



**INTERNATIONAL FEDERATION
OF ACCOUNTANTS**

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DATE: 26 SEPTEMBER 2003
MEMO TO: MEMBERS OF THE IFAC PUBLIC SECTOR COMMITTEE
FROM: PAUL SUTCLIFFE
SUBJECT: **INTERNATIONAL PUBLIC SECTOR ACCOUNTING
STANDARDS**

ACTION REQUIRED

The Committee is asked to:

- **note** developments in the areas outlined below; and
- **provide** a verbal report on any additions

BACKGROUND

The purpose of this paper is to provide an overview and update on a number of matters concerning the PSC Standards Program. The Work Program for 2003 is considered at Agenda item 6.2. This is a standing item for the PSC Agenda.

(i) Standards Program Funding

Organizations approached for funding to date and the current status of fundraising efforts are summarized in Attachment 1 to this memo. Please note there has been no addition to this item since the last PSC meeting in July 2003 - funding initiatives are on hold until the PSC review is completed later this year.

(ii) Standards Project Promotion and Key Relationship Management

Background

A revised list of current invitations, and presentations and articles already made and/or published in 2003 is set out below (additions are marked up). A list of past presentations, articles and meetings is included at Attachment 1 to this memorandum. If you have received invitations to present or have attended any seminars or meetings that should be included in this list, please inform Jerry. In addition to matters identified in this list, PSC members and their technical support and observers also report on a regular basis to their national boards and/or other relevant bodies on PSC activities. PSC staff also report to the IFAC Board and relevant IFAC staff and Committees on a regular basis.

Date	Location/Activity	Host/Participants/Journal	PSC Representative
2003 Invitations and Activities			
February	Melbourne	Australasian Auditors-General Annual Conference	Ian Mackintosh
February	Paris	OECD Conference	Ian Mackintosh,

Date	Location/Activity	Host/Participants/Journal	PSC Representative
			Paul Sutcliffe
February	London	IASB-SAC	Ian Mackintosh
February	Dar Es Salaam	ESAAG	Jerry Gutu
February	Vietnam	Ministry of Finance (MOF)	Ron Points
March	Melbourne	CPA Australia	Paul Sutcliffe
March	Miami	ICGFM	Ron Points
March	Brussels	European Union Standards Committee	Mike Hathorn
April	Virginia, USA	Society of CPAs Government Conference	Ron Points
April	Melbourne	CPA Australia Conference	Ian Mackintosh, Kevin Simpkins, Paul Sutcliffe
April	Melbourne	Round table discussion: AASB, HOTARAC, CPA Australia	PSC Members, Staff
April	Brussels	European Union Standards Committee	Mike Hathorn
June	Delhi	South Asian Comptroller-General of Accounts	Ian Mackintosh
June	Washington	IPSAS/GFS/GFS Convergence meeting	Ian Mackintosh, Robert Keys, Paul Sutcliffe
June	New York	Government Finance Officers' Association Conference	Ron Points
July	Mexico City	Mexican Institute of Public Accountants and Governments of Colombia and Peru International Seminar	Javier Saavedra
September	Vancouver	International Colloquium on Financial Management for Governments	Ian Mackintosh
September	London	International and National Standards Setters meeting	Ian Mackintosh
November	Australia	Article for CPA Journal	Ian Mackintosh, Paul Sutcliffe
November	Berlin	Presentation to FEE Public Sector Committee	Ian Mackintosh, Paul Sutcliffe
December	Ferrara, Italy	International Congress on Accounting Standards for Public Administration	Philippe Adhemar

(iii) Translations

The PSC has recognized the importance of translating its pronouncements into languages other than English and identified the following as key languages: French, Spanish, Chinese, Russian and Arabic.

The IPSASs issued to date are based on the International Accounting Standards (IASs) issued by the IASB. As such, there is an advantage for the IASB and the PSC to work together on translations. Following the last PSC meeting, the PSC Chair wrote to the IASB Chair noting the PSC's disappointment with progress to date and proposing that alternate translation mechanisms may need to be explored. However, progress is now being made (see agenda item 19. FYI items 12, 13, 14 and 15). The French translation of IPSASs 1 – 18 has been completed and is currently subject to review by the Review. The Spanish translation is under way and the Review Panel has been established. The IASCF staff have indicated that translations will be completed by the end of 2003.

In addition translations of PSC documents into other languages are in progress or completed. The table below summarizes progress on translation activities to date.

