

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

Held on June 19–22, 2018 in Toronto, Canada

1. Attendance, Opening Remarks, and Approval of Minutes

Attendance

	Voting Members	Technical Advisors
Present:	Ian Carruthers (Chair) Mike Blake (Deputy Chair) Stuart Barr Todd Beardsworth Lindy Bodewig Michel Camoin Francesco Capalbo (Thursday-Friday) Robert Dacey Sebastian Heintges Do-Jin Jung Neema Kiure-Mssusa Aracelly Méndez Rod Monette Leonardo Nascimento Chris Nyong Bernhard Schatz Marc Wermuth Juan Zhang	Samuel Agbevem (Mr. Nyong) Clark Anstis (Mr. Blake) Claudia Beier (Mr. Wermuth) Takeo Fukiya (Mr. Jung) Baudouin Griton (Mr. Camoin) Anthony Heffernan (Mr. Beardsworth). Leona Melamed (Mr. Monette) Ayres Moura (Mr. Nascimento) Giovanni Parente (Mr. Capalbo) Renée Pichard (Mr. Barr) Jakob Prammer (Mr. Schatz) Tsholofelo Tshoke (Ms. Bodewig) Gillian Waldbauer (Mr. Heintges) David Watkins (Mr. Carruthers) Haifeng Yang (Ms. Zhang) Technical Advisor Apologies: Williard Kalulu (Ms. Kiure-Mssusa) Juan Moreno Real (Ms. Méndez)

Non-Voting Observers

Present: Rosa Aldea Busquets (European Commission) (Tuesday)
Sagé de Clerck (IMF)
Jerry Gutu¹ (United Nations)
Chai Kim (ADB) (Tuesday-Wednesday)
Thomas Müller-Marqués Berger (CAG Chair) (Tuesday – Thursday)
Livia Strakova²
Magdalena Zogala³

Apologies: Dinara Alieva (UNDP)
Guohua Huang (IMF)
Martin Koehler (European Commission)
Tak Ochi (IASB)
Delphine Moretti (OECD)
Chandramouli Ramanathan (UN)
Darshak Shah (UNDP)
Fily Sissoko (World Bank Group)
John Verrinder (Eurostat)

IPSASB/IFAC Staff

Present: Amon Dhliwayo, IPSASB
João Fonseca, IPSASB
James Gunn, Managing Director, Professional Standards (Tuesday)
Gwenda Jensen, IPSASB
Paul Mason, IPSASB
Ross Smith, IPSASB
Joanna Spencer, IPSASB
John Stanford, IPSASB
Dave Warren, IPSASB
Geena De Rose, IFAC Communications (Tuesday-Wednesday)

¹ Jerry Gutu attended the meeting in place of Chandramouli Ramanathan

² Livia Strakova attended the meeting for the European Commission

³ Magdalena Zogala attended the meeting for the European Commission

- 1.1. The Chair welcomed members, technical advisors and observers to the second meeting of the year in Toronto. The Chair introduced and especially welcomed new member Todd Beardsworth from New Zealand, noting that Todd had previously been a technical advisor, had been heavily involved in the Revenue project and had provided an education session at the March 2015 meeting in Santiago, Chile.
- 1.2. Due to a regulatory inspection of his university in Italy Francesco Capalbo had given apologies for the first two days of the meeting.
- 1.3. The minutes of the March 2018 meeting were approved.
- 1.4. Livia Strakova provided an update on the European Public Sector Accounting Standards (EPSAS) project. The sixth meeting of the EPSAS Working Group (EPSAS WG) took place on May 7th and 8th in Luxembourg. Livia reiterated the points made at previous meetings that the EPSAS project is promoting the implementation of accrual accounting in the short to medium term with the use of IPSAS as a proxy for EPSAS, and developing the EPSAS Framework in the medium to longer terms. The IPSASB Chair updated the EPSAS WG meeting on the IPSASB's project on heritage items.
- 1.5. The next EPSAS WG meeting is planned for November 2018. As well as following-up on the EPSAS technical proposal and impact analyses, there will be three remaining issues papers available for discussion by then: Control, Consolidation and Public-Private Partnerships. There may be a meeting of one of the cells before the WG.
- 1.6. The Chair thanked Livia for the update and noted that many projects on the EPSAS agenda were of great interest to the IPSASB.
- 1.7. The IPSASB noted the IFRS Tracking Table and the GFS Tracking Table. The Chair said that the IFRS Dashboard, which will take the place of the IFRS Tracking Table, would be considered in the Strategy and Work Plan agenda item.

