## Agenda Item 1.3

### Approved Minutes of the Meeting of the
INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS BOARD

Held on December 2-5, 2013 in Ottawa, Canada

### 1. Attendance, Opening Remarks, and Approval of Minutes

#### 1.1 Attendance – Ottawa, Canada

**Voting Members**

- Andreas Bergmann (Chair)
- Ron Salole (Deputy Chair) (Monday-Wednesday a.m.)
- Ian Carruthers
- Robert Dacey
- Mariano D’Amore
- Rachid El Bejjet
- Sheila Fraser (Monday)
- Guohua Huang
- Kenji Izawa
- Massud Muzaffar
- Thomas Müller-Marqués Berger
- Anne Owuor
- Guy Piolé
- Jeannine Poggiolini
- Adriana Tiron Tudor
- Wan Selamah Wan Sulaiman
- Ken Warren
- Tim Youngberry

**Technical Advisors**

- Sajjad Ahmad (Mr. Muzaffar)
- Stefan Berger (Mr. Bergmann)
- Lindy Bodewig (Ms. Poggiolini)
- Takeo Fukiya (Mr. Izawa)
- Baudouin Griton (Mr. Piolé)
- Yangchun Lu (Mr. Huang)
- Rasmimi Ramli (Wan Sulaiman)
- Joanne Scott (Mr. Warren)
- Gillian Waldbauer (Mr. Müller-Marqués Berger)
- Stuart Barr (Ms. Fraser)

**Apologies:**

- Tim Beauchamp (Mr. Salole)
- Aziz El Khattabi (Mr. El Bejjet)
- Fabrizio Mocavini (Mr. D’Amore)
- Joanna Spencer (Mr. Youngberry)
Non-Voting Observers

Present:
Dinara Alieva (UNDP)
Martin Koehler (EC)
Ian Mackintosh (IASB) (Monday-Tuesday)
Delphine Moretti (IMF)
Brian Quinn (World Bank) (Tuesday-Thursday)
István Varjas (Eurostat)
John Verrinder (Eurostat)

Apologies:
Jón Blöndal (OECD)
Simon Bradbury (ADB)
Sagé de Clerck (IMF)
Abdul Khan (IMF)
Chandramouli Ramanathan (UN)
Darshak Shah (UNDP)

IFAC Staff

Present:
João Fonseca, IPSASB
Stephenie Fox, Technical Director, IPSASB
Gwenda Jensen, IPSASB
Paul Mason (Monday-Tuesday)
Ross Smith, IPSASB
John Stanford, Deputy Director, IPSASB
Jim Sylph, Executive Director, Professional Standards (Monday)

Apologies:
Paul Sutcliffe, IPSASB

The Chair opened the meeting and welcomed members to Ottawa noting that all members are in attendance.

The IPSASB reviewed the draft minutes of the September 2013 meeting and approved these with no amendments.

On behalf of the Review Group, the World Bank observer gave the Board an update of the governance initiative, including a brief history of the governance review work undertaken over the past 6-9 months. He reminded the IPSASB of the history of the Review Group:

- A Review Group was established in the early summer 2013, essentially to propose some options for the future governance and oversight arrangements for the IPSASB
- The three Co-Chairs of the Review Group are: the IMF, the OECD and the WB
- Three additional Review Group Members are: the FSB, IOSCO, and INTOSAI
- There are four Observers to the Review Group: the IFAC, the Chairs of the IPSASB and the IFRS Foundation Trustee, and Eurostat
• A first draft of the paper was distributed in early October separately to both the Review Group Members and to the Observers and many comments were received from both from the Review Group Members and the Observers.

It was noted that changes are being made to both the structure and content of the paper to address the comments of respondents. In addition, some outreach has been done to other organizations. A revised draft will be distributed shortly to the Review Group for further review. In addition each organization that provided comments will receive an explanation of how their comments have been addressed. The current plan is to issue the paper for consultation in early January.

The World Bank observer noted that initial plans would be to have a 2-3 month exposure period. Members commented that a longer period may be preferred in order to ensure that comprehensive feedback is received.

Members expressed their gratitude to the Review Group for their significant efforts in developing the consultation paper on this very important issue. The process has required significant effort and cost by a number of international organizations in order to garner consensus on the draft and the IPSASB is grateful that the Review Group has overcome the challenges to bring this to completion. The Review Group members, especially the three co-chairing organizations – the World Bank, the IMF and the OECD - have demonstrated an ongoing strong commitment to the IPSASB which is further demonstrated by their effort on this project. The IPSASB looks forward to seeing the final consultation paper and ultimately final proposals for oversight arrangements.

The observer from Eurostat provided a brief update on European Public Sector Accounting Standards (EPSASs) noting that a consultation paper on governance was recently issued. This public consultation seeks views from a wide range of stakeholders on possible future governance arrangements. Responses are requested by February 17, 2014.

The IPSASB received the IASB tracking table for information.

2. Service Performance Information (Agenda Item 2)

The IPSASB carried out a page-by-page review of a draft Exposure Draft (ED) Recommended Practice Guideline (RPG), Reporting Service Performance Information. The draft ED-RPG was revised during the meeting and a second page-by-page review completed by IPSASB members.

The main revisions arising from IPSASB members’ two reviews of the draft ED were:

(a) Additional "Specific Matters for Comment";
(b) Changes to clarify the definitions of “effectiveness” and “service performance objective” and “services”, and a decision to treat "services" as a description within the context of outputs rather than as a definition;
(c) Reference to IPSAS 18, Segment Reporting, included given coverage in IPSAS 18 that could be useful for entities’ grouping of services, considering that IPSAS 18 already requires reporting on performance and objectives of “segments” defined as a group of activities;
(d) Allowance included that service performance information reported could be for a reporting period other than that for the entity’s financial statements;
(e) Clarification of the relationship between users’ needs with respect to performance indicators and indicators’ ease of measurement;
As part of the first review the IPSASB considered two issues raised by staff. With respect to the first issue—revisions to the RPG’s definitions—the IPSASB identified revisions to the definitions of “effectiveness” and “service performance objective” and “services”. With respect to the second issue—whether the ED’s proposed additional disclosures for when service performance information is in a separate report from the financial statements were appropriate and sufficient—the IPSASB approved the proposed disclosures and identified further necessary disclosures.

Conditional on the changes arising from the second review being made by staff, ED 54, RPG Reporting Service Performance Information, was then approved.

The IPSASB decided that ED 54 should be issued with a comments deadline of May 31, 2014. Staff were directed to provide additional outreach to the evaluation community, which has experience with service performance information, including identification of service performance indicators.

3. Emissions Trading Schemes (Agenda Item 3)

The IPSASB considered a project brief on Emissions Trading Schemes (ETS). The first phase will be a joint project between the International Accounting Standards Board (IASB) and the IPSASB. This phase will be up to the development of Discussion Paper (IASB)/Consultation Paper (IPSASB) and the analysis of responses to these publications. Staff noted that ETS is currently on IASB’s research agenda and not on IASB’s active agenda. The project will include both grantors and participants in ETS.

The IPSASB directed that the project should be principles-based and that it should include discussion of the auctioning of allowances and permits to emit as well as allocation of allowances and permits at no cost. The IPSASB also directed that the project should include a consideration of guidance on ETS in the Government Finance Statistics Manual.

Subject to amendments to reflect these points the IPSASB approved the project brief.

4. Public Sector Financial Instruments (Agenda Item 4)

The IPSASB considered a draft project brief on public sector specific financial instruments, following the decision to activate the project at the June meeting. Staff noted that the IPSASB had identified some issues related to this project in 2008, when an IFRS convergence project to develop IPSAS 28–30 had been approved.