Staff are exploring the possibility of using the IASB-PSC translation process to also translate the Cash basis IPSAS into French and Spanish.

Language	Organization	Status
French	IASB-PSC	Anticipate translation of IPSASs 1 – 18 completed in mid- <u>by end</u> 2003.
	NATO	NATO has translated the black letter paragraphs of 1-8 into French. NATO representation has been included on the IASB-PSC translation panel.
Spanish	Inter-American Development Bank (IADB)	IPSASs 1 – 20 have been completed and are subject to quality assurance review by the IASB – PSC translation panel. <u>Anticipate completion of translation by end 2003.</u>
	IASB – PSC	
Czech	Chamber of Auditors of the Czech Republic <u>Czech Member Body of IFAC</u>	Enquiry received <u>PSC Handbook being translated by the Czech member body.</u>
Bosnia and Macedonia	Ministry of Finance	Enquiry received
Russian	International Center for Accounting Reform (ICAR)	ICAR has translated into Russian IPSASs 1-12, the Glossary of defined terms, PSC Studies and Guideline 1 on GBE's. <u>The Kazakhstan member body is translating the PSC Handbook into Russian.</u>
	<u>Kazakhstan Member Body of IFAC</u>	

Chinese	Taiwan Institute PRC Ministry of Finance in conjunction with World Bank	Study 11 has been translated into Chinese. IPSASs 1 – 12 have been translated. Translation of the next batch of IPSASs is underway.
Arabic	The Palestinian Accounting Association Arab Society of Certified Accountants, Amman, Jordan	Translated IPSASs 1 – 12. Translation of IPSASs 13 – 20 in progress. ASCA has prepared a translation of the IASs into Arabic and <u>translated IPSASs 1-13, Studies 3-12, Guideline 1 and 2, and is currently translating Studies 13 and 14 and Occasional papers 4 and 5.</u> is interested in a translation of IPSASs into Arabic via IASB – PSC process.
Italian	Italian Institute	IPSASs 1-17 completed.
Bahasa Indonesia	Professor Indra Bastian.	IPSASs 1-15 have been translated
Maltese	Grant Thornton – Malta Office, on behalf of the Government of Malta	English versions used. No translations occurring.
Japanese	Japanese Institute	Anticipate will complete translation of IPSASs 1- 20 by end July 2003. <u>Translation of and Cash Basis completed.</u> <u>Anticipate completion of Study 11 and Study 14 by December 2003</u>
Mongolian	Mongolian Institute with World Bank support.	Translation of IPSAS 1-20 in progress.
German	Swiss and German Institutes	Considering translation – <u>no action as yet.</u>
<u>Bulgarian</u>	<u>Bulgarian Member Body of IFAC</u>	<u>The Bulgarian member body is translating the PSC Handbook.</u>

ATTACHMENT 1

Date	Location/Activity	Host/Participants/Journal	PSC Representative
2002 Invitations and Activities			
February	Jakarta Indonesia	Indonesian CPA Conference	Ron Points
February	Melbourne - Briefing	David Boymal PSC Liaison Board Member	Ian Mackintosh, Paul Sutcliffe
February	Sydney and Melbourne – briefing/discussion	IMF Mission on GFS	Ian Mackintosh, Paul Sutcliffe, Matthew Bohun
March	Beijing/Seminar	Chinese Ministry of Finance and CICPA	PSC members
March	Article	Public Fund Digest	Paul Sutcliffe
April	Amsterdam – Presentation	Royal NIVRA Seminar	Peter Bartholomeus, Aad Bac
April	Miami -Presentation	ICGFM Conference	Ron Points
April	Paris	CNC Seminar	Philippe Adhemar
May	Mongolia	Ministry of Finance	Ron Points
May	USA	IMF Budgeting and Standards	Ron Points
May	USA	Chongqing Chinese Finance Staff	Ron Points
May	Johannesburg	Work shop	Erna Swart
June	USA	AICPA Government Conference	Ron Points
June	USA	GFOA Conference	Ron Points
June	Washington D.C. - presentation	Institute of Internal Auditors World Conference	Ron Points
June	Paris	OECD -DAC Conference	Ian Mackintosh and Paul Sutcliffe
June	New York	United Nations	Ian Ball and Jerry Gutu
June	Washington	World Bank -	Paul Sutcliffe and Jerry Gutu
July	Paris	Steering Committee Social Policy Obligation	Kevin Simpkins, Mario Abela, LiLi Lian, Paul Sutcliffe
July	London	ACCA Conference	Mike Hathorn
June	Toronto	Steering Committee Non-Exchange Revenue	David Rattray, Mathew Bohun, Paul Sutcliffe
July/August (?)	Russia	ICAR Conference (to be confirmed)	David Rattray
August	Australia	Monash University	Matthew Bohun
September	Speyer, Germany	Conference of German public sector accounting experts	Norbert Vogelpoth
September	USA	US Treasury International	David Rattray