2. Report on Activities/Communication Activities (Agenda Item 2)

IPSASB Strategy and Work Plan 2019–23 Regional Roundtable Events

- 2.1. The Chair gave headline numbers of participants, jurisdictions and organizations for the four regional roundtables on the IPSASB Strategy and Work Plan 2019–23. He thanked the member from Brazil for organizing the Latin American event, and Accountancy Europe, the African Union Commission and the Asian Development Bank for their support of the other regional events. The Chair noted that the success of the events provide the IPSASB with a template for more regular partnership-based regional outreach activities in the future.

Update on the development of public sector accounting standards in Canada

- 2.2. Rod reiterated that PSAB was required under its 2017–20 Strategic Plan to consult on the position Canada should take in relation to IPSAS. Rod gave a brief introduction to the Canadian Public Sector Accounting Board (PSAB) Consultation Paper, *Reviewing PSAB's Approach to International Public Sector Accounting Standards (CP)*. The CP issued in May 2018 is seeking responses by September 2018 on the criteria the PSAB should use to determine its approach to developing public sector accounting standards in Canada based on international standards.

- 2.3. Comments are invited on whether there are any additional criteria and whether any criteria should take precedence over others. Modifications to the criteria will be informed by the consultation. The options that will then be evaluated are currently seen as:
- (a) Retention of the status quo;
 - (b) Adapt IPSAS principles when developing future PSAB standards;
 - (c) Adapt IPSAS; and
 - (d) Adopt IPSAS.
- 2.4. A further consultation paper will be issued in 2019 to seek views on the options Canada should pursue.
- 2.5. The Chair thanked Rod for this update.

Update on the development of public sector accounting standards in China

- 2.6. Juan Zhang gave a presentation on the Chinese public sector's migration to accrual accounting – encompassing more than one million public sector entities at the central, provincial, municipal, and county levels.
- 2.7. Juan highlighted the following key points:
- The accrual accounting reform program was approved in 2014;
 - The program takes full effect from January 1st 2019 and the migration is expected to be completed by 2020;
 - In addition to accrual based reports, the cash basis budgeting and reporting system will be retained – the accrual reports will cover assets, liabilities, net assets, revenue and expenses; the budgetary system will cover budgetary expenses, budgetary revenue and budgetary balances;
 - The Ministry of Finance will continue to issue accounting standards, which use IPSAS as a reference point;
 - Challenges include awareness, capacity, integrated financial management information systems, operationalizing standards in technical areas such as infrastructure, measurement, heritage and the scope of consolidation; and
 - Financial sustainability reports are prepared but not in accordance with Recommended Practice Guideline 1, *Reporting on the Long-Term Sustainability of an Entity's Finances*.
- 2.8. The Chair thanked Juan for this update and especially noted the scale of the reform.

3. Governance (Agenda Item 3)

Public Interest Committee (PIC)

- 3.1. James Gunn, Managing Director, Professional Standards noted that the PIC will stay connected with the IPSASB on the ongoing development of the Strategy and Work Plan 2019-2023. He noted that a video-conference with the PIC, and a conference call with the Consultative Advisory Group are planned after the September 2018 IPSASB meeting to receive their input.

Consultative Advisory Group (CAG)

- 3.2. The IPSASB CAG Chair, Thomas Müller-Marqués Berger, reported back on the CAG's June 18, 2018 meeting. He noted that several IPSASB members, technical advisors and observers were in attendance for the meeting, and thanked them for their support of, and engagement with, the CAG.
- 3.3. Mr. Müller-Marqués Berger provided an overview of the main topics covered during the meeting, noting that the technical projects discussed were Revenue, Social Benefits and Non-Exchange Expenses. The CAG also received a presentation from Mark MacDonald, Ernst & Young Global Lead Partner on Public Financial Management on 'The Impact of Blockchain on Public Financial Management and Accounting for Public Sector Transactions'. IPSASB CAG Member Bill Matthews provided a presentation on experiences and implementation challenges with the adoption of accrual accounting in the Canadian federal government.
- 3.4. Mr. Müller-Marqués Berger noted that the CAG's first three years conclude in December 2018 and that the first term of the initially appointed members will also expire at that time. The CAG Membership Panel are engaged in ongoing discussions of how to stagger member rotations to avoid 'a membership cliff' and to ensure continuity. He further noted that CAG membership will increase from 21 to 25 and, in growing the CAG, there will be a focus on improving the geographical and gender balance.

