

**Approved Minutes of the Meeting of the
INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS BOARD
Held on March 12–15, 2019 in Washington, D.C., USA**

1. Attendance, Opening Remarks, and Approval of Minutes

Attendance

	Voting Members	Technical Advisors
Present:	Ian Carruthers (Chair)	Samuel Agbevem (Mr. Nyong)
	Mike Blake (Deputy Chair)	Clark Anstis (Mr. Blake)
	Stuart Barr	Claudia Beier (Mr. Wermuth)
	Todd Beardsworth	Henning Diederichs (Ms. Pamment)
	Lindy Bodewig	Takeo Fukiya (Mr. Jung)
	Michel Camoin	Baudouin Griton (Mr. Camoin)
	Francesco Capalbo	Anthony Heffernan (Mr. Beardsworth)
	Luzvi Chatto	Williard Kalulu (Ms. Kiure-Mssusa)
	Adrienne Cheasty	Leona Melamed (Mr. Monette)
	Do-Jin Jung	Ayres Moura (Mr. Nascimento)
	Neema Kiure-Mssusa	Renée Pichard (Mr. Barr)
	Aracelly Méndez	Annabelle Puserio (Ms. Luzvi)
	Rod Monette	Tsholofelo Tshoke (Ms. Bodewig)
	Leonardo Nascimento	David Watkins (Mr. Carruthers)
	Chris Nyong	Technical Advisor Apologies:
	Lynn Pamment	Juan Moreno Real (Ms. Méndez)
	Bernhard Schatz	Giovanni Parente (Mr. Capalbo)
	Marc Wermuth	Jakob Prammer (Mr. Schatz)

Non-Voting Observers

Present: Sagé de Clerck (IMF)
Biodun Adeyemo (African Union)
Jerry Gutu (United Nations)
Helen Hall (UNDP)
Delphine Moretti (OECD)
Thomas Müller-Marqués Berger (CAG Chair) (Tuesday – Thursday)
Iana Paliova (IMF)
Fily Sissoko (World Bank Group)
John Verrinder (Eurostat) (Tuesday - Wednesday)

Apologies: Brian Cover (United Nations)
Guohua Huang (IMF)
Pedro Guazo (United Nations)
Chai Kim (ADB)
Martin Koehler (European Commission)
Tak Ochi (IASB)

IPSASB/IFAC Staff/Advisors

Present: Amon Dhliwayo, IPSASB
João Fonseca, IPSASB
Gwenda Jensen, IPSASB
Edwin Ng, IPSASB
Ross Smith, IPSASB
Joanna Spencer, IPSASB
John Stanford, IPSASB
Dave Warren, IPSASB
James Gunn, Professional Standards (Tuesday)
Kevin Dancey, IFAC (Tuesday)
Geena De Rose, IFAC (Tuesday)
Paul Mason, (Senior Advisor)