Date	Location/Activity	Host/Participants/Journal	PSC Representative
		Colloquium	
September	USA	GASB	Ian Mackintosh, Paul Sutcliffe
September	USA	AICPA Govt Conference	Ron Points
October	Article	Public Money and Management	Paul Sutcliffe
October	Jakarta Indonesia	Ministry of Finance	Ron Points
October	Mongolia	Ministry of Finance	Ron Points
October	Delhi India	Indian Institute and AUSAID	David Bean
November 2002	Hong Kong - presentations	IFAC World Congress	Ian Mackintosh, Terence Nombembe, Ron Points, Paul Sutcliffe
November	GASB-USA	Steering Committee Non exchange Revenue	D. Rattray, M. Bohun
November	CPA- Australia	Steering Committee Social Policy Obligations	K.Simpkins, M. Abela, Li Li Lian, P.Sutcliffe

Organization	Status
Public Expenditure and Financial Accountability (PEFA) Program	Support of \$50,000US for the Budget Reporting Project has been approved. PEFA is financed jointly by the World Bank, European Commission, and UK DFID. .
Multi Lateral Development Bank (MDB), OECD DAC Group and World Bank	Funding in support of the Development Assistance Project has been approved for the amount of \$75,000US through a fund administered by the World Bank. Awaiting feedback on request for additional funding of \$50,000 from OECD – DAC Group.
World Bank	Have approved \$250,000US per annum for up to 3 years to 31 March 2004, subject to annual application/approval.
International Monetary Fund	Have provided \$50,000US per annum for 4 years to end 2004.
Asian Development Bank	Have provided funding of \$82,000US per annum for three years to end 2004.

**ATTACHMENT 1 –
FUNDING – CONTACTS MADE AND RESPONSES. SEPTEMBER 03**

UK Department for International Development	No developments since report at last meeting. In the past detailed materials to support funding has been provided at DIFD request on two separate occasions without success. Amount sought was up to \$100,000US per annum for four years.
Nordic Investment Bank	Staff provided strategy/funding papers in 2001/02. Staff advised that PSC funding did not fit Bank mandate. No further action proposed.
European Union	Representation for funding made by PSC European members, but advised funding is unlikely.
Canadian International Development Agency (CIDA)	Canadian Members and staff followed up on funding possibilities with CIDA. Advised funding now unlikely, particularly since similar organizations in other countries have not provided funding. No further action proposed for 2003.
UNESCO	Chair and staff met with UNESCO representatives in September 2001. Advised that funding support was unlikely. No further action proposed for 2003.
United Nations Development Program and UN Volunteers	The UNDP will not be able to provide funding support but may be able to provide other assistance. Staff followed up on contact with UN Volunteers made at FEE conference in November 2000, but initial contact has left UN and referral contacts have not responded. No further action proposed.
United Nations – DESA	The Division for Public Economics and Public Administration within the UN is not a funding institution. UN will attend PSC meeting as an observer.
Inter-American Development Bank	Have indicated support for the project at the same level as ADB. USA member and staff have followed up. USA member met with IADB staff in May and June. Still awaiting response.
USAID/US Treasury	USAID have indicated support for the project and are continuing to explore ways to provide support. US Treasury also approached – waiting policy decision before able to offer support.
Standard and Poor's (NY)	Contact made in 2000. Follow up letters sent in 2000 and 2001; however no response received to date. No further action proposed.
Moodys (NY)	Contact made in 2000. Follow up letters sent in 2000 and 2001; however no response received to date. No further action proposed.
Swedish International Development Agency (SIDA)	Initial contacts identified. Staff followed-up during 2001. However SIDA responded that they are reassessing their focus/strategy and are not able to support at this stage. No further action proposed for 2003.
Citigroup	Initial approach made 2000 and followed up in 2001. However no response received to date. Funding unlikely. No further action proposed.