4. Technical Director's Report on Work Plan (Agenda Item 4)

Introduction of Work Plan Review on Day One

- 4.1. The Technical Director introduced the current Work Plan, noting that the main review would take place on Day Four in the light of meeting developments. He noted the staff recommendation for the IPSASB to approve IPSAS 41, *Financial Instruments*, at this meeting. Subject to approval of IPSAS 41 staff also recommended that the related improvements project, *Long-term Interests in Associates and Joint Ventures and Prepayment Features with Negative Compensation*, be brought forward by one quarter, with a pronouncement expected to be approved at the December 2018 meeting.
- 4.2. The Technical Director reported that, due to ongoing production problems, the 2018 Handbook was now expected to be published electronically in September 2018.

Review of Work Plan on Day Four

- 4.3. The IPSASB reviewed the Work Plan in the light of the decisions taken at the meeting.

IPSASB Decisions

- 4.4. Following the approval of IPSAS 41, the IPSASB **decided** to bring forward the improvements project *Long-term Interests in Associates and Joint Ventures and Prepayment Features with Negative Compensation*. An Exposure Draft (ED) will be issued soon afterwards.
- 4.5. The IPSASB also **decided** to bring forward the *Collective and Individual Services* stream of the *Non-Exchange Expenses* project by one quarter. An ED is expected to be approved in December 2018, with the final pronouncement scheduled for December 2019.

IPSASB Instructions

- 4.6. The IPSASB considered adjusting the Work Plan for the *Revenue* project in light of the discussions around progressing two performance obligation-based EDs in parallel. The IPSASB **instructed** staff to consider the Work Plan implications of developing a single standard on revenue from transactions with performance obligations ahead of the September meeting.

5. Update to IPSAS 28–30, Financial Instruments (Agenda Item 5)

- 5.1. Staff presented an Issues Paper summarizing the Task Force recommendations to address remaining issues related to ED 62, *Financial Instruments*.
- 5.2. Staff provided an overview of the Task Force recommendations, including the recommendation to approve IPSAS 41, *Financial Instruments*.

IPSASB Decisions

Issue 1: Interaction between Concessionary Loans and Originated Credit Impaired Loans

- 5.3. The IPSASB **decided** to approve the Task Force recommendation on how to account for concessionary loans with a credit impairment at origination.

Issue 2: Commitment to Issue a Concessionary Loan

- 5.4. The IPSASB **decided** to approve the Task Force recommendation on how to account for a commitment to issue a concessionary loan.

Issue 3: Ignoring the Effects of Discounting Short Term Receivables (IFRS 15 Practical Expedient)

- 5.5. The IPSASB **decided** to approve the Task Force recommendation on how to account for short term receivables.

Issue 4: Measuring Fair Value of Non-Cash Generating Equity Instruments

- 5.6. The IPSASB **decided** to approve the Task Force recommendation on how to measure the fair value of a non-cash generating equity instrument.

Issue 5: Clarifying an in substance Equity Instrument

- 5.7. The IPSASB **decided** to approve the Task Force recommendation on how to clarify an “in substance equity instrument”.

Issue 6: Interaction of Day One Fair Value Guidance with Other Valuation Paragraphs

- 5.8. The IPSASB **decided** to approve the Task Force recommendation on amendments to the day one fair value guidance.

Issue 7: Other Issues Delegated to the Task Force for Review

- 5.9. The IPSASB **decided** to approve the amendments made by the Task Force to Staff’s proposals to address constituent responses.

Issue 8: Proposed Basis for Conclusions

5.10. The IPSASB **decided** to approve the Basis for Conclusions recommended by the Task Force.

Issue 9: Approval of IPSAS 41, Financial Instruments

5.11. The Technical Director asserted that due process had been followed effectively, noting that:

- [ED 62, Financial Instruments](#), was issued for consultation;
- Responses to the ED were received and made publicly available on the [IPSASB website](#);
- The IPSASB had deliberated matters raised in the comment letters, and significant decisions have been recorded in the draft minutes of the March 2018 meeting. Further decisions at this meeting would be minuted; and
- The IPSASB had considered whether there were any issues raised by respondents, in addition to those summarized by staff, which it considers should have been discussed by the IPSASB, and agreed that there were none.