Scope of the project

Staff noted that the items identified do not meet the definitions of a financial instrument, financial asset and/or financial liability in IPSAS 28. Because of this some members suggested that the title for the project might be modified. After further discussion, it was decided to make no change for the time being, but this would be reviewed at a later date.

One member supported the inclusion of statutory payables within the scope of the project. He expressed specific concerns related to securitization schemes in the public sector and read out a quote from the 2011 IMF Fiscal Monitor as follows:
“In the 2000s, many European governments securitized future revenues to reduce their reported deficits, selling rights to receive future revenues. Belgium and Portugal securitized tax receivables. Greece securitized lottery proceeds, air traffic control fees, and EU grants. Italy reportedly raised €66 billion–€90 billion through securitizations.”

The IPSASB agreed that statutory payables should be in the scope of the project and further work should be undertaken by staff to research this issue. It was further agreed that the following issues identified in the project brief should be included in the project:

- Monetary gold (having regard to both gold reserves and instruments linked to gold)
- Currency and coin in circulation
- International Monetary Fund (IMF) Special Drawing Rights (SDRs) and reserve position in the IMF
- Statutory receivables
- Statutory payables

Members specifically considered whether the existing requirements and guidance on concessionary loans and financial guarantees issued in non-exchange transactions, should be re-opened and considered in this project. The IPSASB agreed that these issues should not be in the scope at this time, because the requirements and guidance in IPSAS 29 have only been effective since January 1, 2013.

**How to proceed with the project**

Members noted that a key issue for this project is how to proceed going forward. Members considered it difficult to determine if the list of issues identified in the project brief is exhaustive or appropriate. This is because of the broad range of issues and the lack of current accounting literature issued by international and national standard setters. Members directed that the initial phase of the project should focus on further research. The IPSASB decided that after the research phase is complete a modified project brief outlining proposed next steps should be developed. The IPSASB indicated that it expected the research phase to culminate with the publication of a consultation paper at the end of 2014.

Some specific directions for this project were provided by the IPSASB, such as consideration of monetary gold as a reserve asset, including the nature of monetary gold held by central banks. It was recommended by a member that outreach focus on central banks as accounting guidance on a number of issues would primarily impact them. A key suggested research question posed by a board member was to consider if there is diversity in how the issues identified are accounted and reported for currently. A board member also raised the question as to how many central banks apply IPSAS currently and to define clearly what the problem the project looks to address is defined as. Members agreed that the 2 stage approach is appropriate.

The IPSASB agreed that the project should be separate from work to update IPSAS 28–30. The IPSASB also noted that, dependent on the research stage of the project and revised project brief, the project may result in the development of a number of separate exposure drafts and ultimately more than one additional standard.

Because of the complexity of some of the issues and the lack of available accounting literature the IPSASB agreed that the Task Based Group (TBG) should be augmented by one or two additional external members and converted into a Task Force (TF). These additional members would be expected to have specific experience of central bank accounting and/or accounting for IMF SDRs/reserve position in the IMF.
The project brief was unanimously approved by all members present.

5. **Government Business Enterprises (Agenda Item 5)**

The IPSASB considered key issues identified by staff and reviewed a first draft of a Consultation Paper (CP), *Government Business Enterprises*.

The draft CP:

1. Summarized the current definition of a Government Business Enterprise (GBE) in IPSAS 1, *Presentation of Financial Statements*, and further references to GBEs in IPSAS 1 and elsewhere in IPSASB’s literature;
2. Highlighted the approach in Government Finance Statistics (GFS) to determining whether a unit is a public corporation or quasi-corporation;
3. Briefly discussed the range of public sector controlled entities;
4. Discussed the approach of the IASB in communicating its view of the entities for which it develops International Financial Reporting Standards; and
5. Considered some of the main issues with the current definition of a GBE and the use of that definition in establishing the scope of IPSASs.

Members considered the two approaches in the draft CP for dealing with the issue of GBEs. Staff explained that under Approach 1 there would be no formal definition of GBEs in IPSASs. Instead the IPSASB would provide the characteristics of public sector entities that it considers when developing IPSASs. While members generally supported the way in which Approach 1 had been developed and presented in the draft CP, some expressed views that the approach should be better linked to the objectives of financial reporting. There were also some reservations that the approach only listed the characteristics of entities for which IPSASs are appropriate rather than the characteristics of entities for which standards for profit-seeking entities are more appropriate.

It was therefore suggested that (i) the objective of the CP should be clearer and more strongly linked to the satisfaction of user needs, in particular whether standards focusing on investor needs are appropriate for many public sector controlled entities that do not have a profit-seeking objective; and (ii) that Approach 1 could be supplemented by providing indicators of entities that might be expected to adopt accounting standards for profit-seeking entities rather than IPSASs.

Reservations were expressed by a staff member with extensive experience of statistical accounting that the selective use of terminology from GFS in Approach 1 was problematic because of the inter-relationship between different terms. For example, the phrase ‘non-market basis’ is linked to the notion of ‘economically significant prices’, which is supported by considerable explanatory material in GFS. Members therefore directed that an alternative phrase such as ‘non-commercial bases’ should be used.

Under Approach 2 the IPSASB would continue to define GBEs, but would modify the definition. Staff explained that there are two options under this approach. Under the first option the definition would be clarified; under the second option the definition would be narrowed. The first option would include the ability of an entity to contract in its own name as an indicator that an entity is a GBE, but would not retain it as a condition. The first option would also seek to provide further guidance that the terms:

- ‘To other entities’ in the context of the condition in the current definition that “an entity sells goods and services, in the normal course of business, to other entities at a profit or full cost recovery” refers to entities outside the reporting entity;
‘Full cost recovery’ means recovery of all fixed and variable costs in the reporting period; and

‘Not reliant on continuing government funding’ might be clarified to mean that any such funding is a small proportion of an entity’s total income and would distinguish annual government funding from less frequent funding.

The second option would narrow the definition by (i) including a requirement that GBEs have a profit-seeking rather than just a cost-recovery objective and (ii) excluding from the definition entities reliant on government guarantees, community service grants or other government funding in order to continue as going concerns.

Staff explained that the two options in Approach 2 are not mutually exclusive. The second option could therefore include some or all of the clarifications in the first option.

There was general support for the approach in the CP and for a Preliminary View that the IPSASB favors Approach 1. Some reservations were expressed that the second option in Approach 2 is impractical, because very few entities would meet the characteristic that “financial statements can be prepared on a going concern basis without being reliant on any continuing government funding (other than purchases of outputs at arms' length) or guarantees”. A contrary view was expressed that the term “not reliant on continuing government funding” meant that the characteristic would exclude only those entities whose financial viability is dependent on continuing government funding or guarantees, rather than all entities receiving such financial assistance. The IPSASB agreed to further consider this issue at the next meeting.


The project coordinator highlighted the project timetable. He noted that, with very minor modifications, this was the version circulated following the June meeting. It reflected the decision at that meeting to put back the approval of the chapters from phases 2-4 of the project and the Preface to the Framework to June 2014 from March 2014. The Coordinator suggested that the viability of this revised timetable was likely to be clearer following the agenda items on the Conceptual Framework at the meeting, in particular the adoption of an approach to deferred inflows and deferred outflows in Phase 2. He therefore proposed that the timetable should be revisited at the next meeting. In accordance with normal procedure the Coordinator would circulate the timetable following the meeting.

A member noted that the timetable does not address the timeline to revise current IPSASs as a result of the Framework. In particular he highlighted the importance of IPSAS 3, Accounting Policies, Changes in Accounting Estimates and Errors. Staff recalled that this issue had been considered at the December 2012 meeting in New York with particular emphasis on the relationship between the revised qualitative characteristics in Chapter 3 of the Framework and the QCs in IPSAS 1, Presentation of Financial Statements. It had been decided that making changes would not be consistent with the IPSASB’s publicly expressed view that existing IPSAS would not be revised without a full due process. Nevertheless the objectives of financial reporting and the revised QCs had informed the development of a number of new projects. Following completion of the Framework, decisions would be made on considering revisions to existing IPSASs on a prioritized basis. The Chair added that this issue also related to the discussions on strategy and work program at Agenda Item 7.

