

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

Held on September 18–21, 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 Robert Dacey Sebastian Heintges Do-Jin Jung Neema Kiure-Mssusa Aracelly Méndez Rod Monette Leonardo Nascimento Chris Nyong Bernhard Schatz Marc Wermuth Member Apologies: Juan Zhang	Clark Anstis (Mr. Blake) Claudia Beier (Mr. Wermuth) Takeo Fukiya (Mr. Jung) Baudouin Griton (Mr. Camoin) Anthony Heffernan (Mr. Beardsworth) Williard Kalulu (Ms. Kiure-Mssusa) 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) Technical Advisor Apologies: Samuel Agbevem (Mr. Nyong) Juan Moreno Real (Ms. Méndez) Haifeng Yang (Ms. Zhang)

Non-Voting Observers

Present: Assietou Diouf (African Union)
Jerry Gutu¹ (United Nations)
Martin Koehler (European Commission)
Fily Sissoko (World Bank Group)
Thomas Müller-Marqués Berger (CAG Chair) (Tuesday – Thursday)
Benoit Wiest²
John Verrinder (Eurostat)

Apologies: Dinara Alieva (UNDP)
Sagé de Clerck (IMF)
Guohua Huang (IMF)
Tak Ochi (IASB)
Delphine Moretti (OECD)
Chandramouli Ramanathan (UN)
Darshak Shah (UNDP)

IPSASB/IFAC Staff

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

¹ Jerry Gutu attended the meeting in place of Chandramouli Ramanathan

² Benoit Wiest attended the meeting in place of Sagé De Clerck

- 1.1. The Chair welcomed members, technical advisors and observers to Toronto for the third meeting of the year. The Chair noted that apologies had been received from Juan Zhang. The Chair welcomed two new observers—Assietou Diouf of the African Union Commission and Fily Sissoko of the World Bank Group.
- 1.2. The minutes of the June 2018 meeting were approved.
- 1.3. John Verrinder provided an update on the European Public Sector Accounting Standards (EPSAS) project. No EPSAS meetings had taken place since IPSASB's June meeting. The seventh meeting of the EPSAS Working Group (EPSAS WG) is scheduled for November 19th and 20th in Luxembourg. John noted that, as well as following-up on the EPSAS technical proposal and impact analyses, there will be three issues papers available for discussion: Control, Consolidation and Public-Private Partnerships.
- 1.4. The next meeting of the EPSAS Cell on Principles Related to EPSAS Standards is scheduled for October 5th. It will focus on approaches towards other comprehensive income (OCI) and other comprehensive position statements, how such approaches might work and their advantages and drawbacks. It will follow up the discussion in the Cell earlier this year. John noted that the IPSASB had considered OCI during the development of the Conceptual Framework and had decided against its adoption.
- 1.5. In addition, Eurostat would shortly sign three new grants to support reform projects in the Member States.
- 1.6. The Chair thanked John for the update and noted the forthcoming discussion on OCI.
- 1.7. The IPSASB noted the IFRS Dashboard and the GFS Tracking Table.
- 1.8. The Chair informed members of the new members who had been appointed for three-year terms commencing on January 1, 2019:
 - Adrienne Cheasty (USA);
 - Lucvi Chatto (Philippines); and
 - Lynn Pamment (United Kingdom).
- 1.9. Mike Blake had been re-appointed for a three-year term from January 1, 2019. Mike had been reappointed as Deputy Chair for 2019. Todd Beardsworth had been confirmed as a member for a term ending on December 31, 2020 with the possibility of a further three year term. Marc Wermuth and Bernhard Schatz had been appointed to further two-year terms starting on January 1, 2019, with the possibility of reappointment for a further year. The Chair congratulated Mike, Todd, Marc and Bernhard.

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

- 2.1. Marc Wermuth gave a brief overview of accrual reporting developments in the Swiss public sector. Marc made the following points:
 - Switzerland has a federal structure comprising federal, cantonal, and municipal levels. At the federal level, accrual IPSAS-based accounting and budgeting was adopted in 2007; cantons had adopted accrual accounting in the 1970s. Of the 26 cantons, five (Zurich, Basel, Lucerne, Bern and Geneva), which, together, account for about 50% of Swiss Gross Domestic Product, have adopted IPSAS or to some extent make reference to IPSAS.