5.12. The IPSASB confirmed it was satisfied that due process had been followed effectively.

5.13. The IPSASB **decided** to approve IPSAS 41, *Financial Instruments*. 17 members voted in favor. No members voted against or abstained. There was one absentee.

5.14. The IPSASB confirmed there has been no substantial change to ED 62 such that a vote on re-exposure is necessary.

5.15. The IPSASB **decided** to set an effective date of January 1, 2022 for IPSAS 41, *Financial Instruments*.

IPSASB Instructions

Issue 9: Approval of IPSAS 41, Financial Instruments

5.16. The IPSASB **instructed** the Drafting Group to review all material in IPSAS 41 to ensure it complies with the formatting and quality standards of a final IPSAS.

5.17. IPSAS 41 is expected to be published and issued in late-July or early-August 2018.

6. Social Benefits and Non-Exchange Expenses (Agenda Item 6)

6.1. Staff presented an Issues Paper summarizing the comments received in response to ED 63, *Social Benefits*. The Issues Paper addressed the comments on the scope and definitions, and also considered the related comments received to the Consultation Paper, *Accounting for Revenue and Non-Exchange Expenses*, in respect of collective and universally accessible services.

6.2. Staff provided an overview of the responses indicating that stakeholders were generally supportive of the scope of ED 63, but had concerns whether the definitions achieved that scope.

IPSASB Decisions

Issue 1: Scope

- 6.3. The IPSASB **decided** to retain the scope as stated in ED 63. Members commented that later discussions on the definitions may impact this decision, noting that the intention was to clarify the scope, not change it.

Issue 2: Definitions

- 6.4. The IPSASB **decided**:

- To limit the definition of social benefits to cash transfers;
- To retain references to “social risks” and “eligibility criteria” in the definition of social benefits, but to remove the reference to “universally accessible services” as the decision to limit the definition of social benefits to cash transfers made this latter reference obsolete; and that
- Additional guidance on accounting for expenses arising from the provision of disaster relief (which remains outside the scope of social benefits project) should be provided in IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets*.

- 6.5. Given the refinement of the social benefits definition, the name of the proposed standard may become “Social Benefit Payments”. This will be subject to further consideration.

IPSASB Instructions

- 6.6. The IPSASB **instructed** staff to develop revised definitions and guidance for the September meeting.
- 6.7. With regards to the additional guidance on disaster relief, the IPSASB **instructed** staff to consider the accounting for emergency relief guidance in other jurisdictions.

7. Social Benefits (Agenda Item 7)

- 7.1. Staff presented an Issues Paper summarizing the remaining comments received in response to ED 63, *Social Benefits*. Staff reported that, for key issues, there was little or no consensus amongst stakeholders.

IPSASB Decisions

Issue 1: Insurance Approach

- 7.2. The IPSASB decided that:

- The use of the insurance approach should remain optional;
- The criteria for applying the insurance approach should retain the requirement that a scheme be fully funded, rather than substantially funded with the Basis for Conclusions reflecting IPSASB’s rationale;
- There should be no change to the application of IFRS 17, *Insurance Contracts*; and
- The proposed disclosures for the insurance approach should be retained, and entities should be required to explain the implications of not applying the insurance approach where the criteria have been met.

Issue 2: Reporting on the Long-Term Sustainability of an Entity's Finances

- 7.3. The IPSASB **decided** not to develop mandatory requirements for sustainability reporting, based on RPG 1, *Reporting on the Long Term Sustainability of an Entity's Finances*.

Issue 3: Obligating Event Approach

- 7.4. The IPSASB **decided** to proceed with the development of an IPSAS based on the obligating event approach as set out in ED 63.

Issue 4: Disclosure Requirements: Obligating Event Approach

- 7.5. The IPSASB **decided** to retain the requirement to disclose the characteristics of a scheme, to remove the requirement to disclose the reconciliation of the liability, and to remove the requirement to disclose five years' future cash flows.