6A. Conceptual Framework: Presentation by Vice-Chairman on IASB

The Chair welcomed Mr. Ian Mackintosh, the Vice Chairman of the International Accounting Standards Board (IASB). Mr. Mackintosh made a presentation on the IASB's Discussion Paper, A Review of the Conceptual Framework for Financial Reporting, which had been issued in July 2013. The presentation commenced with an explanation of the rationale for the current project and an update on progress prior to
the deactivation of the previous Framework project in 2010, including completion of chapters on the objective of financial reporting and the qualitative characteristics and the issuance of an Exposure Draft on the reporting entity.

The presentation covered a range of issues including:

- Status of the Framework;
- Problems with existing definitions of elements and recognition criteria;
- Possible revised definitions of an asset and a liability;
- Present obligations contingent on an entity’s future actions;
- Approaches to recognition and derecognition;
- Measurement: objective of measurement, relevance of measures, measurement categories and selection of measurement bases for assets and liabilities;
- Approaches to profit or loss and other comprehensive income; and
- Liabilities and equity.

After noting that the timetable projected issuance of an ED in the final quarter of 2014 and finalization of the Framework at the end of 2015, Mr. Mackintosh considered some similarities and differences between the IASB’s and IPSASB’s evolving Frameworks, including:

- The focus of both IASB’s and IPSASB’s work on elements is on the financial statements;
- Different elements have been identified and defined by the IASB and the IPSASB;
- Both IASB and IPSASB have adopted a mixed measurement approach and broadly similar types of measurement categories;
- In the IASB Framework the selection of measurement bases is based on how the asset or liability contributes to the entity’s future cash flows;
- In the IPSASB Framework the selection of measurement bases is based on the way that a measurement basis provides users of financial statements information about financial capacity, operational capacity, and the cost of services; and
- The focus of the IASB’s work on presentation is on the financial statements while the IPSASB has adopted a broader focus on the general purpose financial reports and addresses both financial and non-financial information. Terminology therefore differs.

The presentation led to a constructive discussion which informed the IPSASB’s later sessions on its Conceptual Framework project, in particular the definitions of an asset and a liability in Phase 2. The Chair thanked Mr. Mackintosh for his valuable presentation.

**6B. Conceptual Framework: Elements and Recognition**

*Deferred Inflows and Deferred Outflows*

The Chair asked the IPSASB to consider a proposal by the Phase 2: Task Based Group (TBG) that the IPSASB adopt Approach E, a hybrid approach that included components of the four options identified by Staff in the Issues Paper at Agenda Item 6B.1. In order to support this approach staff had circulated the slide deck prior to the agenda item.
Mr. Ian Carruthers highlighted the main features of Approach E. Mr. Carruthers noted that this approach was not the optimal solution of individual members of the TBG, but that, in the view of the TBG, it represented a viable way forward on the most difficult issue in Phase 2 of the project. Approach E would allow reporting of inflows and outflows that provide service potential or economic benefits, but do not affect assets and liabilities as defined in the Framework and the reporting of inflows and outflows that do not affect revenue and expenses. It would not explicitly define deferred inflows and deferred outflows. The main issue under this approach was whether to define such inflows and outflows as elements. On balance the TBG did not favor defining such inflows and outflows as elements, because of the difficulties inherent in developing definitions. Another member of the TBG said that the approach reflected the current development of conceptual thinking, accepting that there are economic phenomena that do not meet the six defined elements and such an approach would allow for further developments to be made at a standards level.

Members raised a number of issues particularly related to the relationship of inflows and outflows and assets and liabilities and revenue and expenses. Members also expressed some uncertainty as to how Approach E differed from Approach D. TBG members explained that the approach had a number of similarities to Approach D but that, unlike Approach D, it focused on resources and obligations.

Some reservations were also expressed that Approach E might give preparers too much discretion to identify economic phenomena not meeting the definitions of elements for presentation in the financial statements. Therefore it might be necessary for the Framework to include an explicit assertion that such economic phenomena would only be identified by the IPSASB at standards level.

Some members considered that Approach E introduced some interesting ideas, but there was a general view that it was insufficiently developed. The IPSASB rejected Approach E largely because of this lack of detail, its complexity, and the fact that it was not discussed in the Issues Paper.

The Chair then directed staff to summarize concisely each of the four options in the Issues Paper:

A. Defining deferred inflows and deferred outflows as elements in a manner that does not predetermine presentation of the elements;

B. Deriving the definitions of revenues and expenses from the asset and liability definitions;

C. Broadening the asset and liability definitions; and

D. Accepting that certain economic phenomena do not meet the definition of any element.

For each option staff listed the main advantages claimed by its supporters and the main disadvantages put forward by those who opposed it. Staff also indicated the main changes that would need to be made to CF–ED2 if a particular option were to be adopted.

Staff explained that Option A differed from the approach in CF–ED2 because the definitions of deferred inflows and deferred outflows would not be restricted to non-exchange transactions and would not require that the flows should be related to a specified future period.

The main advantages claimed for Option A are:

- Provides a principled approach that meets the objectives of financial reporting and the qualitative characteristics;
- Facilitates assessments of operational capacity and the cost of services;
- Allows on-going development to better achieve objectives and QCs;
• Provides more faithfully representative, relevant, understandable and comparable information on
cost of services;
• Does not involve recycling from residual amount to surplus/deficit; and
• Does not require modifications of asset and liability definitions.

The main disadvantages put forward by opponents of Option A are:
• Deferred inflows and deferred outflows are not separate economic phenomena;
• Inflows should be recognized as revenue if the entity controls the resource, the inflow is not an
ownership contribution and there is no related present obligation;
• Outflows should be recognized as expenses if the entity has no further control of the resource; and
• It leaves decisions on the use of these elements to the standards level with insufficient conceptual
guidance

If Option A were to be adopted the main changes to CF–ED2 would be:
1. The links from elements to specific financial statements in section 1 would be removed;
2. Explanation would be added that statements for recognition and presentation of the elements
would be developed at standards level and as existing IPSASs are reviewed following issue
of the Framework;
3. Revised definitions of DI and DO would be developed with supporting explanation; and
4. The Basis for Conclusions would be modified.

Staff was asked whether the term “net financial position” would be retained if Option A were adopted. Staff said that under Option A there would be no attribution of elements to particular financial statements, so the term “net financial position” and formula for determining it would not be retained.

Under Option B deferred inflows and deferred outflows would not be defined as elements but treated as revenue and expenses. Option B would deal with deferred flows through a combination of display on the face of the financial statements and disclosure through notes. There were two variants of this option. In the first variant deferred flows would be taken directly to surplus/deficit, while in the second variant deferred flows would initially be taken to residual amount and then recycled to surplus/deficit in the period that time stipulations occur.

Staff expressed a view that both these variants were consistent with the Alternative View (AV) of Ms. Jeanine Poggiolini in CF–ED2. Ms. Poggiolini disagreed with this view, because her AV did not envisage recycling, which was a key feature of the second variant. Staff apologized for this misrepresentation.

The main advantages claimed for Option B were:
• It demonstrates the resources for which an entity is accountable and claims on those resources at
the reporting date;
• It is based on transaction-neutral principles;
• It uses globally accepted definitions of an asset and a liability that do not include deferred debits
and deferred credits and definitions of revenue and expenses that are based on movements of
assets and liabilities in the reporting period;
• It is based on a principle that “the passage of time” is not a sound reason for delaying recognition of flows that otherwise meet the definitions of revenue and expenses;
• Variant 1 can satisfy information needs through presentation; and
• Variant 2 achieves the same outcome as Options A & C, but without distorting the elements.