J P Morgan Chase and Co.	Initial approach made and followed up. However no response received to date. No further action proposed.
Japan Bank for International Co-operation	Staff met with bank representatives in 2001 and followed up subsequently. Indications are that they will not be in a position to provide general funding on a broad project wide basis. No further action proposed.
AusAid	Have indicated that they do not provide support to broad based initiatives, rather they focus on country specific projects. No further action proposed for 2003.

ATTACHMENT 2**PSC – Standards Development Program Communication/Promotion Activity pre 2002**

Date	Location	Host	PSC Representative
December 2001	Ankara, Turkey	World Bank and the Turkish Ministry of Finance - International conference on expenditure management reform	Erik Peters
December 2001	Australia	Financial Reporting Council (FRC)	Ian Mackintosh
December 2001	Australia	RMIT Research Seminar Series	Mathew Bohun
November 28 – 30, 2001	Rome, Italy	UN	John Stanford
November 9, 2001	Germany	German public sector accounting experts	Norbert Vogelpoth
October 2001	Brussels	European Union	Philippe Adhemar
October 25, 2001	Australia	HOTARAC	Ian Mackintosh
October 26, 2001	Australia	AASB	Ian Mackintosh
October 16 - 17	Washington DC	IASB Standards Advisory Council	Ian Mackintosh
October, 15 – 17 2001	Norfolk, VA, USA	NATO	Ron Points
October 2001	Washington DC	IMF Task Force on Monitoring Standards and Codes (TAMS)	Bert Keuppens
October, 7 – 11 2001	Prague, Czech Republic	10th International Anti-Corruption Conference – Transparency International	Ron Points
September 7, 2001	Paris France	UNESCO – Peter Leslie and Mark Warren	Ian Mackintosh, Paul Sutcliffe, Jim Sylph
September 2001	Paris, France	OECD Symposium on Accrual Accounting and Budgeting	Members, Technical Advisers, Observers invited to attend.
September 5, 2001	Zagreb, Croatia	Croatian Association of Accountants and Financial Experts and the Croatian Ministry of Finance	Ian Mackintosh, Terence Nombembe, David Rattray, Mike Hathorn, with other PSC members

Date	Location	Host	PSC Representative
August 28 – 31, 2001	Dalian, People's Republic of China	Department of Budget of China's Ministry of Finance and the China Accounting and Finance Research	Ian Mackintosh
July 22, 2001	London, UK	IASB Standards Advisory Council	Ian Mackintosh
July 22 – 24, 2001	Langkawi Island, Malaysia	Institute for State and Local Governments Accounting Research, School of Accountancy, University Utara Malaysia	Paul Sutcliffe
July 10 – 13, 2001	Yaounde, Cameroon	Ministry of Economy and Ministry of Finance (with European Union sponsorship) <ul style="list-style-type: none"> • Internal seminar for preparation of a new financial constitution • Participation, as international expert, in the seminar and presentation of IFAC PSC work. 	Jean-Luc Dumont
June 4 – 5, 2001	Washington D.C., USA	<ul style="list-style-type: none"> • Inter-American Development Bank • The World Bank • International Association of Development Funds 	David Rattray
June 3, 2001	Philadelphia, USA	Governmental Finance Officers Association	David Rattray
June 15, 2001	Spain	CIGAR	Philippe Adhémar
May	Australia	AASB Consultative Group	Paul Sutcliffe
May 29, 2001	New York, USA	UN (Peter Leslie)	Jim Sylph and Simon Lee
May 16, 2001	London, UK	ICAEW Public Sector Committee	Mike Hathorn
May 2001	Melbourne, Australia	Australian Accounting Standards Board	Paul Sutcliffe