Issue 5: Other Issues Raised by Respondents

- 7.6. The IPSASB **decided** to restructure the Standard, relocating the Insurance Approach requirements to follow the Obligating Event Approach requirement, and to include an amendment to IPSAS 22, *Disclosure of Financial Information about the General Government Sector*, explaining the differences with Government Finance Statistics on social benefits.

IPSASB Instructions

Issue 1: Insurance Approach

- 7.7. The IPSASB **instructed** staff to:
- Work with members to develop appropriate disclosures for those cases where an entity elects not to adopt the insurance approach;
 - Develop Application Guidance and Basis for Conclusions paragraphs to address government funding and substance over form in relation to an assessment of whether a scheme is fully funded from contributions for the September meeting;
 - Reflect the Board's discussions regarding the application of IFRS 17 in the Basis for Conclusions;
 - Start considering the implications for, and amendments to, due process to permit post implementation reviews of individual standards after an appropriate application period;

Issue 2: Reporting on the Long-Term Sustainability of an Entity's Finances

- 7.8. The IPSASB **instructed** staff to consider how to incorporate work on promoting RPG 1 in Theme E in the *Strategy and Work Plan*.

Issue 3: Obligating Event Approach

- 7.9. The IPSASB **instructed** staff to develop revised drafting of the obligating event approach for the September meeting to incorporate the Alternative View and the discussion of the issues raised by respondents in the Basis for Conclusions.

Issue 4: Disclosure Requirements: Obligating Event Approach

- 7.10. The IPSASB **instructed** staff to develop disclosure options (replacing the disclosure of five years' future cash flows) for the IPSASB to consider, focusing on descriptions of the risks, cost drivers and funding that will affect the scheme.

Issue 5: Other Issues Raised by Respondents

- 7.11. The IPSASB **instructed** staff develop consequential amendments to IPSAS 1, *Presentation of Financial Statements*, for the Board to consider, to ensure appropriate presentation in the Statement of Financial Performance of expenses arising from the provision of social benefit schemes in the period.

8. Revenue – Approach to IFRS 15 (Agenda Item 8)

- 8.1. Staff presented an Issues Paper outlining proposals to replace IPSAS 9, *Revenue from Exchange Transactions* and IPSAS 11, *Construction Contracts* with an IPSAS that is primarily based on IFRS 15, *Revenue from Contracts with Customers*.

IPSASB Decisions

- 8.2. The IPSASB **decided**:
- That, in dealing with Category C revenue transactions (as described in the Consultation Paper, *Accounting for Revenue and Non-Exchange Expenses*) , there are no major public sector issues that warrant departure, after considering the alignment with IFRS 15;
 - To approve the terminology changes, and, with some clarifications, the definitions; and
 - To retain the term “fair value” until the project on *Public Sector Measurement* is concluded.

IPSASB Instructions

- 8.3. The IPSASB **instructed** staff to:
- Check the consistency of the use of the terms “Binding Arrangement or Other Binding Arrangements”;
 - Check whether the difference in the definitions to the term “Binding Arrangements,” as per IPSAS 32, *Service Concession Arrangement* and IPSAS 35, *Joint Arrangements*, is due to timing rather than due to substance, since IPSAS 32 was issued before publication of the Conceptual Framework, while IPSAS 35 was published after the publication of the Conceptual Framework;
 - Consider adding the terms, “Binding Arrangement Asset” and “Binding Arrangement Liability” to “Contract Asset” and “Contract Liability,” respectively since governments may enter into contracts and/or binding arrangements;
 - Consider whether the definition of “Contract Asset” suits the context of the public sector since the definition of Contract Asset is the entity’s right to consideration in exchange for goods or services that the entity has transferred to a customer;
 - Reconsider changing the term, “Customer” to suit the context of the public sector;

- To consider swapping the order of “Goods and Services” to “Services and Goods”; and
- Move the positioning of the definitions from the Appendices to the body of standard.

9. Revenue and Non-Exchange Expenses: Public Sector Performance Obligation Approach (Agenda Item 9)

Revenue

- 9.1. Staff presented an Issues Paper outlining proposals on how the five-step revenue recognition model in IFRS 15 could be broadened for use in a public sector environment to develop the Public Sector Performance Obligation Approach (PSPOA).

IPSASB Decisions

Issue 1 – Use of the PSPOA

- 9.2. The IPSASB **decided** to proceed with the PSPOA for appropriate Category B transactions..
- 9.3. The IPSASB agreed that steps 1 and 2 of the five-step PSPOA require further consideration by, in particular, defining an *enforceable* arrangement and a *performance obligation* in the public sector context. To advance the development of these steps, staff will develop sections of the ED addressing these matters for future Board consideration.