Attempts have been, and continue to be, made to achieve harmonization but the cantons are autonomous and departures from IPSAS are generally motivated due to fiscal reasons.

- The complexity of implementing IPSAS and capacity issues should not be underestimated.
- The scope of consolidation generated considerable debate; the Canton of Zurich does not consolidate the state bank but, state owned enterprises are consolidated at the federal level.
- The adoption of accrual reporting has resulted in better information and better processes.
- There is some confusion in the media and in parliament about the use of accrual and cash for fiscal planning, which has arisen due to the 'Debt Brake' (which is a cash-based measure crucial for Swiss budgetary) as well as accrual budgets. Marc noted that there is a need for effective communication in this area. Responding to a question, Marc said that the introduction of accrual budgeting has not been too controversial because of the existence of the Debt Brake.

2.2. The Chair thanked Marc for this update and noted the progress that had been made in Switzerland.

3. Governance (Agenda Item 3)

3.1. The Deputy Director highlighted the upcoming teleconference on September 26, 2018 with the Consultative Advisory Group (CAG), and video conference on October 17, 2018 with the Public Interest Committee, to discuss the Strategy and Work Plan 2019–2023 consultation results.

3.2. He informed members of the following recent developments related to the CAG:

- The CAG Membership Panel call in August 2018, where reappointments of CAG members with terms finishing at the end of 2018 were discussed and second terms were approved.
- The CAG call for nominations is open until October 31, 2018. Nominations are particularly sought from female candidates and from Asia, Africa and Latin America, as the CAG looks to improve its gender and regional 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.

4.2. He noted that the Exposure Draft (ED), *Long-term Interests in Associates and Joint Ventures and Prepayment Features with Negative Compensation*, had been issued in August, earlier than anticipated, due to the approval of IPSAS 41, *Financial Instruments*, ahead of schedule in June. A final pronouncement is now expected to be approved in December 2018. The *Collective and Individual Services* stream of the *Non-Exchange Expenses* project had been brought forward by one quarter. An ED is expected to be approved in December 2018, with the final pronouncement scheduled for December 2019.

4.3. Following discussions with the Chair and the Task Force Chairs, it was proposed that the *Infrastructure Assets* and *Heritage* projects are not brought back to the IPSASB until the March 2019 meeting to focus on the Measurement project.

- 4.4. The Technical Director noted that there had been a wide range of views on the proposals for lessor accounting and concessionary leases in ED 64, *Leases*. In light of this response, and the IPSASB's planned work over the next few meetings, the Technical Director considered it misleading to include a projected date for approval of a final pronouncement until these discussions have taken place. The draft work plan reflects this view.
- 4.5. The Technical Director noted that approval of the combined Consultation Paper (CP) and ED on Measurement in December 2018 is challenging, and proposed a review of the timeline on Day Four.

Review of Work Plan on Day Four

- 4.6. The Technical Director noted that *Improvements to IPSAS, 2018* had been approved, and that there would be a detailed review of the Work Plan at the December 2018 meeting. While significant progress was made on the Measurement project at this meeting, it was agreed that approval of the combined CP and ED in December was unrealistic and it was decided to project approval for March 2019.

Instructions

- 4.7. The IPSASB **instructed** staff to:
- Amend the Work Plan to show the approval of the *Measurement* project's combined CP and ED in March 2019, noting that this would still be challenging.
 - Include the *Measurement* project on the CAG's December 2018 agenda. In discussion with the Deputy Director, the CAG Chair had indicated that he supported this.
- 4.8. The Technical Director noted that draft IPSAS 42, *Social Benefits*; the *Strategy and Work Plan*; and the ED *Collective and Individual Services and Emergency Relief* were expected to be approved at the December 2018 meeting.