- 1.1 The Chair thanked colleagues from the World Bank and International Monetary Fund for hosting the March 11 outreach event. He further thanked those members and the technical advisors (TA) who had participated as presenters and panelists, expressing a view that the event had showcased the range of skills in the Board. He also thanked other members and TAs who had attended.
- 1.2 The Chair welcomed members, TAs and observers to the first meeting of the year. He extended a particular welcome to the three new members (and their TAs) – Luzvi Chatto (Annabelle Puserio), Adrienne Cheasty, and Lynn Pamment (Henning Diederichs), and Kevin Dancey, the IFAC Chief Executive Officer. He also welcomed Edwin Ng, Principal, to the staff, and congratulated Dave Warren on his promotion to Principal.
- 1.3 Members approved the minutes of the December 2018 meeting.
- 1.4 John Verrinder provided an update on the European Public Sector Accounting Standards (EPSAS) project. John noted that there will be European elections in 2019 and a new College of the European Commission would be in place, which had been reflected in planning for the project.
- 1.5 John noted that, since 2014, 13 projects have been set-up with co-financing by Eurostat, in eight European Union member states, with recent projects including Portugal and Italy.
- 1.6 Internal drafts of the technical proposal on EPSAS and the Impact Assessment are well advanced. Further exploratory work is also underway on other comprehensive (OC)-type financial statements including not only financial performance, but also financial position. Eurostat is also following IPSASB's Measurement project closely, in particular how different measurement bases serve the objectives of financial reporting under EPSAS, especially decision making and accountability.
- 1.7 Both OC and Measurement will be discussed further at the meeting of the Cell on EPSAS Standards on April 23, 2019. The next meeting of the EPSAS Working Group will be on May 13 and 14. As well as the topics highlighted and support to EU member states, John noted that charts of accounts would be on the agenda. The issue continues to generate strong interest among Member States. Eurostat is reflecting on how it might further support Member States by, for example, developing some further guidance or promoting best practice.
- 1.8 The Chair thanked John and noted the interaction between the agendas of Eurostat and the IPSASB, especially on Measurement and the presentation of financial statements.
- 1.9 In response to a member question, John welcomed the publication of IPSAS 42, *Social Benefits*, and said that there had been a presentation on, and discussion of, IPSAS 42 at the EPSAS Working Group.
- 1.10 A member raised the issue of the adaptation of IPSAS within jurisdictions and asked whether IPSASB should have a policy. The Chair noted that this issue had surfaced during the updating of the IFAC-CIPFA Accountability Index with the projection of a significant increase in the number of jurisdictions adopting and implementing IPSAS. The Technical Director pointed out that the Board had softened its approach to indicating entities for which IPSAS are designed three years ago and had adopted a view that decisions on the appropriateness of particular standards for particular entities are primarily for regulators.
- 1.11 It was agreed that there is a potential reputational issue for the IPSASB, with a risk that an assertion of fair presentation might be inappropriate if material changes have been made to IPSAS requirements. The Managing Director, Professional Standards outlined the approach of the International Audit and Assurance Standards Board, which had developed thinking on the relationship

between modifications by national standard setters and assertions of compliance with International Standards of Auditing. The diversity of use of IPSAS meant that a rigid approach is probably inappropriate.

- 1.12 Staff were instructed to develop a think piece on the use of IPSAS, addressing direct, indirect and general use and providing examples. It is envisaged that the Accountability Index will be updated regularly: a very limited scope update of the Index with no impact on headline numbers had recently been issued. The update of the Index had raised definitional issues, particularly the distinction between 'indirect adoption' and 'general use of IPSAS', which seems blurred. It was also reported that the Financial Audit and Accounting Subcommittee of the International Organization of Supreme Audit Institutions is considering the issue of fair presentation.
- 1.13 The forthcoming IASB-IPSASB Liaison Meeting on March 21 was noted. The experience of the IASB was clearly relevant in this area. It is also important that the two Boards coordinate where relevant, both at staff and member level. The Chair noted that there is overlap between the IPSASB's Natural Resources project and the Extractive Industries project on the IASB's research agenda. Although IPSASB's project has a much broader canvas there is a risk of different accounting treatments emerging, based on the experience with the IPSASB's Emissions Trading Schemes and IASB's Pollutant Pricing Mechanisms projects. The IPSASB project had been paused following the deactivation of the IASB's project, but there had been a risk of different approaches to day one gains.
- 1.14 Members noted the IASB Work Plan. In light of the development of the tracking table the Chair and Deputy Chair suggested that the interface between the IASB Work Plan and the Tracking Table needed to be considered. Staff were **instructed** to consider combining IASB Work Plan and Tracking Table later. The Government Financial Statistics Tracking Table was noted.
- 1.15 During the meeting the Chair announced that Item 12, *Public Sector Financial Instruments*, would not be discussed in order to prioritize other items.