IPSASB Instructions

Issue – General

- 9.4. The IPSASB **instructed** staff to commence drafting the relevant guidance to be presented in text boxes to IFRS 15.

Issue 1 – Step 1 – Identify the Contract

- 9.5. The IPSASB **instructed** staff to explore whether a reduction in future funding and government powers would be appropriate enforcement mechanisms.
- 9.6. The IPSASB **instructed** staff to develop guidance to articulate the principle that the customer is the entity that directs and enforces delivery of goods and services. Staff are to work with members to develop the appropriate wording.
- 9.7. The IPSASB **instructed** staff to consider replacing the term “commercial substance” with “economic substance” or providing guidance.

Issue 2 – Step 2 – Identify performance obligations

- 9.8. The IPSASB **instructed** staff to develop guidance to articulate what “distinct” would mean when identifying goods and services to be transferred in a performance obligation.

Issue 3 – Steps 3-5

- 9.9. The IPSASB did not conclude that currently there any issues that need addressing for public sector reasons in these steps but they should be reviewed after amendments to Steps 1 and 2 have been

developed. However the IPSASB did **instruct** staff to develop an example illustrating a transaction with a significant financing component.

- 9.10. The IPSASB acknowledged the issue of licenses and administrative fees where costs and proceeds differ significantly. Government Finance Statistics has guidance on this, and this will be considered as the project is progressed.

Issue 4 – Capital Grants

- 9.11. The IPSASB **instructed** staff to develop options for accounting for capital grants.

Issue 5 – Transactions with time requirements

- 9.12. The IPSASB **instructed** staff to work with members to develop accounting options for transactions with time requirements.
- 9.13. The IPSASB **instructed** staff to work with members to develop guidance for transfers between different levels of government.

Non-Exchange Expenses

- 9.14. Staff presented an Issues Paper discussing whether grants, contributions and other transfers that contain performance obligations should be accounted for using the PSPOA for Non-Exchange Expenses. Staff reminded the Board that respondents to the Consultation Paper, *Accounting for Revenue and Non-Exchange Expenses*, had generally supported the use of the PSPOA for these transactions.
- 9.15. Staff reported that decisions taken regarding the application of the PSPOA to revenue transactions would apply equally to non-exchange transactions.
- 9.16. Staff presented the conceptual basis for adopting the PSPOA, noting that the key question for the IPSASB is whether the resource provider has an asset for the service potential represented by the goods or services to be transferred by the resource recipient.

IPSASB Decisions

- 9.17. The IPSASB did not reach any conclusions on development of the PSPOA for non-exchange expense transactions.

IPSASB Instructions

- 9.18. The IPSASB **instructed** staff to:
 - Consider the decision taken for the development of step 1 (identify the binding arrangement) and step 2 (identify performance obligations) for revenue transactions when developing the same steps for the non-exchange expense transactions;
 - Further develop the conceptual basis for applying the PSPOA to non-exchange expense transactions, focusing on the possible existence and nature of an asset. Staff should also provide options for the IPSASB to consider if it decides that the resource provider does not have an asset for the service potential represented by the goods or services to be transferred by the resource recipient; and

- Consider practical examples alongside the conceptual analysis.

10. Revenue – Update of IPSAS 23 (Agenda Item 10)

Social Contributions

- 10.1. Staff presented an Issues Paper setting out proposed guidance on accounting for revenue from social contributions. Staff noted that, in line with the IPSASB's previous discussions in developing ED 63, *Social Benefits*, the proposals adopted the same principles as for accounting for taxation revenue.

IPSASB Decisions

- 10.2. The IPSASB **decided** that the requirements for accounting for revenue from social contributions should adopt the same principles as for taxation revenue.

IPSASB Instructions

- 10.3. The IPSASB **instructed** staff to simplify the draft guidance provided by referring to tax and other compulsory levies.

Services in-kind

- 10.4. Staff presented an Issues Paper seeking IPSASB's direction on developing requirements for accounting for services in kind.

IPSASB Decisions

- 10.5. The IPSASB **decided** not to change the existing recognition requirements for recognizing services in kind in IPSAS 23, *Revenue from Non-Exchange Transactions (Taxes and Transfers)*, but to add an encouragement for entities to provide disclosure of qualitative information about volunteer services received.