5. Social Benefits (Agenda Item 5)

- 5.1. Staff presented a first draft of IPSAS 42, *Social Benefits*, and an Issues Paper setting out the changes staff had made from ED 63, *Social Benefits*. The Issues Paper also set out the decisions the IPSASB needed to take in finalizing IPSAS 42.

Scope and Definitions (Agenda Item 5.2.1)

Decision

- 5.2. The IPSASB **decided** to amend the definition of social benefits by removing the word "directly."

Instructions

- 5.3. The IPSASB **instructed** staff to:
- Refer to social benefits "as defined in this Standard" in the Objective (paragraph 2).
 - Refer to additional guidance "on what is encompassed by social risks" to the cross reference to Application Guidance immediately after the definition of social risks.
 - Draft additional Application Guidance to address cash equivalents.

- In the ED, *Collective and Individual Services and Emergency Relief* (Amendments to IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets*), draft a consequential amendment to IPSAS 42 to provide a cross reference to the ED.

Obligating Event Approach: Recognition and Measurement (Agenda Item 5.2.2)

Decisions

- 5.4. The IPSASB **decided** to change the name of the “Obligating Event Approach” to the “General Approach.”
- 5.5. In acknowledging that there had been significant support for the Alternative View (AV), the IPSASB considered whether to include recognition requirements reflecting the AV in draft IPSAS 42. The IPSASB concluded that this would not satisfy the qualitative characteristic of consistency and **decided** not to incorporate the accounting treatment set out into the AV into IPSAS 42.

Instructions

- 5.6. The IPSASB **instructed** staff to:
- Delete the reference to IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors*, in paragraph 18.
 - Remove the word “apparently” in paragraphs BC97 and BC98.
 - Delete paragraph BC100.
 - Review the measurement paragraphs to refer to the cash payment, subject to any requirement to apply discounting.
 - Redraft paragraph BC95 to avoid the reference to “no further clarity.”
 - Redraft paragraph BC103 to give greater emphasis to the likelihood of a future review.
 - Review the Basis for Conclusions to determine whether the number of references to “being alive” is appropriate.

Obligating Event Approach: Disclosure (Agenda Item 5.2.3)

Decision

- 5.7. The IPSASB **decided** to redraft paragraph 25 to include the expenditure on material social benefit schemes, narrative about whether the scheme meets the insurance option criteria and a description of the demographic and economic factors that influence the expenditure on a scheme.

Instructions

- 5.8. The IPSASB **instructed** staff to:
- Delete the disclosure requirements in paragraphs 24(c), 26, 27 and 28 in draft IPSAS 42.
 - Review the use of “scheme” in draft IPSAS 42 for consistency.

Insurance Approach (Agenda Item 5.2.4)

5.9. The IPSASB agreed with staff recommendations regarding the drafting of the Insurance Approach.

Other Issues (Agenda Item 5.2.5)

Decisions

5.10. The IPSASB **decided**:

- To include additional guidance in IPSAS 24, *Presentation of Budget Information in Financial Statements*, on the differences between draft IPSAS 42 and the Government Finance Statistics treatment of social benefits.
- To include amendments to IPSAS 1, *Presentation of Financial Statements*, and IPSAS 2, *Cash Flow Statements*.

Instructions

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

- Make no changes to IPSAS 22, *Disclosure of Financial Information about the General Government Sector*.
- Retain “social protection” or similar wording in the example of the statement of financial performance presented by function in IPSAS 1.
- Add “social benefits” to “non-current liabilities” in the statement of financial position in IPSAS 1.
- Limit the amendments to the IPSAS 1 and IPSAS 2 examples to the sections that include amendments, rather than showing the whole example.

6. Non-Exchange Expenses (Agenda Item 6)

6.1. Staff presented an Issues Paper setting out the decisions the IPSASB needed to take to progress the various streams of the Non-Exchange Expenses project.

Collective and Individual Services (Agenda Item 6.2.1)

Decisions

6.2. The IPSASB **decided**:

- That the term “individual services” should be adopted, rather than the term “universally accessible services.”
- To include definitions of “collective services” and “individual services” in the core text of IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets*, based on the descriptions in the first sentences in paragraphs AG2 and AG4 of the draft ED.