Date	Location	Host	PSC Representative
May 2001	New York, USA Connecticut, USA	<ul style="list-style-type: none"> • UN Division of Economic and Social Affairs (DESA) • UNDP • Japan Bank for International Co-operation • GASB 	Paul Sutcliffe and Simon Lee
May 2001	Santiago, Chile	Colegio de Contadores de Chile	Ian Mackintosh, PSC members, Observers
April 19, 2001	Istanbul, Turkey	US Treasury	Ron Points
April 2 – 6, 2001	Miami, USA	International Consortium on Governmental Financial Management (ICGFM)	Ron Points
March 26, 2001	Malawi	ESAAG	Paul Sutcliffe
March, 2001	Australia	IASB PSC Liaison representative Warren McGregor	Ian Mackintosh, Paul Sutcliffe
February, 2001	Australia	International Valuation Standards Committee Public Sector Experts Group	Ian Mackintosh, Paul Sutcliffe, Matthew Bohun
February 24, 2001	Islamabad, Pakistan	Seminar on IPSASs <ul style="list-style-type: none"> • Institute of Cost and Management Accountants of Pakistan (ICMAP); • Institute of Chartered Accountants of Pakistan (ICAP); • Pakistan Institute of Public Finance Accountants (PIPFA); and • Pakistan Consortium on Governmental Financial Management (PCGFM). 	Muhammad Rafi and Muhammad Abdullah Yusuf
January 24, 2001	London, UK	Central Government Heads of Accounting	John Stanford
November, 2000	Amsterdam, Netherlands	FEE, Royal NIVRA	Ian Mackintosh, Mike Hathorn, Erik Peters
November, 2000	Paris, France	OECD Symposium	Paul Sutcliffe
November 2000	UK	IFAD	Mike Hathorn Jon Blondal (OECD)

Date	Location	Host	PSC Representative
November, 2000	London, UK	UK Treasury	Paul Sutcliffe
October 2000	Australia	Commonwealth of Australia Department of Finance	Paul Sutcliffe
October, 3 – 4 2000	Quebec, Canada	Colloquium 2000 on Financial Management for National Governments	Ian Mackintosh and Paul Sutcliffe
October, 2000	Washington DC and New York – Funding meetings	<ul style="list-style-type: none"> • World Bank • Inter-American Development Bank • International Monetary Fund • United Nations Development Program • INTOSAI Committee on Accounting Standards • Federal Accounting Standards Advisory Board 	Ian Mackintosh and Paul Sutcliffe



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DATE: 26 SEPTEMBER 2003
MEMO TO: MEMBERS OF THE IFAC PUBLIC SECTOR COMMITTEE
FROM: PAUL SUTCLIFFE
SUBJECT: **PSC STANDARDS PROGRAM WORK PLAN**

ACTION REQUIRED

- **review** the work plan and provide directions regarding any amendments.

AGENDA MATERIAL:

	Pages
Item 6.3 Work Plan 2003	6.20
Item 6.4 Work Plan 2004	6.21
Item 6.5 Standards Program status September 2003	6.22-6.23
Item 6.6 Extract of Minutes of Nov 02 meeting	6.24
Item 6.7 Projects of national standards setters	6.25-6.26

Status September 2003

The work plan has been updated to reflect progress made at/since the July 2003 meeting. Major activities/outputs since that meeting and major changes to the work plan are outlined below.

A clean copy of the 2003 work plan is attached. A summary of changes to the work plan is included at the end of this memo. (The work plan is an excel file and cannot be marked up to highlight changes since the last meeting as can a word file.) A clean copy of a proposed work plan for 2004 is also attached. The work plans are subject to change dependent on decisions made at this meeting.

IPSASs, Exposure Drafts and Other Documents Issued and Under Final Review

- Exposure Draft 23 *Impairment of Assets* was issued in September 2003.
- Occasional Paper 7 *The Governmental Accounting System of Argentina* is currently subject to final review.

Documents included in this Agenda for PSC review and approval to finalize for issue

- Invitation to Comment: *Non-Exchange Revenue, Including Taxes, Grants and Transfers*
- Invitation to Comment: *Accounting for Social Policies of Government*
- Study 14: *Extracts of revised Study14, marked up to identify changes since the Study was first issued in April 2002*
- Budget Reporting: *Draft Research Report*

The web version of Study 14 is to be launched in October 2003.

Project Update

Impairment of Assets

During August, the Exposure Draft was updated to reflect decisions made by the PSC in July, proof read and finalized, and approved for issue by the Chair. It was issued in September 2003 for comment by the end of January 2004.

Argentinean Occasional Paper

The Argentinean Occasional Paper has been updated by the Argentinean member with the support of PSC staff and forwarded to the subcommittee (Mexico, France, UK and Australia) for final review. Finalization in December 2003 with publication in December or January 2004 is anticipated.

Development Assistance

The Project Advisory Panel (PAP) has not yet been activated. It will comprise representatives of the Multilateral Development Banks Financial Management Harmonization Working Group (MDB) and Development Assistance Committee of the OECD (OECD-DAC) and two individual recipient countries. Ian Mackintosh will be the Convener/Chair of the PAP, and will provide a verbal report on progress at this meeting.