2. IFAC Strategic Plan 2019–2020 (Agenda Item 2)

- 2.1 The Chair welcomed Kevin Dancey, the IFAC Chief Executive Officer and thanked Kevin for both presenting to the Board and for chairing one of the sessions at the outreach event.
- 2.2 Kevin presented to the IPSASB on the theme of 'How IFAC Creates Value'. He discussed the IFAC Strategy, ways that IFAC and IPSASB can work together and the commitment of IFAC to supporting standard setting at a time of budgetary stress due to the dues formula and the ongoing discussion with the Monitoring Group on audit and ethics standard setting.
- 2.3 Kevin spoke to a flow chart which depicted IFAC activities, their inter-relationship, why and how these activities are carried out and their impact. The flow chart had proved to be very successful for staff and new IFAC members. It related to the IFAC Strategy published in November 2018.
- 2.4 Kevin highlighted the importance of working with and leveraging from member bodies and the Forum of the Firms in light of IFAC's resources and the strength of the accountancy profession's global connectivity.
- 2.5 Kevin discussed how IFAC and IPSASB might work better together, particularly on initiatives to promote IPSAS adoption and implementation, such as revising Study 14, *Transition to the Accrual Basis of Accounting*, developing critical success factors for the implementation of IPSAS, member

body connectivity with the public sector, and developing a nominations strategy for IPSASB. He also mentioned a role for IFAC in monitoring the implementation of IPSAS 42, *Social Benefits*.

- 2.6 Kevin spoke positively about the participation of the IPSASB Chair and Ed Olowo-Okere of the World Bank at the recent Chief Executives Forum in enhancing the profile of the public sector. Chief executives had shown a strong interest in the challenges and opportunities relating to capacity building, as evidenced by the level of engagement with Ed on an individual basis during the Forum.
- 2.7 Kevin highlighted the current IPSASB strategic objectives and a number of IFAC initiatives, including those related to education and governance. He also discussed the ongoing challenge of whether IFAC should be doing a particular activity rather than another body, or an IFAC standard-setting board; equally, there might be occasions when a standard-setting board should be asking itself whether IFAC would be better carrying out a particular activity.
- 2.8 One of IFAC's strategic objectives is 'Contributing to and promoting the development adoption and implementation of high-quality standards' and reflects IFAC's commitment to standard setting. Kevin also noted that IFAC had recently allocated higher percentage of funds to the standard-setting boards than to other IFAC activities.
- 2.9 The IPSASB Chair said that the examples of possible IFAC support align with the IPSASB's Strategy and Work Plan 2019–2023, in particular inspiring implementation requires leveraging off key stakeholders, rather than something that IPSASB can achieve on its own.
- 2.10 A member noted Kevin's support of standard setting, and his commitment to the independence of standard setting in Canada, when he was Chief Executive of CPA Canada. Another member quoted the vision for the profession: *Essential to strong, sustainable organizations, financial markets, and economies*. He said that economic stability and social stability should be viewed together. This member expressed a view that 'stability' should be emphasized in IFAC and IPSASB communications, and more might be done in partnering with others to get this message across when discussing the benefits of adopting and implementing IPSAS – this is particularly important given that those who make decisions about adoption and implementation are often non-accountants.
- 2.11 The Chair of the Consultative Advisory Group (CAG) reminded members of the June 2017 CAG discussion of IPSASB's then draft Strategy and Work Plan, where CAG members had discussed the importance of linking issues to peoples' concerns in areas such as inter-generational equity, poverty, environmental degradation and climate change.
- 2.12 Further discussion related to the relationship between outputs and outcomes, with a view that more emphasis should be on outcomes, wherever possible.
- 2.13 Another member noted the need for better co-ordination of international organizations' efforts, citing an example of individual donors providing assistance that was, in effect, duplicating other donor efforts, but in a slightly different way.
- 2.14 The Chair thanked Kevin for his presentation and noted the strong interest and engagement that the presentation had stimulated.

3. Governance (Agenda Item 3)

- 3.1 James Gunn, Managing Director, Professional Standards summarized the key discussions with the Public Interest Committee (PIC) at its March 6, 2019 meeting in Paris, France.