Instructions

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

- Redraft the ED to discuss collective services and individual services separately; the IPSASB agreed that the accounting may be the same but considered the rationale for that accounting to be different.
- Add additional guidance related to the table in paragraph AG6, to explain the sequence as it applied to collective and individual services.
- Draft a Basis for Conclusions paragraph discussing the coverage of other standards.

Disaster Relief (Agenda Item 6.2.2)

Decision

6.4. The IPSASB **decided** that the revised section of the draft ED should refer to emergency relief rather than disaster relief.

Instructions

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

- Provide a revised draft of the disaster relief section of the draft ED that focused on when a provision should be recognized over and above any liability to suppliers. This should cover cash transfers, goods and services and refer to the requirements on provisions in IPSAS 19.

6.6. The IPSASB considered a further revised draft on Day 4 of the meeting and **instructed** staff to:

- Include a reference to emergency relief in the core text of IPSAS 19.
- Add "By contrast" at the beginning of paragraph AG20.
- Reconsider the reference to emergency relief not being ongoing expenditure, particularly in the context of some jurisdictions having relief agencies.
- Consider whether a government announcement or government action gives rise to a provision or contingent liability.
- Include a cross-reference to the guidance in IPSAS 19 on measurement uncertainty.

Public Sector Performance Obligation Approach for Non-Exchange Expenses (Agenda Item 6.2.3)

Decisions

6.7. The IPSASB **decided** that:

- The Public Sector Performance Obligation Approach (PSPOA) could be applied to some non-exchange expenses.
- Where the PSPOA is applied, this may involve the recognition of an asset for the right to have goods and services transferred to a third party.

Instructions

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

- Give further consideration to when a liability should be recognized (specifically whether this should be when a binding arrangement is entered into, or when the performance obligation has been satisfied).
- Develop guidance on enforceability to reflect the subsequent discussions in the context of the Revenue project.
- Develop examples to illustrate the operation of the PSPOA.

7. Improvements to IPSAS, 2018 (Agenda Item 7)

7.1. Staff presented a review of the responses to ED 65, *Improvements to IPSAS, 2018*. Staff presented an Issues Paper and draft final pronouncement proposing amendments to the ED where required, and seeking approval of *Improvements to IPSAS, 2018*.

General Improvements to IPSAS (Agenda Item 7.2.1)

Decision

7.2. The IPSASB **decided** to accept the proposal from a respondent to retain paragraph 76 of IPSAS 16, *Property, Plant and Equipment*, to provide guidance on measuring investment property under construction at fair value for the first time, rather than deleting the paragraph.

Instruction

7.3. The IPSASB **instructed** staff to refer to “accumulated surplus or deficit” rather than “surplus or deficit” in paragraph 142 of IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs)*.

7.4. The IPSASB **agreed** the other staff recommendations in respect of general improvements to IPSAS without change.

IASB Improvements (Agenda Item 7.2.2)

Decision

7.5. The IPSASB **decided** to proceed with the additional cash flow disclosure in IPSAS 2, *Cash Flow Statements*, with an effective date of January 1, 2021.

Instruction

7.6. The IPSASB **agreed** the other staff recommendations in respect of IASB improvements without change.

Other Issues Identified (Agenda Item 7.2.3)

Instructions

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

- Retain the introduction to each part of the final pronouncement.
- Combine all effective date paragraphs affecting an individual IPSAS.

Approval of Final Pronouncement, Improvements to IPSAS, 2018 (Agenda Item 7.2.4)

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

- [ED 65 Improvements to IPSAS, 2018](#) 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 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.

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

7.10. The IPSASB **approved** *Improvements to IPSAS, 2018*. 17 members voted in favor. No members voted against or abstained. There was one absentee.

7.11. The IPSASB **confirmed** there has been no substantial change to ED 65 such that a vote on re-exposure is necessary.