The main disadvantages put forward by opponents of Option B are:
• Variant 1 may not produce information that is representationally faithful of an entity’s sustainable performance and therefore does not meet the objectives of financial reporting; and
• Variant 2: involves recycling and introduces the IASB’s notion of Other Comprehensive Income into the Framework by another name.

If Option B were to be adopted the main changes to CF–ED2 would be:
1. The definitions of DI and DO and accompanying narrative in Section 5 would be deleted;
2. The definitions of revenue and expense and accompanying narrative in Section 4 would be modified;
3. The term net financial position and accompanying discussion in Section 1 would be deleted; and
4. The Basis for Conclusions would be modified.

Under Option C the definitions of an asset and a liability would be modified to include references to ‘certain deferred credits/debits’ (or similar terminology) rather than defining additional elements. Staff noted that such an approach had been explored, but not fully developed, in the early 1970s in the United States. Staff said that a criticism at that time was that the approach allowed virtually any phenomena to meet the definition of an asset or a liability.

The main advantages claimed for Option C are:
• It does not require the development of separate elements for deferred flows;
• Revenue & expenses are determined by movements in assets and liabilities apart from ownership contributions and ownership distributions; and
• It allows the standard setter to respond to particular circumstances appropriately.

The main disadvantages put forward by opponents of Option C are:
• Distorts the asset and liability elements because the:
  o Asset definition includes resources that an entity does not control; and
  o Liability definition includes obligations that are not present obligations; and
• Allows the standard setter to determine what is a deferred credit or deferred debit on an ad hoc basis which diminishes accountability.

Staff noted that the IPSASB had provided its reasons for rejecting Option C in the Basis for Conclusions in paragraph BC41 of CF–ED2.

If Option C were to be adopted the main changes to CF–ED2 would be:
1. The definitions of an asset and a liability would need to be amended to include references to deferred debits and deferred credits (or similar terms);
2. The definitions of DI and DO and accompanying narrative in Section 5 would be deleted;
3. Supporting narrative would be added to Sections 2 and 3 to explain that the definitions of an asset and a liability includes deferred debits (outflows) and deferred credits (inflows);
4. The definitions of revenue and expenses would be modified so that they are based on movements in assets and liabilities. The narrative in Section 4 would also be changed; and.
5. The Basis for Conclusions would be modified.

Under Option D, six elements would be defined: an asset, a liability, revenue, expenses, ownership contributions and ownership distribution. As in Options B and C, DI and DO would not be defined as elements under Option D. It would be acknowledged that there are other economic phenomena that do not meet the definition of elements. Certain such phenomena might need to be presented in the financial statement in order to meet the objectives of financial reporting. Other economic phenomena might be presented in general purpose financial reports (GPFRs) outside the financial statements or might be outside the scope of GPFRs.

The main advantages claimed for Option D are:
- Is transparent in acknowledging the current position reached by conceptual thinking;
- Avoids “shoehorning” (forcing) transactions/events into existing elements;
- Avoids defining additional elements at this time, while acknowledging that additional elements might be necessary in the future; and
- Does not require modification of the asset and liability definitions, unlike Option C.

In explaining the point about “shoehorning” Staff discussed an accounting treatment in IPSAS 32, Service Concession Arrangements, a number of members and commentators had expressed reservations whether the provision by a grantor of a right to an operator of a service concession asset to charge users of the asset was a liability of the grantor. This was based on a view that the granting of such a right did not involve a sacrifice of resources by the grantor. Option D would allow such a transaction to be treated as another economic phenomenon rather than a liability.

The main disadvantages put forward by opponents of Option C are:
- Unlike Option A it is not transparent and can lead to transactions/events being presented as assets and liabilities when they do not meet the definitions of those elements;
- It is inappropriate to define elements but then state that they do not encompass certain transactions and events;
- It diminishes accountability by allowing avoidance of the use of defined elements on an ad hoc basis;
- The impact on the definitions of revenue and expenses is unclear: are these definitions based on movements in assets or liabilities? and
- It provides inadequate guidance for the standard setter.

If Option D were to be adopted the main changes to CF–ED2 would be:
1. The definitions of DI & DO and narrative in Section 5 would be deleted;
2. Section 1 would be modified to explain the nature of other economic phenomena;
3. The definitions of revenue and expenses and, the notion of net assets might need modification and an explanation of how the recognition criteria relate to other economic phenomena would have to be developed; and

4. The Basis for Conclusions would be modified.

Following discussion and a process of informal voting members eliminated Options C and B. In a final round of informal voting members decided to adopt Option D. Some members emphasized that their support of Option D was contingent on the development of more detailed explanation. Members directed the staff and the TBG to further develop Option D for the next meeting, in particular focusing on the impact of the option on the definitions of an asset, a liability, revenue and expenses and approaches to surplus/deficit and financial performance.

Definitions of an Asset and a Liability

The IPSASB accepted a Staff View that the definitions of an asset and a liability should be modified, so that they read more elegantly. The amended definitions had not changed substantively. The revised definitions are:

- An asset is a resource that an entity presently controls as result of a past event; and
- A liability is a present obligation of an entity for an outflow of resources that results from a past event.

Definitions of Ownership Distributions and Ownership Contributions

The IPSASB agreed with the staff view that the phrase “in their capacity as owners” should be inserted into the definition of “ownership distributions” and also, directed that, contrary to the staff view, it should be included in the definition of “ownership contributions”. The revised draft definitions of these two elements are:

- Ownership distributions are outflows of resources from the entity, distributed to external parties in their capacity as owners, that return or reduce an interest in the net assets of the entity; and
- Ownership contributions are inflows of resources to an entity, contributed by external parties in their capacity as owners that establish or increase an interest in the net assets of the entity.

Recognition

Staff put forward a view that the approach to recognition in Section 7 of the draft final chapter is flawed. Staff noted that, as currently drafted, existence uncertainty deals with all components of the definition of an asset and a liability. Staff held the view that if there is uncertainty about whether an entity controls a resource at the reporting date or whether a past event has occurred, such uncertainty would be addressed in determining whether the transaction or event meets the definition of an asset. Similarly, if there is doubt whether an obligation is a present obligation of an entity for an outflow of resources or whether a past event has occurred this would have been assessed in deciding whether the obligation meets the definition of a liability.

Staff therefore expressed a view that the primary focus of the recognition criteria discussed in paragraphs 7.3 and 7.4 should be limited to uncertainty about the existence of inflows of service potential or economic benefits to the entity and outflows of service potential or economic benefits from the entity. Uncertainty about the other components of the definition would be addressed when assessing whether a transaction or event met the element definition. Staff also had strong reservations whether the assertion that recognition is a distinct stage in the financial reporting process in paragraph BC54 of the Basis for
Conclusions is valid. Staff further expressed a view that the core text in the Framework was inconsistent with the point in paragraph BC 55 that existence uncertainty is “whether an item meets the definition of an element.”

Members accepted that the discussion of existence uncertainty in paragraphs 7.3 and 7.4 should be refined. However, members did not accept the staff view that existence uncertainty should be limited to uncertainty about inflows and outflows of service potential.

It was agreed to relocate paragraph 7.2, which establishes a principle that the failure to recognize items that meet the definition of an element and the recognition criteria is not rectified by the disclosure of accounting policies, notes or other explanatory detail. This paragraph would be positioned after the paragraph on measurement uncertainty.