- 3.2 The PIC meeting agenda covered five main items:
- IPSASB's report on due process, work plan update and outreach activities;
 - Implementing the IPSASB Strategy and Work Plan 2019-2023;
 - IPSASB's 2020 nominations process;
 - The 2020 IPSASB Governance Review; and
 - IPSASB Consultative Advisory Group (CAG) update and developments.
- 3.3 The PIC members provided feedback and advice on each agenda item. The main points included:
- The PIC did not highlight any concerns related to the application of due process, and acknowledged the IPSASB's achievement in completing IPSAS 42, *Social Benefits*, and the importance of that pronouncement;
 - The PIC noted the success of the Strategy and Work Plan consultation roundtables. It encouraged the IPSASB to consider future roundtables, while cautioning that they are costly and that holding them too frequently may dilute their impact, which should be taken into account in future planning;
 - The PIC highlighted the strong progress by IFAC in improving the diversity of IPSASB member appointments, noting that three new female members had been added to the Board in 2019;
 - The PIC had reviewed and provided feedback on the forward membership strategy developed to ensure continued progress; and
 - The PIC provided some initial views on the 2020 Governance Review and proposed that the approach should be further discussed at a meeting later in 2019.
- 3.4 The CAG Chair, Thomas Müller-Marqués Berger, highlighted very positive feedback from the PIC on the development of the CAG in the short time since its inception, including the process for re-appointments and the addition of new members in 2018, which have improved the membership profile.

4. Report on Activities/Communication Activities (Agenda Item 4)

- 4.1 Chris Nyong provided details of IPSAS adoption and implementation in Nigeria.
- 4.2 Chris outlined the structure of the Nigerian public sector, noting that Nigeria is a federation with three tiers of government, a President and a bicameral legislature. Nigeria is the most populous country in Africa with over 182 million inhabitants. There is a very young demographic profile with 90 million Nigerians under the age of 18 and considerable ethnic diversity.
- 4.3 Chris traced the development of accrual adoption and implementation in Nigeria from the Economic Reform and Governance Project (ERGP) in 2009. A study was carried out on reform of public financial management and a report issued in 2010. Following this, in July 2010 the Federal Executive Council issued a pronouncement that Nigeria would adopt IPSAS. The Federation Account Allocation Committee (FAAC), which comprises the three tiers of government, set up a technical sub-committee to give effect to this policy directive.
- 4.4 The technical sub-committee developed a roadmap for IPSAS implementation in 2012–2013. A phased implementation process from the cash-basis IPSAS to accrual-based IPSAS took place from 2014–2016. This involved a gap analysis over the three tiers of government, securing the support of political leaders and key stakeholders and the development of a national chart of accounts for the three tiers of government. A number of publications, including guidance on the format of general

purpose financial statements under both the cash and accrual bases, accounting manuals and a manual on the chart of accounts had been produced, as well as numerous Treasury Circulars.

4.5 The current position is that:

- Federal Government financial statements have been prepared in accordance with accrual-based IPSAS since 2016;
- Many States have prepared financial statements under accrual-based IPSAS since 2017; and
- Only a few local government councils are IPSAS-compliant.

4.6 Chris highlighted a number of challenges. These were:

- Initial resistance to change;
- Funding constraints;
- Inadequate manpower capacity; and
- Absence of precedents.

4.7 Despite these challenges Chris concluded that “IPSAS has come to stay in Nigeria. There is no going back.”

4.8 The Chair thanked Chris for his presentation.

5. Technical Director’s Report on Work Plan (Agenda Item 5)

Introduction of Work Plan Review on Day One

5.1 The Technical Director introduced the current work plan, noting that the main review would take place on Day Four in light of meeting developments.

5.2 The Board noted the changes made by the Chair and the Technical Director since the December 2018 meeting. These changes were:

- i. Discussion of Heritage would be brought back to the Board at this meeting, rather than June 2019;
- ii. The two projects that are to be added to the work plan following the IPSASB’s Strategy Consultation – *Natural Resources* and *Limited Scope Review of the Conceptual Framework* will not be added until after the Public Sector Standard Setter’s Forum in June 2019. This will allow participants at the Forum the opportunity to provide input; and
- iii. Development of the Mid-Period Work Plan Consultation would begin in H2 of 2020 with an aim of publication in H1 2021, because there is still a very active current work plan, and work on the two new projects, *Natural Resources* and *Limited Scope Review of the Conceptual Framework*, will have just commenced. Putting the timeline back would also allow the IPSAS to assess the outcomes of the four planned research projects:
 - Differential Reporting;
 - Discount rates;
 - Presentation of financial statements; and
 - Tax expenditures.