The Key Decisions Questionnaire (KDQ) as discussed in July 2003 has been updated. It is intended that the KDQ establish the major principles to be reflected in the first draft of the Exposure Draft. This will be forwarded to the PAP in October and a draft exposure draft will be prepared for consideration by PSC members at the first meeting of 2004.

Steering Committees – Non-Exchange Revenue and Social Policy Obligations

The Chair of the SPO Steering Committee met with staff following the July PSC meeting to revise the draft ITC as a consequence of the PSC's discussion of these issues. The SC did not meet formally, but has reviewed updated drafts and exchanged views electronically.

The Non-Exchange Revenue SC met in September to review a draft ITC updated following the July PSC meeting. Further revisions were made as a consequence of that meeting.

The updated draft ITCs are included in this agenda as follows:

- Social Policy Obligations (non-exchange transactions) – Agenda item 8.
- Non-Exchange Revenue – Agenda item 9.

The ITCs are presented for approval to issue subject to any final amendments identified by the PSC, and a final fatal flaw review by the SC chair and members. It is intended that they be released in early 2004 with EDs finalized and issued in early in 2005.

Steering Committees – Budget Reporting

A draft Research Report on budget reporting, updated following comments from Steering Committee members, is included at Agenda item 10. Dr Jesse Hughes will be in attendance to present the paper and discuss any further refinements with members. The Research Report is presented for approval to issue subject to final amendments identified by the PSC and final review by the SC Chair. The Steering Committee membership is also identified at item 10.

GFS, ESA 95, IPSAS Convergence

The second meeting of the convergence working group will take place in October 2003. The Chair will provide a verbal update on progress at the forthcoming PSC meeting. The agenda for the October meeting is included at Agenda item 13. Copies of the papers prepared for consideration at that meeting are available for members on request – please note the papers are all working drafts rather than final papers.

IASB Harmonization (Agenda papers will be included in the second distribution)

A strategy paper, outlining alternative approaches that might be adopted by the PSC when considering harmonization with IFRSs, is included at Agenda item 14. Documents which identify anticipated differences between existing IPSASs and their equivalent IFRSs as a result of decisions being made in the IASB's improvement project are also included at Agenda item 14. The draft work program for 2004 and beyond reflects that the PSC will action a review of IPSASs based on changes emanating from the IASB *Improvements Project*. This aspect of the work plan will need to be updated consequent on the decisions made at this meeting.

First-Time Adoption of IFRSs/IPSASs (Agenda papers to be included in second distribution)

The relationship of the transitional provisions in IPSASs to the requirements of the IFRS on *First-Time Adoption of IFRSs* for IPSASs are outlined at Agenda item 15. The work program reflects that the PSC will action a project to clarify some issues that may arise in first time adoption of IPSASs at this meeting. The work program will need to be updated consequent on the decisions made at this meeting.

Non-Technical – Promotion and Consultative Group

PSC members and staff continue to devote considerable time between meetings on communication/promotion of PSC output and objectives. These activities are identified in Agenda item 6.1.

The updated Consultative Group membership list is included at Agenda item 16. A meeting with European members of the Consultative Group will take place over lunch on November 6. A draft agenda for that meeting is included at Agenda item 5.6. A listing of attendees will be included in the second distribution or tabled at the meeting.

A Seminar comprising presentations by, and discussions with, key European members of the financial reporting community has also been organized for the afternoon of 6 November. The program for the seminar is included at Agenda item 5.5.

Non-Technical - Translation

Translation activities are identified in detail in Agenda item 6.1.

Work Plans 2003 and 2004

At the July 2003 meeting, members reviewed the 2003 (and beyond) work plan and confirmed the anticipated timing of action on a number of public sector specific projects and noted that additional information was required prior to making any decisions on the timing of IASB harmonization projects. The draft work plans for the remainder of 2003 and for 2004 (with some consequences for 2005 identified) and are attached. Members are requested to review these work plans and agree projects to be actioned and developed during 2004. The 2004 work plan reflects staff recommendations re the actioning of IASB

harmonization projects. These aspects of the work plan will need to be revisited following discussion of the Agenda items 14 and 15.

Occasional Paper

The work plan provides for preparation of an additional Occasional Paper. Members are requested to advise staff if they would like to prepare a paper on their country experience.