6C. Conceptual Framework: Measurement

The IPSASB considered an Issues Paper covering:

- Definition of Historical Cost;
- Paragraphs on Suitability of Specific Measurement Bases;
- Symbolic or Nominal Values;
- Relocation of Material from Section of CF–ED3 on the Fair Value Model;
- Net Selling Price; and
- Other Issues
  - Valuation of Assets on Standalone Basis or on the Basis that They will be Used in Conjunction with other Assets/Liabilities (Unit of Account);
  - Income-based Present Value Valuation Approaches; and
  - Other Cash-Flow-Based Measures.

Definition of Historical Cost

The IPSASB agreed that historical cost should be defined for both an asset and a liability but considered that the proposed staff definition took into account non-exchange transactions insufficiently and therefore expressed reservations about the reference to ‘market value’ in the proposed definition. The IPSASB directed that the tentative definition should be:

*The consideration given to acquire an asset, which might be the cash or cash equivalents or the value of the other consideration given at the time of its acquisition or development.*

The definition for a liability would mirror this. There will also be a short paragraph on the cost model in both the sections on assets and liabilities.

Paragraphs on Suitability of Specific Measurement Bases

It was agreed that, because of the adoption of a specific Measurement Objective, sub-sections on the *Suitability of Specific Measurement Bases* were no longer required. In conjunction with the TBG, staff was asked to consider what material from these sections should be retained in the final Chapter and make proposals for the March meeting.
Symbolic or Nominal Values

The Chair pointed out that the use of the term ‘nominal’ in the Issues Paper had caused some confusion, because nominal signified a face value that was not adjusted for subsequent changes in value. It was agreed not to use this term and the discussion focused on symbolic values.

Some strong opposition was expressed about the non-inclusion of symbolic values as a measurement basis to accommodate certain items where it is not possible to obtain a valuation or where an accounting policy had been adopted that such items should not be valued. Further views were expressed that the use of symbolic values was not limited to heritage items and that the Issues Paper’s perceived emphasis on heritage items was unhelpful. For example, symbolic values could be applied to the provision of laboratory facilities and other contributions in kind. It was questioned whether there is any need to refer to heritage assets or particular types of assets. However, the IPSASB reaffirmed the view that symbolic values do not constitute a measurement basis. Staff was directed to ensure that the rationale for including symbolic values as a potential measurement basis is adequately stated in the Basis for Conclusions and that the reason for rejecting such an approach is that symbolic values do not meet the measurement objective.

Relocation of Material from Section of CF–ED3 on the Fair Value Model

It was agreed that some of the material from the section on the Fair Value model should be relocated to the sub-section on Market Value. However, material on the assumptions that estimation techniques include in paragraph 4.17 was regarded as too low level and the Board agreed that it should be deleted. It was suggested that the Board may want to use the term ‘fair value’ in standard setting, even though it would not be specified in the Framework.

Net Selling Price

The Board agreed with the staff analysis that the value of an asset would not be displayed at less than zero, but, in the circumstances where the costs of sale are estimated to exceed the proceeds, there is a possibility that a liability might arise from an onerous contract. It was also accepted that under such circumstances the rational approach might be to continue to use the asset rather than immediately sell it. It was agreed that there is no reason to include a reference to this issue in the Basis for Conclusions.

Structure and Format of Section on Liabilities

It was agreed that the structure and format of the section on Liabilities, which is less detailed than that on Assets, should be broadly retained in order to avoid the introduction of repetitive material.

Valuation of Assets on Standalone Basis or on the Basis that they will be used in Conjunction with other Assets/Liabilities (Unit of Account)

It was agreed that there should be a short paragraph on the unit of account, but some reservations were expressed that the Staff drafting was unclear. It was directed that the drafting should be clarified, that the sub-section should be termed the Level of Aggregation and Disaggregation rather than Unit of Account and that there should be a linkage to recognition.

---

1 In particular the face value of a financial instrument
Income-based Present Value Valuation Measures

The IPSASB agreed that the reference, in the context of estimating market value whether a market is inactive or otherwise not open or orderly, that estimation techniques may include conversion of cash flows to a single discounted amount is adequate.

Other Cash-Flow-Based Measurements

The IPSASB agreed not to add a category: Other Cash-Flow-Based Measurements because such measurements are addressed adequately in other measurement bases. It was suggested that this rationale be explained in the Basis for Conclusions.

The IPSASB then carried out a page-by-page review and identified a number of editorial and minor changes. The main points identified were:

- When the Chapter is integrated into the finalized Framework there will be no need for the introductory material on the background to the Framework that precedes the core text;
- In paragraph 2.4 it should be noted that replacement cost is an entry value basis;
- The sub-section on ‘Observable and Unobservable Measures’ should be relocated after the sub-section on ‘Entity-Specific and Non-Entity Specific Measures’;
- In paragraph 2.7 of the sub-section on ‘Entity-Specific and Non-entity Specific Measures’ there should be reference to risks as well as opportunities;
- In paragraph 2.9 of the sub-section on ‘Measurement Bases and their Selection’ the statement that “it is not possible to select a single measurement basis” should be modified to “it is not possible to prescribe a single measurement basis”;
- Table 1 in Section 3 (Summary of Current Value Measurement Bases) should summarize the attributes of historical cost as well as the current value measurement bases and be moved to Section 2 (The Objective of Measurement);
- While paragraph 3.17 on estimation techniques should be deleted (as noted above) staff and the TBG should consider the retention of references to models where market values have to be estimated;
- In paragraph 3.36 in the discussion of the information on the cost of services provided by replacement cost there should be reference to comparative information not being affected by different acquisition dates;
- Paragraph 4.15 dealing with the nature of the obligation assumed in the context of assumption price in the section ‘Measures for Liabilities’ was too low level and should be deleted;
- Table 2 in Section 5, which summarizes measurement bases in terms of whether they are entry or exit values, observable or unobservable in a market and entity or non-entity specific measures should be relocated to Section 2;
• In paragraph BC6 there should be a reference to “standard setting”;
• In paragraph BC17 the reference to budgets reflecting anticipated prices during a reporting period should be removed; and
• In paragraph BC24 there should be a reference to the use of ‘fair value’ at standards level in convergence/alignment with IFRS projects.

It was agreed that a further draft of the final Chapter should be brought to the March 2014 meeting.

6D. Conceptual Framework: Presentation


33 responses were received. As indicated in September, responses largely supported the ED’s approach. Staff asked the IPSASB for directions on three fundamental issues raised by respondents. The three issues were whether CF–ED4 should:

(a) Focus widely on both the financial statements and information additional to the financial statements;
(b) Remain at a high, general level or go into more detail and depth with respect to particular topics; and
(c) Be public sector focused rather than attempt to converge with the IASB’s developing concepts, while monitoring those developments for their relevance.

With respect to point (b) staff noted that responses to SMC 7, which asked about the level of detail in CF–ED4, showed that the majority of respondents agreed with the level of detail. On point (c) above, staff noted that the proposed presentation terminology was the most controversial issue for respondents, as evidenced by responses to SMC 1, and this was proposed for discussion as a separate issue.

With respect to point (c) an IPSASB member expressed concern that CF–ED4 may not go into sufficient depth with respect to the financial statements. It does not address comprehensive income, describe the financial statements or specify what should be displayed in the financial statements. By contrast the IASB’s DP lists the primary financial statements and discusses comprehensive income. This may be a natural and inevitable consequence of the IPSASB’s overall approach to Phase 4. It was noted that the IPSASB had previously decided to take a different approach from that of the IASB and the responses received did not indicate a need to fundamentally change that approach.

The IPSASB noted that the three fundamental issues had been considered throughout the development process and the responses had not raised new issues. On that basis the IPSASB confirmed the general approach in CF–ED4.