IPSAS Instructions

- 10.6. The IPSASB **instructed** staff to provide options on how the wording and placement of such encouragements would appear in an updated IPSAS 23. Consideration should be given to requirements in Australia and South Africa and any other examples provided by Board members.

11. Non-Exchange Expenses: Collective and Universally Accessible Services (Agenda Item 11)

- 11.1. Staff presented an Issues Paper seeking the IPSASB's views on the nature of collective services. Staff expressed a view that, in line with the IPSASB's preliminary view in the Consultation Paper, *Accounting for Revenue and Non-Exchange Expenses*, there is no obligating event related to non-exchange transactions for collective services. Resources applied in these types of non-exchange transactions should be expensed as services are delivered.
- 11.2. The Issues Paper presented a range of options for the location of guidance on collective services and also provided an initial draft of the guidance.

IPSASB Decisions

11.3. The IPSASB **decided**:

- To confirm the view that there is no obligating event related to non-exchange transactions for collective services;
- To provide guidance on collective services as Application Guidance to IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets*; and
- That no additional disclosure are required for collective services.

IPSASB Instructions

11.4. The IPSASB **instructed** staff to:

- Incorporate descriptions of collective services and universally accessible services (or another, more appropriate term for these transactions) in the Application Guidance. Definitions are not required;
- Consider amending the draft guidance to refer to “resources” rather than “assets”;
- Amend the draft guidance to clarify that liabilities only arise in respect of the purchase of goods and services; and
- Include a lead-in to the Application Guidance, and Basis for Conclusion paragraphs that provide the context for including the guidance in IPSAS 19.

12. Public Sector Measurement (Agenda Item 12)

12.1. The Task Force Chair presented an Issues Paper on subsequent measurement of assets. Staff provided an education session on the subsequent measurement of liabilities.

12.2. A key discussion point during this item was the introduction of a flow chart for subsequent measurement of non-financial assets. It was proposed by staff that this flow chart would be developed further to include financial assets (and also all liabilities).

IPSASB Decisions

Table of Equivalence and Revisions to Consultation Paper and ED Text since March 2018

12.3. The IPSASB **decided** that the table of equivalence will not be authoritative.

Education Session on Subsequent Measurement of Liabilities

12.4. The IPSASB **decided** that the subsequent measurement basis for liabilities can be different from that for initial measurement.

IPSASB Instructions

Flow Chart–Subsequent Measurement of Assets

12.5. The IPSASB **instructed** staff and the Task Force to develop the flow chart for subsequent measurement of assets further, so that it also addresses financial instruments with an explanation for decision points.

- 12.6. The IPSASB **instructed** staff that the Basis for Conclusions should discuss the context of decisions, which will already have been made by an entity on adoption of the historical cost or revaluation model for subsequent measurement, and the factors that will need to have been considered in making these decisions.
- 12.7. The IPSASB also **instructed** that definitions or explanations of key terms used in the flow chart, not already defined elsewhere (e.g. specialized assets) should be developed for the September meeting.

Fair Value in the Exposure Draft

- 12.8. The IPSASB **instructed** staff and the Financial Instruments Task Force to provide recommendations for the September meeting on what amendments should be made to the text of IFRS 13, *Fair Value Measurement*, for inclusion in ED, *Measurement*.
- 12.9. The IPSASB indicated that a high threshold should be applied for amendments, and supported including fair value text in an appendix to ED, *Measurement*, as application guidance.

Table of Equivalence and Revisions to Consultation Paper and ED Text since March 2018

- 12.10. The IPSASB **instructed** staff and the Task Force to revise the table of equivalence for the September meeting.

Education Session on Subsequent Measurement of Liabilities

- 12.11. The IPSASB **instructed** staff and the Task Force to develop a flow chart and ED text for the subsequent measurement of liabilities for September. The IPSASB **instructed** staff and the Task Force to consider the contractual/non-contractual distinction during development of the flow chart.

Other Point—At-a-Glance for Public Sector Measurement Project

- 12.12. The IPSASB **instructed** staff and the Task Force to develop an At-a-Glance summary in order to provide a concise overview of the project in order to orient the Board during the ED's development.