Conceptual Framework

In November of 2002, the PSC agreed that it would defer the decision on whether or not to action a project on the development of a Conceptual Framework for twelve months (see extract of November minutes attached as item 6.7). During 2003, the PSC has considered issues related to a conceptual framework on a number of occasions, including:

- in April 2003, the PSC considered staff papers which identified the concepts which underpin IPSASs and compared these concepts to the IASB framework; and
- in July 2003, the UK delegation made a presentation on the UK Discussion Paper on the application of the UK Statement of Principles to public benefit entities.

The draft Work Plan proposes that the PSC continue to monitor developments in national conceptual frameworks during 2004. With the existing limited staff resources, it is difficult for the PSC to be more proactive in this area during 2004. In addition, staff note that key components of the IASB framework are currently being developed or reviewed – for example, measurement, revenues and performance reporting.

Members are requested to consider whether additional action should occur on this project during 2004. If any action is contemplated, staff propose that a detailed project brief, including estimated resource requirements, be prepared for consideration by the PSC at its next meeting.

Other Projects

Agenda item 6.7 provides a very highly summarized overview of the broad types of projects that are being considered by standards setters in some PSC member countries. These encompass short, medium and long term projects. Summarizing at such a high level as this does mean that specific components of issues that are being pursued in a particular jurisdiction is lost, but it does provide some useful insights to the broad areas of interest of member standards setters. (This summary was drawn from the detailed project listings which are included at FYI items 17 through 21.) This overview is provided here for members to consider as they review the PSC 2004 draft work program. (Please advise me of any revisions, additions etc and I will update for next distribution.)

2004 Work Program

Projects proposed for the PSC's 2004 Work Program are:

1. Projects Currently in Process

(a) Being Progressed by Steering Committees

- Non-Exchange Revenue Reporting – Invitation to Comment and ED
- Social Policy Obligations Reporting – Invitation to Comment and ED
- Budget Reporting – Research Report and follow up as necessary

(b) Being Progressed by the PSC with, in some cases, the assistance of Project Advisory Panels or Working Groups

- Impairment of Assets – review comments on the ED and prepare IPSAS
- IPSAS-GFS differences/convergence – Occasional Paper (Convergence Working Group)
- Development Assistance – ED (with the assistance of Project Advisory Panel)

2. *Additional; projects proposed*

- IPSAS-IFRS Harmonization – ED on first batch of improved IFRSs
- First Time Application of IPSASs – Guidance on IPSAS

3. *Monitoring Liaison Activities*

- Conceptual framework: Monitor developments by national and international bodies. Update internal staff paper on concepts and principles included in IPSASs.
- Monitor work of IASB and respond to IASB exposure drafts as appropriate.
- Progress convergence of GFS, ESA, SNA through the Convergence Working Group and the GFS Strategy Group.

4. *Other projects, such as:*

- respond to recommendations of the PSC review as appropriate
- review additional Occasional Papers
- consideration of emerging priority projects such as non-financial performance indicators, financial instrument recognition and measurement
- liaison with other IFAC committees such as the IAASB, Ethics Committee and Compliance Committee.

Promotion of the output of the PSC, attendance at seminars and encouragement of translation activity will continue during 2004.

Staffing 2003

Ms Li Hongxia has joined the staff on a secondment from the Chinese Ministry of Finance for a period of up to 1 year from September 2003.

Summary of Changes to the 2003 and 2004 Work Plan to reflect decision/progress made at the July 2003 meeting

The attached 2003 work plan has been amended to reflect the following:

- The Argentinean Occasional Paper will be issued in late 2003/early 2004.
- The ED on *Impairment of Assets* was issued in September 2003 and an IPSAS will be finalized in the second half of 2004.
- An Exposure Draft on *Development Assistance* will be issued in second half of 2004.
- Progress on ITCs on non-exchange revenues and social policy obligations
- Progress on the Research Report on budget reporting.
- At this meeting the PSC will consider its strategy in respect of harmonization with IFRSs including amending IPSASs for changes made to IASs/IFRSs as a result of the IASB *Improvements Project*, whether a project on *First Time Application of IPSASs* is necessary and potential action on specific IASs/IFRSs.
- A paper on the IPSAS-GFS-ESA convergence program will be issued in the second quarter of 2004.
- Progress on translation of IPSASs under the IASB-PSC arrangement.
- Progress on the review of Study 14 and the web based version.
- The PSC decision not to action a project on Heritage Assets as yet, but to monitor UK developments
- The 2004 work plan reflects ongoing projects and staff recommendations regarding actions that should occur in respect of harmonization with IASs/IFRSs and first time adoption of *IFRSs/IPSASs*. These will be updated to reflect PSC deliberations at this meeting.