5.3 The Chair informed members that Task Forces would progress major projects outside meetings and asked members to express their interest in membership of Task Forces on Leases, Revenue, Natural

Resources, Infrastructure, and Heritage to the Technical Director. Membership of these Task Forces will be announced in April 2019.

Review of Work Plan on Day Four

- 5.4 The Technical Director said that approval of the Measurement Consultation Paper will be reflected in the revised work plan. Members **instructed** staff to consider the appropriate presentation of the Revenue project and bring proposals to the June 2019 meeting. Currently the work plan shows timelines for three work streams, although the intention is to issue two exposure drafts, and this may be confusing.

6. Measurement (Agenda Item 6)

- 6.1 Staff presented a draft Consultation Paper (CP), *Measurement*, and issues papers summarizing the Task Force recommendations on how to address remaining measurement issues.
- 6.2 Staff provided an overview of the Task Force recommendations, and recommended the IPSASB approve CP, *Measurement*.

Decisions

- 6.3 The IPSASB **decided** that:
- The Task Force recommendation on how to account for transaction costs in the CP was appropriate;
 - The Task Force recommendation that measurement of assets held for sale should be addressed separately from the Measurement project was appropriate;
 - The Task Force recommendation that the distinction between market value and fair value should be addressed in the exposure draft phase of the project was appropriate; and
 - Chapter 4 of the CP appropriately reflects the IPSASB's views on how the measurement principles in the Conceptual Framework should be interpreted at standards level.
- 6.4 Following an initial review of the draft document, IPSASB staff worked with the Task Force Chair to address both the substantive and drafting comments made during this process, and a revised version was brought back for review on the final day of the meeting.
- 6.5 The IPSASB then approved CP, *Measurement*, with a comment period closing on September 30, 2019. 18 members voted in favor. No members voted against or abstained.
- 6.6 The IPSASB **instructed** the Editorial Group to review all material in CP, *Measurement*, to ensure it complies with the formatting and quality standards of a document released for exposure. CP, *Measurement*, is expected to be published in late April 2019.

7. Heritage (Agenda Item 7)

- 7.1 The IPSASB discussed four issues on the next steps for the Heritage Project, taking into account constituents' responses to the Consultation Paper (CP), *Financial Reporting for Heritage*, and the views reached during the IPSASB's December 2017 discussion of those responses.
- 7.2 The IPSASB **decided** that, going forward, the project will focus on the recognition and measurement of heritage assets in the financial statements, rather than broader stewardship information. The IPSASB **instructed** the Task Force and staff to develop issues papers for the next IPSASB meeting which (a) explore the operational/non-operational distinction and (b) develop a list of the key issues

raised in the CP, and in responses to the CP, and provide proposals on where each issue belongs, classifying issues as recognition, measurement, or presentation and using a tabular format for this classification. The approach to addressing Measurement-related issues will then need to be considered alongside further work on the Measurement project itself to determine whether further generic Measurement guidance is required, guidance on which basis to use needs to be included in IPSAS 17, or further Application or Implementation Guidance is required in IPSAS 17.

- 7.3 The IPSASB **instructed** the Task Force and staff to defer work on a definition of heritage assets, and use the CP description of heritage items in the interim. The IPSASB noted that guidance on heritage-related disclosures within the financial statements may be needed, for example, on heritage assets that are not recognized due to measurement difficulties.
- 7.4 The IPSASB **instructed** the Task Force and staff that there should be consideration of how control applies in the heritage context. Transitional provisions will be considered later, once the IPSASB has firmed up its approach to financial reporting for heritage assets.