7.12. The IPSASB **decided** to set an effective date of January 1, 2019 for *Improvements to IPSAS, 2018*, with the exception of the additional disclosure in IPSAS 2 where the IPSASB agreed an effective date of January 1, 2021.

8. Public Sector Measurement (Agenda Item 8)

8.1. The IPSASB considered a Project Overview Paper, and a draft Exposure Draft (ED), *Measurement*, and Consultation Paper (CP), *Public Sector Measurement*, which illustrated the Project Overview Paper's proposed approach. The IPSASB provided **instructions** to the Task Force and staff on further development of the ED, addressing issues such as those measurement bases for which application guidance should be developed, and, in broad terms, the type of application guidance and measurement-related disclosures to include in the ED. The IPSASB also considered recommendations on what text from IFRS 13, *Fair Value Measurement*, should be included in the ED's appendix on the measurement of fair value.

Project Overview Paper (Agenda Item 8.2.1)

Decisions

8.2. The IPSASB **decided** that

- The CP and ED will apply the approach as provided for in the Project Overview Paper (i.e., ED, *Measurement*, will define what each measurement basis means and provide explanatory material in its core text and application guidance on how to derive the

measurement bases in its appendices, while individual IPSAS will continue to address which measurement basis should be used.

- Measurement-related disclosures could be located as follows; generic in ED, *Measurement*, and subject-specific in the relevant IPSAS.

Instructions

8.3. The IPSASB **instructed** the Task Force and staff to develop:

- The CP and ED, applying the Project Overview approach, so that complete documents are available for IPSASB review in December, 2018.
- Include in the ED generic measurement-related disclosures for measurement bases (as opposed to specific disclosures), for example, show what is meant by generic fair value measurement-related disclosures.

Fair Value Measurement Text (Agenda Item 8.2.2)

Decision

8.4. The IPSASB **decided** to adopt the majority of the text from IFRS 13, *Fair Value Measurement*, in application guidance or in another IPSAS(s), reflecting the Financial Instruments Task Force and staff recommendation.

Instructions

8.5. The IPSASB **instructed** the Task Force and staff to:

- Review the IFRS 13 text for any topic-specific text that belongs in IPSAS 41, or another individual IPSAS.
- Coordinate with Financial Instruments Task Force and staff.

Exposure Draft, Measurement (Agenda Items 8.2.3 and 8.3.1)

Decisions

8.6. The IPSASB **decided** that:

- ED, *Measurement*, should be developed to reflect the Project Overview approach in agenda item 8.2.1.
- The ED's application guidance appendices should have generic application guidance for historical cost, replacement cost, fair value, and cost of fulfillment.
- Guidance specific to a particular topic will remain in the individual IPSAS.

Instructions

8.7. The IPSASB **instructed** the Task Force and staff to:

- Revise the ED's objective, scope and definitions (including adding new definitions);
- Develop explanatory text for each measurement basis;

- Identify/develop generic guidance for inclusion in the ED's appendices;
- Make a recommendation on whether to include an appendix on the measurement of assets held for sale or disposal; and
- Assess whether the use of "best estimate" in IPSAS 19, *Provisions, Contingent Liabilities, and Contingent Assets*, is the same as "cost of fulfillment."

Consultation Paper, Public Sector Measurement (Agenda Items 8.2.4 and 8.3.1)

Decisions

8.8. The IPSASB **agreed** that:

- Consultation Paper (CP), *Public Sector Measurement*, should be developed further, consistent with the Project Overview approach in agenda item 8.2.1.
- The CP should include sufficient coverage of measurement issues raised by assets held for service potential/capacity, within the context of the Conceptual Framework's measurement objective.

Instructions

8.9. The IPSASB **instructed** the Task Force and staff to develop:

- An explanatory section for the CP-ED, with visuals/diagram and a statement that this is not an IFRS-alignment project, although the application guidance on fair value measurement should be aligned with the text in IFRS 13.
- The two flow charts and examples to illustrate the flow charts' application to particular topics.