13. Strategy and Work Plan (Agenda Item 13)

IPSAS-IFRS Alignment Dashboard

- 13.1. The IPSASB **decided** to replace the IPSAS-IFRS Tracking Table with the IPSAS-IFRS Alignment Dashboard as standing agenda item 1.6. The IPSAS-IFRS Tracking Table will continue to be updated before each meeting, and made available by request. The IPSASB **decided** to adopt provisionally the term "alignment" instead of "convergence", but will make a final decision at its September meeting, when reviewing the comments on the Strategy and Work Plan consultation.

14. Closing Remarks and Conclusion of the Public Meeting

- 14.1. The Chair expressed a view that the meeting had been successful with the approval of IPSAS 41, a decision on the recognition and measurement of Social Benefits, and sound progress on other projects. The Chair then closed the public part of the meeting.

Appendix 1 – June 2018 Action List

Action Required	Person(s) Responsible	Date to be Completed
1. Communications <ul style="list-style-type: none"> • Draft minutes circulated to IPSASB for comment • Update IPSASB Summary of IASB Work Plan and Dashboard • Update GFS Tracking Table 	Leah Weselowski João Fonseca João Fonseca	August 1 August 31 August 31
2. Technical Director’s Report on Work Plan <ul style="list-style-type: none"> • Updated Work Plan sent to Communications for posting to website • Technical Director’s Report on Work Plan for September 2018 meeting posted to website 	John Stanford/Paul Mason	July 6 August 17
3. Leases <ul style="list-style-type: none"> • Agenda papers posted 	João Fonseca	August 31
4. Social Benefits and Non-Exchange Expenses <ul style="list-style-type: none"> • <i>Included in items 5 and 9</i> 	Paul Mason	
5. Social Benefits <ul style="list-style-type: none"> • Agenda papers and draft IPSAS posted 	Paul Mason	August 31
6. Revenue – Approach to IFRS 15 <ul style="list-style-type: none"> • Agenda papers posted 	Amon Dhiwayo	August 31
7. Revenue and Non-Exchange Expenses <ul style="list-style-type: none"> • Agenda papers posted • Agenda papers posted – PSPOA for non-exchange expenses 	Joanna Spencer Paul Mason	August 31
8. Revenue – Update of IPSAS 23 <ul style="list-style-type: none"> • Agenda papers posted – services in-kind • Agenda papers posted – capital grants • Agenda papers posted – social contributions 	Joanna Spencer Paul Mason	August 31
9. Non-Exchange Expenses <ul style="list-style-type: none"> • Agenda papers posted – collective and universally accessible services 	Paul Mason	August 17
10. Public Sector Measurement <ul style="list-style-type: none"> • Agenda papers posted 	Gwenda Jensen	August 31

Action Required	Person(s) Responsible	Date to be Completed
<p>11. Public Sector Measurement – IFRS 13, Fair Value / Financial Instruments</p> <ul style="list-style-type: none"> • Agenda papers posted 	<p>Dave Warren / Ross Smith</p>	<p>August 29</p>
<p>12. Strategy and Work Plan 2019–2023</p> <ul style="list-style-type: none"> • Agenda papers posted 	<p>Ross Smith</p>	<p>August 29</p>

Appendix 2: Vote – Approve IPSAS 41, Financial Instruments



Agenda Item 5	Minutes Item 5	Date Vote Taken	June 22, 2018
Description	<i>Final Pronouncement</i>	Financial Instruments	Approved at meeting

Final Standard <input type="checkbox"/>	IPSAS 41 <input checked="" type="checkbox"/>	CP <input type="checkbox"/>	Other <input type="checkbox"/>	ABSENT	TOTAL
IPSASB MEMBER	FOR	AGAINST	ABSTAIN		
Ian Carruthers, Chair	√				
Mike Blake, Deputy Chair	√				
Stuart Barr	√				
Todd Beardsworth	√				
Lindy Bodewig	√				
Michel Camoin	√				
Francesco Capalbo				√	
Robert Dacey	√				
Sebastian Heintges	√				
Do-Jin Jung	√				
Neema Kiure-Mssusa	√				
Aracelly Méndez	√				
Rod Monette	√				
Leonardo Nascimento	√				
Chris Nyong	√				
Bernhard Schatz	√				
Marc Wermuth	√				
Juan Zhang	√				
TOTAL	17	0	0	1	18