A respondent had recommended that Phase 4 address the language in which reports are issued. The IPSASB considered this issue and decided that brief coverage of this point should be developed for inclusion in the draft chapters. The reporting language could be the language that is: (a) used locally; (b) in common use; or (c) used in the relevant financial reporting legislation. It was noted that in some jurisdictions the legislative language may not be the same as that used locally. On balance the IPSASB supported reference to the official language commonly used for financial reporting in the jurisdiction producing the report. However coverage in the draft chapters should be kept at a principles level, which could relate to, for example, accountability.

The IPSASB then considered responses to SMCs 2 through 6. For each of these SMCs staff noted the high level of support for CF–ED4’s approach. Staff identified specific points raised by respondents and
Draft Minutes December 2013 IPSASB Meeting

IPSASB Meeting (March 2014)

Agenda Item 1.3

The IPSASB agreed and further directed that staff and the TBG:

(a) Consider providing more discussion of the drivers for the three types of presentation decision, which could address the extent to which decisions are made by regulators rather than through the professional judgment of preparers;

(b) Not address audit requirements, which are outside the IPSASB’s scope;

(c) Maintain a distinction between decisions on information location and information organization, while acknowledging that the different decisions are interlinked.

Given the overall level of support for the ED, the IPSASB directed that staff and the TBG should be cautious in making changes to the ED, particularly where changes had been proposed by only a few respondents. With respect to providing additional detail, the IPSASB noted that many respondents commented that the ED was an improvement on the CP, because the ED was shorter, less detailed and more understandable. Staff and the TBG should aim to maintain the ED’s concise approach when considering specific recommendations from respondents involving additional detail.

The IPSASB then discussed responses to SMC 1, which had asked for views on the terminology proposed in CF–ED4. A significant group of respondents strongly disagreed with the proposed terminology. Respondents’ main concerns were that the terminology is different from accepted terminology and different from the terminology used by the IASB in its Discussion Paper (DP). IPSASB members noted that respondents particularly opposed the word “display” which is not commonly used. Respondents also consider that “presentation” should be restricted to information disclosed on the face of the financial statements. Members expressed concern about whether the differences in terminology with current practice and IASB developing terminology represents a justifiable difference.

The IPSASB noted that the IASB’s DP describes “presentation” as “disclosure of financial information on the face of an entity’s primary financial statements”. In its DP the IASB has used the term “disclosure” to mean information reported either in the notes or on the face of the financial statements, which differs from the generally accepted meaning in some jurisdictions.

Staff explained that the DP is the IASB’s first conceptual description of “presentation” and “disclosure”. The way that these two terms are used in IASB standards only partly supports a face/notes distinction. The IASB’s broad use of “disclosure” to mean information reported somewhere, not specifically in the notes to the financial statements, was evident in the IASB’s earlier work on management commentary.

The IPSASB directed the TBG and staff to consider alignment of terminology with the IASB’s approach and provide a recommendation to the March meeting. There should be discussion with IASB staff.

The IPSASB also considered respondents’ concerns that disclosed information should not (a) be described as less important than displayed information, and (b) have to relate to displayed information. With respect to these two points the IPSASB confirmed that (a) disclosed information is of the same importance as displayed information; and (b) disclosures will not always relate to displayed information. Staff were directed to ensure that the final chapter make these two points clear.

The next step is for a draft chapter to be developed for the IPSASB’s consideration at its March 2014 meeting.
7. **Strategy (Agenda Item 7)**

The Technical Director led a discussion on the IPSASB’s proposed strategy consultation for the period post 2014. It was proposed that discussions start with considering the strategic objective outlined in the paper as well as the narrative relating to this.

Members suggested that the strategic objective be reworded using terminology related to outcomes and outputs. Members thought this would serve to emphasize the role the IPSASB has within the system of public finance management.

Some members expressed concern that using the word “contributing” is too weak and fails to capture the role of robust accounting standards as a foundation of strong public finance management. Members generally agreed that this needed to be strengthened in any revised wording.

One member expressed concern about the focus of the strategic objective on public finance management and proposed that the IPSASB’s strategy should be focused on developing accounting standards that are to be adopted by public sector entities since this is narrower. This member thought that as worded the proposed strategic objective is not adequately concrete and overshadows the strategic objective that should be the adoption of IPSAS by a large number of public sector entities.

Other members disagreed noting that without the link to enhancing public finance management then it seems that the IPSASB is developing standards for no purpose. In looking at why the IPSASB is setting public sector accounting standards, it is not that they are a goal unto themselves but rather that they improve public finance management.

There was some discussion of the difference between the strategic objective and the mission set out earlier in the draft. One member wondered if they should be the same. Others noted that it is important that strategic objectives and the mission not be contradictory but that, in fact, it is quite appropriate they be different.

Members discussed the absence of operational objectives within the document. They noted that there did not seem to be an adequate link between the strategic objective and the proposed work plan discussion. While there was acknowledgement of some desire to keep things at a strategic level members suggested that it would be important to include some details about operational processes that would link the strategy to the work plan.

One member wondered whether the strategic objective should be linked to a specific time period. It was highlighted that at the discussions at the September IPSASB meeting members agreed that there should be no specific time period for the strategic objective. However it was noted that this can be changed at any time when the IPSASB believes it is necessary.

Another member commented on the lack of comment on adoption and implementation and encouraged the IPSASB to be bold in stating what they want to achieve in terms of adoption of the IPSASs. This member thought that the IPSASB’s story could be better told with a more logical flow to the document.

In discussing the need to have more information in the draft document related to operational processes, one member suggested a number of activities be incorporated including (a) developing a high-quality reporting framework, (b) promoting adoption of the reporting framework, and (c) having a credible feedback mechanism. Other members agreed with the need to articulate policies that would link the strategic objective with the work plan and thought this would provide the necessary bridge, noting that some are in place already such as the due process mechanism, policy on GFS alignment, rules of the road etc.
Members then discussed the section of the draft related to the cash basis IPSAS. One member suggested it be clarified to note what the nature of further work would be. Generally members thought that three options should be more fully described, including the possibility of withdrawing the cash basis IPSAS. Members noted that there is some feeling that the cash basis IPSAS is not being used as originally thought of or intended. One member noted the need to link this discussion on the cash basis IPSAS with the strategic objective to allow constituents to assess the options in that context.

As a general comment several members thought the wording generally of the section on the cash basis IPSASs could be more positive than currently written and directed staff to revise the section taking into account the various comments.

In terms of the SWOT analysis provided as an appendix to the draft, members generally thought it was a useful exercise and something the IPSASB should be using as a tool in making decisions. However members agreed that it should not be included in the public consultation document. Members made a number of suggestions for additions to the various categories noting that some items can fit within multiple categories. Items to be added include the lack of instantaneous translations at meetings which restricts membership to English speakers (weakness), the challenges of some national standard setters not being involved in public sector issues (threat), and the existing strong relationship with national standard setters (strength).

One observer noted the challenge of the proposed issue date since the report of the IPSASB Governance Review Group has been delayed and now will likely overlap in terms of consultation period. The Chair acknowledged these challenges and noted the need to manage these. However the IPSASB has also to keep its commitment to its stakeholders to issue a public document in March 2014 in order to finalize its strategy and work program for the period from 2015 forward before the end of 2014.

In summarizing the discussion the Technical Director noted the following changes to be made to the draft:

(a) The strategic objective will be reworded to be stronger in language and will also reflect outputs and outcomes;

(b) A discussion of operational processes and strategic priorities will be included as a bridge between the strategic objective and the work plan;

(c) The three options related to the cash basis IPSAS will be outlined more fully in more positive language; and

(d) The SWOT analysis will be removed and the discussion of governance and oversight and the project descriptions will be revised as needed.

The TBG will review a further draft of the strategy document and a revised version will be considered for approval by the IPSASB in March 2014.