9. Revenue (Agenda Item 9)

- 9.1. Staff presented an Issues Paper on proposed modifications to IFRS 15, *Revenue from Contracts with Customers*, required to develop an aligned IPSAS. This paper also proposed modifications to expand the IFRS 15 requirements for the Public Sector Performance Obligation Approach (PSPOA).
- 9.2. Another Issues Paper was presented with proposed amendments to the services in-kind section of IPSAS 23, *Revenue from Non-Exchange Transactions (Taxes and Transfers)*.
- 9.3. Staff presented a further Issues Paper and proposed amendments to IPSAS 23. The proposed amendments were intended to extend the IPSAS 23 requirements on taxation revenue to cover other compulsory contributions and levies, and staff sought guidance on how to further develop this section.

Revenue - Modifications to IFRS 15 for Application in the Public Sector

Decisions

9.4. The IPSASB **decided** to:

- Use the term, "Binding Arrangement", which will encompass the terms, "Contract" and "Other Binding Arrangements".
- Replace the terms, "Contract Asset" and "Contract Liability" with the terms "Binding Arrangement Asset" and "Binding Arrangement Liability".

- Retain the terms, “Consideration” and “Exchange”.
- Retain the term, “Goods and Services”.
- Retain the methods used to estimate stand-alone selling price and add explanatory text, stating that, where appropriate, the Expected Cost plus Margin approach is also applicable to goods and services that are provided on a cost-recovery basis.
- Remove the term, “ordinary” and explore the scope to identify whether items such as gains on sale of property, plant and equipment, foreign exchange gains, and interest would be within the scope of the draft Standard.
- Replace “Commercial Substance” with “Economic Substance”
- Legislation and the ability to reduce future funding should be included as potential enforcement mechanisms for the PSPOA.
- Accept the proposed “Amendments to Other IPSAS.”

Instructions

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

- Provide options for the title of the draft Standard and show the pros and cons of these options.
- Consider the scope of the draft Standard and identify whether items such as Dividend Income, Gains on Sale of Property, Plant and Equipment (PPE), Foreign Currency Gains and Interest Income would be within the scope.
- Define the term, “Binding Arrangement”, in the main text of the draft Standard and include explanatory text for the terms, “Contract” and “Other Binding Arrangements”, in the Basis of Conclusions or Application Guidance.
- Include explanatory text for the use of the terms “Binding Arrangement Asset” and “Binding Arrangement Liability”, instead of “Contract Asset” and “Contract Liability” in the Basis of Conclusions or Application Guidance.
- Identify and evaluate the options for an umbrella term that encompasses the term, “Customer”, one option is to use the term “Customer” as the umbrella term and provide explanatory text in the Application Guidance or Basis of Conclusions.
- Add explanatory text in the Application Guidance or Basis of Conclusions that the “Expected Cost plus Margin Approach” is also applicable to goods and services that are provided on a cost-recovery basis.
- Ensure consistency with other IPSAS and determine whether consequential amendments are necessary for the change of “commercial substance” to “economic substance”.
- Develop guidance on enforceability acknowledging that enforcement mechanisms may be jurisdictionally specific. Further, the guidance should demonstrate how these mechanisms would work.
- Make editorial changes to the “Amendments to Other IPSAS” section to remove the term, “Ordinary”.

- Consider the New Zealand requirements for qualitative disclosures for entities that are reliant on services in-kind for their operations.

Other Compulsory Contributions and Levies (Agenda Item 9.2.4)

Instructions

9.6 The IPSASB **instructed** staff to:

- Redraft the section to explain the principles, using a generic term; which will avoid multiple references to “taxes and other compulsory contributions and levies” and prevent confusion over whether transactions are taxes or levies.
- Consider the Government Finance Statistics definitions of taxation and levies.
- Consider including Application Guidance that sets out which transactions are covered, noting the link to social contributions.

10. Strategy and Work Plan 2019–2023 (Agenda Item 10)

10.1. The IPSASB discussed feedback, including a review of responses to the Strategy and Work Plan 2019–2023 consultation that closed in June 2018.

