20433 UNITED STATES Phone: +1(20)2 473 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 Tel: +1 (202) 434 9259 Fax: +1 (202) 638 4512 Email: mfoelster@aicpa.org
<u>PUBLIC MEMBERS</u>		
<u>ITALY</u>		
Prof. Stefano Pozzoli Via Landino 12 50129 Florence ITALY Tel: +39 055 4630736 Fax: +39 055 4630346 E-mail: stefano.pozzoli@tin.it Term Ending: 2006	Dott. Marcello Bessone Ministero Economia e Finanza Ragioneria Generale dello Stato Isp. Gen. di Finanza – Serv. Ispettivi Finanza Pubblica - Sett. I Via XX Settembre 58/A 00187 Roma – I Tel ++ 39 06 4747137 Fax ++ 39 06 474 6521 Email: marcello.bessone@tesoro.it	
<u>SWITZERLAND</u>		
Prof. Andreas Bergmann Zurich University of Applied Sciences; Institute for Public Management; St. Georgenstrasse 70/P.O. Box 958, CH-8401 Winterthur SWITZERLAND Tel: +41 52 267 79 25 Fax: +41 52 268 79 25 E-mail: andreas.bergmann@zhwin.ch Term Ending: 2008		
<u>UNITED STATES</u>		
John B. Peace Dover Dixon Horne PLLC Attorneys at Law 425 W. Capitol Avenue, Suite 3700 Little Rock, AR 72201 Tel: +1 (501) 375-9151 Fax: +1 (501) 372-7142 E-mail: jbpeace@ddh-ar.com Term Ending: 2007		

IFAC Board Liaison Official

TBC

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	John Stanford Senior Technical Manager CIPFA 3, Robert Street London, WC2N 6BH United Kingdom Tel: +44 (117) 924 9115 Mobile : +44 (7768) 258 659 Email: John.Stanford@cipfa.org	Matthew Bohun Technical Manager International Federation of Accountants 545 Fifth Avenue 14 th Floor New York, NY 10017 UNITED STATES Phone: +1 212 286 9344 Direct: +1 212 471 8712 Fax: +1 212 286 9570 Email: matthewbohun@ifac.org

OBSERVERS		
<p><u>ASIAN DEVELOPMENT BANK</u> 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 PHILLIPINES Phone: 63 2 632 4542 Fax: 63 2 636 2586 Email: pychiu@adb.org</p>	<p><u>EUROPEAN COMMISSION</u> TBA</p>	<p><u>INTERNATIONAL ACCOUNTING STANDARDS BOARD (IASB)</u> 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</p>
<p><u>INTERNATIONAL MONETARY FUND</u> Keith Dublin Division Chief Government Finance Division International Monetary Fund 700 19th Street, N.W. Washington, D.C. 20431 UNITED STATES Phone: 1 202 623 7993 Fax: Email: kdublin@imf.org</p>	<p><i>*Alternates</i> <u>INTERNATIONAL MONETARY FUND</u> Chris Hemus Finance Advisor Phone : 1 202 623 7813 Fax : 1 202 623 8244 Email:</p>	<p><i>*Alternates</i> <u>INTERNATIONAL MONETARY FUND</u> Ethan Weisman Deputy Chief Government Finance Division Statistics Department Phone: 1 202 623 4625 Fax: 1 202 623 6012 E-Mail: EWEISMAN1@imf.org</p>
<p><u>INTOSAI CAS</u> Robert Dacey U.S. GAO 441 G. Street NW Room Washington DC 20548 UNITED STATES Phone: 202 512 9382 Fax: 202 512 9193 Email: dacey@ga.gov</p>	<p><u>OECD</u> Jon Blondal OECD Deputy Head of Division Budgeting and Public Expenditures 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</p>	<p><u>UNITED NATIONS</u> 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, UNITED STATES Phone: 1 212 963 6380 Fax: 1 212 963 4184 Email: karia@un.org</p>
<p><u>UNITED NATIONS DEVELOPMENT PROGRAM</u> 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 UNITED STATES Phone: 212 906 6100 Fax : 212 906 6306 Email: darshak.shah@undp.org</p>	<p><u>WORLD BANK</u> Simon Bradbury Division Manager, Loan Department World Bank, Room# MC7-775 1818 H Street, NW Washington, DC 20433 UNITED STATES Phone : 1 202 473 6882 Fax : 1 202 522 1649 Email: sbradbury@worldbank.org</p>	