8. GFS Alignment (Agenda Item 8)

The IPSASB heard back from the Alignment Task Force on progress made since the IPSASB’s review of responses to the Consultation Paper (CP) IPSASs and Government Finance Statistics Reporting Guidelines. The Chair of the Task Force, Mr. Ian Carruthers, reported that the Task Force had made good progress during the second half of 2013. The Task Force had developed the draft policy paper, Process for Considering GFS Reporting Guidelines during Development of IPSASs, and work program proposals, which were included in the agenda papers for the IPSASB’s consideration at this meeting. It had also done initial work on guidance for the management of IPSAS–GFS differences. The Task Force had met
twice—a face-to-face meeting in September and a teleconference in November—and there had been several review rounds in between those meetings to develop the policy paper, work program proposals, and guidance approach.

The IPSASB Chair expressed his thanks and appreciation to the Task Force for the work it had done. Mr. Carruthers endorsed that appreciation and noted that remaining work included updating the detailed table of differences, developed for the CP, so that it can be used to track differences over time.

**Policy Paper**

The IPSASB then considered the draft policy paper, Agenda Item 8.2, which would lead to a more systematic approach to reducing differences between IPSASs and GFS reporting guidelines. Staff highlighted the paper’s proposal that the focus of the IPSASB’s biennial improvements projects should be widened to include reduction of differences between IPSASs and GFS reporting guidelines, so long as the differences are minor and appropriate for IPSASs. The IPSASB agreed with that proposal and approved its inclusion in the policy paper.

The IPSASB then carried out a page by page review of the policy paper. The main revisions identified were: (a) additional explanation of the meaning of “minor revision” in the context of differences that could be included in biennial improvements projects; (b) detail on possible guidance deleted; and, (c) reordering of paragraphs within the paper. The IPSASB also asked staff to check references to the Handbook Preface within the paper, and noted that references to the IPSASB’s policy on IFRS convergence, while presently consistent with that policy, are likely to be affected by any future revisions to that policy paper.

Staff clarified that the process for approving such policy papers normally does not involve external consultation. Conditional on the revisions arising from their review being made by staff, the IPSASB approved the policy paper.

The IPSASB directed staff to develop a description of the different categories of documents produced by the IPSASB, including (a) a description of the standard approval process for each type of document, and (b) a proposal with respect to document management.

**Work Program Proposals**

The IPSASB then considered work program proposals with scope to reduce differences between IPSASs and GFS reporting guidelines. The proposals had been identified by the Task Force through its detailed review of responses to the CP. The Task Force proposed new projects on the following topics: (a) segment reporting, (b) measurement, (c) intangible assets (public sector specific) and noted the Task Force view that two further projects—IIPSAS equivalents for the IFRS 2, Share Based Payments and IFRS 6, Exploration for and Evaluation of Mineral Resources—suggested by a CP respondent did not need to be proceeded with owing to the lack of public sector issues.

With respect to the Task Force’s proposals on new projects, the IPSASB decided that they should be integrated into the list of possible projects to be included in the 2014 work plan consultation. They should be considered further within the context of the full set of projects proposed for the draft strategy paper. A project on revisions to IPSAS 18, Segment Reporting, should be able to proceed independently of work to address the future of IPSAS 22, Disclosure of Financial Information about the General Government Sector, so two separate projects should be identified. The Task Force’s proposed project on measurement, which would focus on revisions consequential on the Conceptual Framework, should be considered within the context of implications arising from the Conceptual Framework, which also covers
fundamentals such as qualitative characteristics, elements, and recognition, and is not restricted to measurement.

The Task Force’s detailed review of responses had also highlighted that there might be scope to reduce differences as part of several existing IPSASB projects. The projects identified included (a) revisions to IPSASs 6-8; (b) public sector specific financial instruments; (c) emissions trading; and, (d) social benefits. The IPSASB noted that where an existing project provides scope to reduce differences this should be considered by the staff involved, unless they have already been considered and IPSASB decision made as is the case, for example, in the project related to IPSASs 6-8.

The “Alignment of IPSASs and Public Sector Reporting Guidance” project has started initial work to develop guidance on the management of IPSAS–GFS differences. The IPSASB decided that development of guidance on managing differences should be considered in light of the IPSASB’s strategic deliberations with respect to its involvement with implementation guidance.

9. Approach to Development of Agenda

The IPSASB briefly discussed the time allocated to agenda items. The IPSASB noted that it had not required the amount of time allocated to Agenda Item 6D and, if this had been foreseen, more time could have been allocated to the Agenda Item 6B where the discussion had been curtailed. Staff noted that the agenda is usually finalized shortly after the previous meeting because this helps meeting attendees with their travel arrangements and planning.

Members directed that the agenda should be finalized closer to the IPSASB meeting, once the meeting papers have been substantially completed, so that the issues raised, and level of detail, in agenda papers could inform time allocations. Staff said that they would consider approaches to giving members advance notice of the items likely to be on the agenda.

10. Closing Remarks and Conclusion of Meeting

The Chair thanked members for their participation during the meeting. He also highlighted that it is the last meeting for three members. The Chair thanked Sheila Fraser for her participation as a public member nominated by INTOSAI. He also noted the continuity in her position since her technical advisor, Stuart Barr, has been appointed effective January 1, 2014. The Chair thanked Masud Muzaffar, the member from Pakistan, for his contributions over his term. He wished him well and acknowledged that his efforts on behalf of IPSASB will continue. Lastly, the Chair thanked Anne Owuor from Kenya for her role on the IPSASB. Anne’s efforts in promoting adoption and implementation of the IPSASs in Africa were highlighted.

The meeting was adjourned on December 5, 2013.
## 11. Appendix 1 – December 2013 Action List

<table>
<thead>
<tr>
<th>Action Required</th>
<th>Person(s) Responsible</th>
<th>Date to be Completed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Conceptual Framework—General</strong></td>
<td>John Stanford</td>
<td></td>
</tr>
<tr>
<td>• Update and re-circulate CF project plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2. Conceptual Framework—Elements</strong></td>
<td>John Stanford</td>
<td></td>
</tr>
<tr>
<td>• Update sections ED for conversion into final chapter in accordance with directions at December meeting</td>
<td>John Stanford &amp; TBG</td>
<td>January 27, 2014</td>
</tr>
<tr>
<td>• Develop Issues Paper further analyzing approach to Option D on deferred flows and deferred outflows for discussion with TBG</td>
<td>Paul Sutcliffe</td>
<td>January 3, 2014</td>
</tr>
<tr>
<td>• Revise Issues Paper and circulate as agenda item for March 2014 meeting</td>
<td>John Stanford</td>
<td>February 24, 2014</td>
</tr>
<tr>
<td><strong>3. Conceptual Framework—Measurement</strong></td>
<td>John Stanford</td>
<td></td>
</tr>
<tr>
<td>• Further develop draft of final chapter and circulate to TBG</td>
<td>John Stanford</td>
<td>February 3, 2013</td>
</tr>
<tr>
<td>• Revise draft of final chapter and circulate as agenda item for March 2014 meeting</td>
<td>John Stanford</td>
<td>February 24, 2014</td>
</tr>
<tr>
<td><strong>4. Conceptual Framework—Presentation</strong></td>
<td>Gwenda Jensen</td>
<td></td>
</tr>
<tr>
<td>• Develop first draft of chapter(s) and circulate to TBG for review</td>
<td>Gwenda Jensen</td>
<td>January 21, 2014</td>
</tr>
<tr>
<td>• Revise first draft of final chapter(s) and circulate as agenda item for March 2014 meeting</td>
<td>Gwenda Jensen</td>
<td>February 21, 2014</td>
</tr>
<tr>
<td><strong>5. Emissions Trading Schemes</strong></td>
<td>Paul Mason/John Stanford</td>
<td></td>
</tr>
<tr>
<td>• Develop first draft of Issues Paper and circulate to TBG</td>
<td>Paul Mason</td>
<td>February 17, 2014</td>
</tr>
<tr>
<td>• Revise draft and circulate as agenda item for March 2014 meeting</td>
<td>Paul Mason</td>
<td>March 1, 2014</td>
</tr>
<tr>
<td><strong>6. Service Performance Information</strong></td>
<td>Gwenda Jensen</td>
<td></td>
</tr>
<tr>
<td>• Issue ED, <em>RPG Service Performance Reporting</em></td>
<td>Gwenda Jensen</td>
<td>January 10, 2014</td>
</tr>
<tr>
<td>• Revise draft Consultation Paper and circulate to TBG</td>
<td>João Fonseca</td>
<td>January 25, 2014</td>
</tr>
<tr>
<td>• Further develop Consultation Paper and circulate as agenda item for March 2014 meeting</td>
<td>João Fonseca</td>
<td>February 24, 2014</td>
</tr>
<tr>
<td><strong>8. GFS Alignment</strong></td>
<td>Gwenda Jensen</td>
<td></td>
</tr>
<tr>
<td>• Issue policy paper</td>
<td>Gwenda Jensen</td>
<td>January 17, 2014</td>
</tr>
<tr>
<td>• Gain Task Force review and agreement on table and methodology for tracking progress on addressing differences between IPSASs and GFS reporting guidelines</td>
<td>Gwenda Jensen</td>
<td>February 21, 2014</td>
</tr>
</tbody>
</table>