8. Revenue – Binding Arrangements/Enforceability (Agenda Item 8)

- 8.1 The Technical Director gave an introductory overview presentation on the two streams of the Revenue projects, and the work on Grants and Transfers – Expense, summarizing progress and how the three projects inter-relate. Staff then presented two issues papers with draft Application Guidance and Basis for Conclusions paragraphs on ‘enforceability’, focusing on ‘enforcement mechanisms by equivalent means’ and ‘Performance Obligations’, focusing on ‘distinct good and services’ and ‘the transfer of a good or service.’

Decisions

- 8.2 The IPSASB **decided** that:
- The principles of enforceability are to be included in the [draft] Exposure Draft (ED) and possible enforceability mechanisms to include are:
 - Legislation; and
 - Reductions of future funding.
 - Executive authority is to be a subset of legislation, as it requires legislation to be enforceable;
 - A past history of enforcement is required for reductions in future funding to be a valid enforcement mechanism; and
 - A binding arrangement in Step 1 is a two-way relationship, and if this is not present (e.g., as is the case with taxation) then the transaction will need to be dealt with under another IPSAS.

Instructions

- 8.3 The IPSASB **instructed** staff:
- To amend the draft Application Guidance to reflect the decisions made on enforceability mechanisms;
 - The diagram staff developed to illustrate two-way enforceability in a binding arrangement should be included in the [draft] ED Application Guidance to articulate that enforcement of a binding arrangement is a two-way phenomenon;

- That the Application Guidance needs to articulate the difference between performance obligations and performance indicators and targets; and
- To replace 'distinct' in the context of a performance obligation's goods and services, and promises with the terms 'separately identifiable' and 'sufficiently specific'.

9. Revenue from Binding Arrangements with Purchasers (Agenda Item 9)

- 9.1 Staff presented an issues paper on proposed modifications to IFRS 15, *Revenue from Contracts with Customers*, in order to develop an IPSAS where the core standard is aligned with IFRS 15, while application guidance to assist in applying these principles in a public sector context.

Decisions

- 9.2 After a page-by-page review, the IPSASB gave preliminary approval for the core text and authoritative guidance of the draft Exposure Draft (ED), subject to further review by the Task Force and the Technical Director prior to the June meeting, and any further changes identified as necessary during development of the examples. During its review, the IPSASB **decided** to:
- Change the title of the ED, *Revenue from Binding Arrangements with Purchasers* to *Revenue from Performance Obligations*;
 - Amend the objective of the ED to clarify that the objective of the ED applies to binding arrangements with purchasers that include performance obligations;
 - Replace the example of non-monetary exchanges between entities in the same line of business to facilitate sales to potential customers of oil and milk with electricity, because it is more suitable to the public sector;
 - Add revenue transactions without performance obligations that are in the scope of IPSAS 23, *Revenue from Non-exchange transactions (Taxes and Transfers)* and transactions in the scope of IPSAS 40, *Public Sector Combinations* as additional scope exclusions in the ED;
 - Retain the definition of the term, "revenue" in IPSAS 1, *Presentation of Financial Statements* in the ED;
 - Retain the definition of the term, "customer" in the ED;
 - Modify the definition of purchaser in the ED so that it mirrors the definition in the Grants and Transfers – Expense Project;
 - Replace the term, "customary business practices" with the term, "entity's customary practices";
 - Replace the term, "industry" with the term, "sector";
 - Replace the term, "commercial objective" with the term, "objective" rather than "economic objective" because "economic objective", could have a different connotation for the public sector; and
 - Amend certain paragraphs in the ED that are based on the latest guidance on leases in IFRS 16, *Leases* to align the ED to requirements on leases in IPSAS 13, *Leases*.