Consultation Process (Agenda Item 10.2.1)

10.2. Staff summarized the enhanced consultation process. This process included engagement with the Public Interest Committee, Consultative Advisory Group and the Public Sector Standards Setters Forum during the development of the Strategy consultation document. After the consultation document was published, in person roundtable events were held in Africa, Asia, Europe and South America to get direct feedback from a broad group of constituents. The overall results indicated strong support for the key proposals and a significant increase in comment letters compared to the 2014 Strategy consultation process.

SMC 1 (Agenda Item 10.2.2)

Decision

10.3. The IPSASB **agreed** with the Task Force recommendation to approve the revised Strategic Objective.

SMC 2 (Agenda Item 10.2.3)

Decision

10.4. The IPSASB **agreed** with the Task Force’s recommendation to modify Strategic Theme B to “Maintaining IFRS Alignment” and the revised Strategic Themes.

SMC 3 (Agenda Item 10.2.4)

Decisions

10.5. The IPSASB **agreed** with the Task Force recommendations:

- To approve the revised Project Prioritization Criteria.
- That these criteria be used to select the proposed projects for the 2020 mid-period Work Plan consultation.

Instruction

10.6. The IPSASB **instructed** that the Strategy and Work Plan text be updated to reflect that the IPSASB consults with stakeholders before adding projects.

SMC 4 (Agenda Item 10.2.5)

Decisions

10.7. The IPSASB **decided** in accordance with the Task Force recommendations:

- To only add two projects to the work plan under Theme A.
- That these projects should be Natural Resources and the Limited Scope Review of the Conceptual Framework (following a unanimous straw poll).
- To make selected projects available to National Standard Setters (NSSs) for research and scoping by multi-national joint groups of NSSs.
- That the June 2019 Public Sector Standard Setters Forum Agenda include a session on the research and scoping of projects by teams led by NSSs.

Instructions

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

- Develop a template and terms of reference for NSSs interested in the initial research and scoping of selected projects for the March 2019 meeting.
- Consider the involvement of academics in the research and scoping by NSSs, including how the text should reflect this in the document.

SMC 5 (Agenda Item 10.2.6)

Decisions

10.9. The IPSASB **decided**, in accordance with the Task Force recommendations, to:

- Not add a large-scale specific project to the Work Plan under Theme B.
- To use the IPSAS-IFRS Dashboard to identify limited-scope projects to undertake when resources become available under Theme B.
- Undertake improvements on an annual basis, while considering the volume and timing of consultations to ensure constituents are not overwhelmed. It was suggested that small improvements may be approved by the IPSASB, but publication of consultations delayed so they can be released in a larger combined Exposure Draft.

SMC 6 (Agenda Item 10.2.7)

Decisions

10.10. The IPSASB **decided** that the following projects would be made available for initial research and scoping by NSSs:

- Discount Rates
- Differential Reporting
- Presentation of Financial Statements in the Public Sector
- Tax Expenditures.

Instruction

10.11. The IPSASB **instructed** that the research projects should be reflected as a separate and distinct stream on the Work Plan to communicate that they are available for research.

SMC 7 (Agenda Item 10.2.8)

Decision

10.12. The IPSASB **decided** to adopt the text in the Strategy related to Themes D and E; including new text inserted related to the regional outreach approach.

Other Issues (Agenda Item 10.2.9)

Decision

10.13. The IPSASB **decided** to publish a feedback statement along with the final approved Strategy and Work Plan.

Instructions

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

- Develop a feedback statement for review during the December 2018 meeting.
- Update the text related to the implementation and interpretations issue. The text should communicate that the IPSASB is setting up a working group to consider this issue. The working group should advise on an appropriate process and structure to address interpretations/implementation in a resource efficient manner.
- Consider options for translation of the Strategy and Work Plan into French, Spanish and Portuguese to help engage with areas of growing IPSAS adoption and implementation.
- Update the text related to Theme D to appropriately reflect the important differences between adoption, implementation and compliance.
- Update the text related to Theme E to ensure the prominence of IPSAS in the context of accrual accounting.

- Modify the Theme E text to emphasize the importance of Cost Accounting to effective Public Financial Management.