Agenda Item 1.3
Page 23 of 28
<table>
<thead>
<tr>
<th>Action Required</th>
<th>Person(s) Responsible</th>
<th>Date to be Completed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>9. Strategy and Work Planning</strong></td>
<td>Stephenie Fox</td>
<td></td>
</tr>
</tbody>
</table>
| Revise draft consultation paper to reflect discussions of IPSASB including:  
  • Rewording strategic objective with stronger language in terms of the importance of accrual accounting to public finance management  
  • Rewording strategic objective to reflect outputs and outcomes  
  • Adding a discussion of operational processes to bridge the strategy and work plan  
  • Adding a full description of the options related to the cash basis IPSAS |  |
| |  | January 14, 2014 (to TBG)  
February 24, 2014 (to IPSASB) |
| **10. Communications** | Leah Weselowski  
Leah Weselowski  
Leah Weselowski  
Ross Smith  
Ross Smith | December 18, 2013  
December 10, 2013  
February 4, 2014  
February 25, 2014  
December 18, 2013 |
| • Action List posted to IFAC Extranet  
• Power Point presentations posted to IFAC Extranet  
• Draft minutes posted to IFAC Extranet  
• Update IPSASB Summary of IASB Work Plan and Tracking Table  
• Meeting Highlights posted to IFAC website |  |
### 12. Appendix 2 – Voting Record

12.1 – Vote #1 – Approve ED – Reporting Service Performance Information

<table>
<thead>
<tr>
<th>Agenda Item 2</th>
<th>Minutes Item 2</th>
<th>Date Vote Taken</th>
<th>Description</th>
<th>Final Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Exposure Draft 54</td>
<td>December 4, 2013</td>
<td>Reporting Service Performance Information</td>
<td>Approved at meeting</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>IPSASB MEMBER</th>
<th>FOR</th>
<th>AGAINST</th>
<th>ABSTAIN</th>
<th>ABSENT</th>
<th>NOTES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andreas Bergmann, Chair</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ron Salole, Deputy Chair</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ian Carruthers</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Robert Dacey</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mariano D’Amore</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rachid El Beijet</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sheila Fraser</td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guohua Huang</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kenji Izawa</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Masud Muzaffar</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thomas Müller-Marqués Berger</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anne Owuor</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guy Piolé</td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Jeannine Poggiolini</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adriana Tiron Tudor</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wan Selamah Wan Sulaiman</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ken Warren</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tim Youngberry</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>15</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>18</td>
</tr>
</tbody>
</table>
12.2 – Vote #2– Approve Project Brief – Emissions Trading Schemes

**Agenda Item 3**

<table>
<thead>
<tr>
<th>Description</th>
<th>Minutes Item 3</th>
<th>Date Vote Taken</th>
<th>Final Standard</th>
<th>IPSASB MEMBER</th>
<th>FOR</th>
<th>AGAINST</th>
<th>ABSTAIN</th>
<th>ABSENT</th>
<th>NOTES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Brief</td>
<td></td>
<td>December 2, 2013</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Date Vote Taken</strong></td>
<td></td>
<td>Approved at meeting</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**IPSASB MEMBER**

<table>
<thead>
<tr>
<th>IPSASB MEMBER</th>
<th>FOR</th>
<th>AGAINST</th>
<th>ABSTAIN</th>
<th>ABSENT</th>
<th>NOTES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andreas Bergmann, Chair</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ron Salole, Deputy Chair</td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Ian Carruthers</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Robert Dacey</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mariano D’Amore</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rachid El Beijet</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sheila Fraser</td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Guohua Huang</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kenji Izawa</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Masud Muzaffar</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thomas Müller-Marqués Berger</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anne Owuor</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guy Piolé</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jeannine Poggiolini</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adriana Tiron Tudor</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wan Selamah Wan Sulaiman</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ken Warren</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tim Youngberry</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL** 16 0 0 2 18
12.3 – Vote #3– Approve Project Brief – Public Sector Financial Instruments

<table>
<thead>
<tr>
<th>Agenda Item 4</th>
<th>Minutes Item 4</th>
<th>Date Vote Taken</th>
<th>December 2, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description</td>
<td>Project Brief</td>
<td></td>
<td>Approved at meeting</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Final Standard</th>
<th>ED</th>
<th>CP</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>□</td>
<td>□</td>
<td>■</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>IPSASB MEMBER</th>
<th>FOR</th>
<th>AGAINST</th>
<th>ABSTAIN</th>
<th>ABSENT</th>
<th>NOTES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andreas Bergmann, Chair</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ron Salole, Deputy Chair</td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Ian Carruthers</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Robert Dacey</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mariano D’Amore</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rachid El Bejjet</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sheila Fraser</td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guohua Huang</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kenji Izawa</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Masud Muzaffar</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thomas Müller-Marqués Berger</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anne Owuor</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guy Piolé</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jeannine Poggiolini</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adriana Tiron Tudor</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wan Selamah Wan Sulaiman</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ken Warren</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tim Youngberry</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| TOTAL | 16 | 0 | 0 | 2 | 18 |

Agenda Item 1.3
Page 27 of 28
## Agenda Item 8

### Description

- **3.4 – Vote #4– Approve Policy Paper– GFS Reporting Guidelines**

<table>
<thead>
<tr>
<th>IPSASB MEMBER</th>
<th>FOR</th>
<th>AGAINST</th>
<th>ABSTAIN</th>
<th>ABSENT</th>
<th>NOTES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andreas Bergmann, Chair</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ron Salole, Deputy Chair</td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Ian Carruthers</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Robert Dacey</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mariano D’Amore</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rachid El Beijjet</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sheila Fraser</td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Guohua Huang</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kenji Izawa</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Masud Muzaffar</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thomas Müller-Marqués Berger</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anne Owuor</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guy Piolé</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jeannine Poggiolini</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adriana Tiron Tudor</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wan Selamah Wan Sulaiman</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ken Warren</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tim Youngberry</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>16</strong></td>
<td><strong>0</strong></td>
<td><strong>0</strong></td>
<td><strong>2</strong></td>
<td><strong>18</strong></td>
</tr>
</tbody>
</table>