Instructions

- 9.3 The IPSASB **instructed** staff to:
- Make editorial changes to the ED to reflect comments received during the meeting, and the subsequent review by the Task Force and Technical Director, and provide a marked-up ED with all the changes from the March 2019 version at the June 2019 Board meeting;
 - Assess the illustrative examples in IFRS 15 to identify the examples that are applicable to the public sector and should be considered through IPSASB's 'Rules of the Road' process;

- Consider what additional public sector specific examples should be included to illustrate the application of the key principles in the public sector context;
- Provide a resulting list of proposed illustrative examples to include in the ED for approval at the June 2019 Board meeting;
- Consider the suitability of the disclosure requirements in the ED for the public sector at the September 2019 Board meeting, alongside those proposed for the updated IPSAS 23 and the Grants and Transfers – Expense ED;
- Rephrase the specific exclusion of transfers of non-financial assets that are not an output of an entity's activities and within the scope of IPSAS 16, *Investment Property*, IPSAS 17, *Property, Plant, and Equipment* and IPSAS 31, *Intangible Assets* to disposals of non-financial assets;
- Add explanatory text in the Basis for Conclusions that the definition of revenue is in IPSAS 1 instead of *The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities*;
- Consider whether the definitions of “binding arrangement asset” and “binding arrangement liability” should be removed from the ED; and
- Consider whether the criterion in paragraph 10(e) that forms part of *Step 1: Identifying the binding arrangement with a purchaser* precludes certain arrangements where the collectability of the consideration is not probable.

10. Non-Exchange Expenses (Agenda Item 10)

- 10.1 Staff presented a first draft of an Exposure Draft, *Grants, Contributions and Other Transfers* (ED), and an Issues Paper setting out the issues that the Board needed to consider about the scope of the project, the related definitions, the Public Sector Performance Obligation Approach (PSPOA) and the accounting arrangements for grants and other transfers.

Decisions

- 10.2 The IPSASB **decided** to:
- Proceed with the alternative narrower scope discussed at the meeting, which excludes commercial transactions;
 - Exclude contributions from owners from the project scope;
 - Retain the existing definition of expenses in IPSAS 1, *Presentation of Financial Statements*; and
 - Include a cross reference to the definition of expenses in IPSAS 1 in the ED.

Instructions

- 10.3 The IPSASB **instructed** staff to:
- Consider the revised scope regarding, for example, research grants where the research is provided to the purchaser;
 - Continue to review the definition of expenses as the ED is developed to ensure that the definition remains appropriate for the project;
 - Review the Government Finance Statistics (GFS) terminology and if possible, identify terms for grants and transfers that do not conflict with the GFS terminology, together with appropriate definitions;
 - Consider whether, and if so, how, to address contracts that are described as grants;

- Give further consideration to the public sector performance obligation approach, in particular to consider the use of premiums and whether there are any overlaps with service concession arrangements. In giving this instruction, the IPSASB noted that the approach was going in the right direction;
- Review the accounting for grants and other transfers alongside proposals for IPSAS 23 revisions; and
- Review the proposed presentation requirements alongside those in the two *Revenue* EDs at the September 2019 meeting.

11. Revenue – IPSAS 23 Update (Agenda Item 11)

- 11.1 Staff presented two issues papers, the first gave an overview of a Discussion Paper, *Non-Exchange Transfers: A Role for Societal Benefit* which was issued by the European Financial Reporting Advisory Group (EFRAG) for consideration and the second paper provided an overview of which areas in IPSAS 23, *Revenue from Non-Exchange Transactions (Taxes and Transfers)*, would be retained, amended or deleted as a consequence of the project to update this Standard.

Decision

- 11.2 The IPSASB **decided** that the terms ‘exchange’ and ‘non-exchange’ in the current IPSAS 23 do not correspond to transactions with performance obligations/no performance obligations. In developing the updated IPSAS 23, staff should consider the appropriate approach/terminology to use in each particular case.

Instructions

- 11.3 The IPSASB **instructed** staff to:
- Develop presentational options for transactions not meeting Steps 1 and / or 2 in Revenue from Performance Obligations to be included in the updated IPSAS 23 ED;
 - Update the IPSAS 23 flowchart to refer only to ‘Use IPSAS 23’ and not preempt the accounting treatment;
 - Provide examples of transactions that contain binding arrangements but do not have performance obligations as defined in the [draft] ED, *Revenue from Performance Obligations*, and develop possible accounting treatments for such transactions; and
 - Prepare a [draft] Updated IPSAS 23 for consideration at the June 2019 Board meeting which includes drafting on:
 - Capital and Research Grants;
 - Enforceable transactions with obligations;
 - Taxes; and
 - Appropriations.