11. Leases (Agenda Item 11)

Decisions

11.1. The IPSASB **decided** to:

- Tentatively adopt the proposals in ED 64, *Leases*, on lessee accounting in the draft IPSAS, *Leases*, subject to a more detailed analysis of the responses;
- Extend the timeline of the Leases project in order to carry out a detailed analysis of all the issues raised by respondents; and
- Get CAG's views on the Leases project at the December 2018 meeting.

Instructions

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

- Develop a more detailed analysis of respondents' views on lessee accounting for the December 2018 meeting with the following factors (no ranking):
 - Implementation issues;
 - User's needs;
 - Relationship with Government Finance Statistics; and
 - Relationship with public-private partnerships (IPSAS 32, *Service Concession Arrangements: Grantor*).
- Develop for the December 2018 meeting a roadmap for a decision-making process on lessor accounting and concessionary leases with the following factors (no ranking):
 - Consistency between ED 64, IPSASB's Conceptual Framework and IPSAS, including a review of IPSASB's decisions on ED 64 and their rationale;
 - IASB's proposals for lessor accounting;
 - Consistency between the lessor accounting requirements in IFRS 16, *Leases*, and the IASB's Conceptual Framework;
 - Compare IPSASB's decisions on ED 64 with IASB's decisions on IFRS 16;
 - Respondents' views on ED 64;
 - Consistency between ED 64 and Government Finance Statistics; and
 - ED 64 implementation issues.
- Develop for the December 2018 meeting the following five-step roadmap for the decision-making process of the issues to be considered at subsequent meetings:
 - **First step: Decide** on lessee accounting, subject to a more extensive review of the responses to ED 64;
 - **Second step: Decide** to align or depart from IFRS 16 lessor accounting proposals;

- **Third step: Decide** on the nature of any departure from IFRS 16 lessor accounting proposals;
- **Fourth step: Decide** on the approach to concessionary leases; and
- **Fifth step: Decide** on the next steps for the Leases project.

12. Public Sector Specific Financial Instruments (Agenda Item 12)

- 12.1. Staff provided a project update and summary of the decisions reached by the Financial Instruments Task Force at its September face-to-face meeting.

Instruction

- 12.2. The IPSASB **instructed** staff to provide a summary of the future Task Force meetings to allow the IPSASB to debate issues as they see necessary.

13. Closing Remarks and Conclusion of the Public Meeting

- 13.1. The Chair noted that it had been a successful meeting with approval of an Improvements pronouncement and good discussion and progress on other projects. The Chair then closed the public part of the meeting.

Appendix 1 – September 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 Update IFRS Dashboard 	Leah Weselowski João Fonseca João Fonseca João Fonseca	October 24 November 9 November 9 November 9
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 December 2018 meeting posted to website 	John Stanford/Paul Mason John Stanford/Paul Mason John Stanford	October 1 October 30
3. Social Benefits <ul style="list-style-type: none"> Draft IPSAS circulated to IPSASB members Agenda papers posted 	Paul Mason	November 2 November 20
4. Non-Exchange Expenses <ul style="list-style-type: none"> Draft ED circulated to IPSASB members Agenda papers posted 	Paul Mason	November 9 November 20
5. Public Sector Measurement <ul style="list-style-type: none"> Agenda papers posted 	Gwenda Jensen	November 16
6. Revenue <ul style="list-style-type: none"> Agenda papers posted Agenda papers posted re IPSAS 23 	Amon Dhliwayo Joanna Spencer	November 16 November 20
7. Strategy and Work Plan 2019-2023 <ul style="list-style-type: none"> Agenda papers posted 	Ross Smith	November 20
8. Leases <ul style="list-style-type: none"> Agenda papers posted 	João Fonseca	November 16

Appendix 2: Vote – Approve Improvements to IPSAS, 2018

Agenda Item 7	Minutes Item 7	Date Vote Taken	September 19, 2018		
Description	<i>Final pronouncement</i>	<i>Improvements to IPSAS, 2018</i>	Approved at meeting		
Final Standard ■	ED □	CP □	Other □	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