12. Public Sector Standard Setters’ Forum (Agenda Item 13)

- 12.1 The Chair, supported by the Technical Director updated the Board on preparations for the 3rd Public Sector Standard Setters Forum on June 24th and 25th in Niagara-on-the-Lake. The title, ‘Designing the Next Stage of the Global Accrual Journey’, had been adopted. The IPSASB Chair gave a brief presentation to outline thinking on the agenda so far, noting that Professor Jacob Soll, University of Southern Carolina, will be the keynote speaker. In addition:

- There will be a brief update on current IPSASB projects;
 - National standard setters will be asked to lead four research topics (Differential Reporting, Discount Rates, Tax Expenditures and Presentation of Financial Statements); and
 - The Fiscal Affairs Division of the International Monetary Fund had been invited to make a presentation on the October 2018 Fiscal Monitor, similar to that made at the March 11 Outreach Event.
- 12.2 Further detailed planning remains to be done and the IPSASB will be updated at the June meeting prior to the Forum.
- 12.3 The IPSASB Chair reported that numbers are currently at around the same level as for the 2017 Forum. Attendees are sought from national standard setters, Ministries of Finance with standard setting or accounting policy determining responsibilities, and international organizations. The challenge is to get a good number of participants while maintaining the Forum as a technical grouping.

13. Leases (Agenda Item 14)

- 13.1. The Task Force Chair and staff made a presentation on the history of the Leases project, the issues arising from the consultation on Exposure Draft 64, *Leases* (ED64), and proposed next steps.

Decisions

The IPSASB **decided** to adopt:

1 – The following criteria in assessing departures from the lessor accounting requirements in IFRS 16, *Leases*:

- a. Consistency with the IPSASB's Conceptual Framework;
- b. Consistency with the Rules of the Road;
- c. Implementation Issues;
- d. User needs;
- e. Relationship with Government Finance Statistics; and
- f. Relationship with IPSAS 32, *Service Concession Arrangements: Grantor*.

2 – Two phases for evaluating approaches to lessor accounting:

i. Phase 1:

- a. Examine all responses to ED 64 focusing on the reasons for departing, or not departing, from IFRS 16;
- b. Subject to conclusions on 1 (above), evaluate implications and make recommendations to the IPSASB in June 2019;
- c. IPSASB to reconsider the approach in June 2019;
- d. Outcome of c. will determine next steps after the June 2019 meeting, including instructions to the Task Force; and
- e. Accounting for concessionary leases is only to be addressed once step d. has been completed.

ii. Phase 2 will depend on the discussions at the June 2019 meeting.

Instructions

The IPSASB **instructed** the Task Force to:

- 1 – Evaluate the reasons for and against departure from IFRS 16 for lessor accounting;

2 – Evaluate implications based on the same agreed criteria that were used for lessee accounting; and

3 – Make recommendations to the IPSASB in June 2019.

14. Closing Remarks and Conclusion of the Public Meeting

14.1 The Chair noted that it had been a successful meeting with the approval of the CP, *Measurement*, and sound progress on other projects. The Chair then closed the public part of the meeting.

Appendix 1: Vote – Approve CP, Measurement

Agenda Item 6	Minutes Item 6	Date Vote Taken	March 12, 2019		
Description	<i>Consultation Paper</i>	Measurement	Approved at meeting		
Final Standard <input type="checkbox"/>	ED <input type="checkbox"/>	CP <input checked="" 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	√				
Luzvi Chatto	√				
Adrienne Cheasty	√				
Do-Jin Jung	√				
Neema Kiure-Mssusa	√				
Aracelly Méndez	√				
Rod Monette	√				
Leonardo Nascimento	√				
Chris Nyong	√				
Lynn Pamment	√				
Bernhard Schatz	√				
Marc Wermuth	√				
TOTAL	18	0	0	0	18