IFAC PUBLIC SECTOR COMMITTEE (PSC) WORK PLAN 2003 (Prepared for November 03.)				
Work Plan Jan 03-Dec 03	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Project:	<i>No Meeting</i>	<i>PSC Meeting April</i>	<i>PSC Meeting July</i>	<i>PSC Meeting November</i>
Impairment of Assets	Consider Draft ED	ED Issued		
Cash Basis IPSAS	No further action 2003			
Transitional Guidance	Update Study/develop Web version		Review amendments/"Launch" web	Agree/Issue Study 14 update on web
Development Assistance			Consider Key Decision Questionnaire	Establish PAP
Glossary	Proj.Brief. Engage Contractor			Prepare draft ED
Revenue - Non-Exchange	Updated to IPSAS 18			Update as necessary
Social Policy Obligations	SC 3* Feb 03	Discuss Draft ITC	Draft ITC for Review/SC4*	Issue ITC
Budgetary Reporting	SC 3* Feb 03	Discuss Draft ITC/SC	Draft ITC for Review	Issue ITC
GFS and SNA Harmonist'n	Proj.Brief. Engage Contractor	Progress Report to PSC	Consider Draft Research Report	Issue Report - Consider Stage 2
Conceptual Framework	Form Working/Strategy Groups	Working Group Meet (WG1)	Report WG Progress	Review paper- differences/convergence
Monitor IASs/IFRSs	Monitor Development	Note PSC Concepts Vs IASB	Monitor Developments	
- First time application of IFRSs	Staff Report on IASB activities/stu	Staff Report on IASB activities/stu	Staff Rep-IASB activities/Stds	
- IFRS Improvements Project	Monitor ED/IFRS	Monitor ED/IFRS	Consider if action necessary	Develop Guidance (?)
-Fin. Inst: Recog & Measure.	Monitor IASB	Monitor IASB	Consider Implications/action	Develop EDs (?)
Argentinean Occasional Paper	Monitor IASB	Monitor IASB/Consider PSC Strategy	Monitor IASB/Consider PSC Strategy	Issue Paper(?)
French Occasional Paper	Agree paper	Finalize Paper		
Employee Benefits	Paper Issued			
Business Combinations	Monitor IASB/No Action 2003			
W.I.P non-exchange Services	Monitor IASB/No Action 2003			
Heritage Assets-Recog Msmnt	No Action 2003			
Non-fin.Performance Report	No Action 2003			
Public/Private S. Arrangements	No Action 2003			
Non-Technical				
Translation of Pronouncements				
- French, Spanish, Chinese	Russian 1-12			
- Russia, Arabic, Others	Mandarin 1-8, Arabic 1-12			
Promotion	- OECD Symposium	- PSC Seminar/roundtable	- PSC Seminar	
	- Presentations	- Presentations	- Presentations	
Consultative Group	Invite members	Finalize Members	Meet with North America region	
	* SC - Steering Committee	SC 3* SC#4 3rd/4thSC Meeting		
		*ITC Invitation to Comment		
				*WG2 - 2nd meeting of IPSA-GFS-ESA Convergence Group

IFAC PUBLIC SECTOR COMMITTEE (PSC) DRAFT WORK PLAN 2004 (Prepared for November 03)				
Work Plan Jan 04-Dec 04	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Project:	PSC Meeting March	No PSC Meeting	PSC Meeting July	PSC Meeting November
Impairment of Assets	Consider comments		First draft IPSAS	Finalize IPSAS
Cash Basis IPSAS	No action 2004			
Transitional Guidance Study 14	Issue update - Web			
Development Assistance	PAP comments / first draft ED			
Glossary		Update Glossary	Finalise ED/Issue ED	
Revenue - Non-Exchange	Issue ITC		Issue Glossary	
Social Policy Obligations	Issue ITC		SC - Responses, ED	SC Report/ draft ED
Budgetary Reporting	Issue Report		SC - Responses, ED	SC Report/ draft ED
GFS and SNA Harmonization	Finalise IPSAS GFS ESA Paper	Issue Paper/WG 3	Consider future action/ED?	Draft ED?
Conceptual Framework	Monitor developments		Report from WG	Consider future action
Monitor IASB/IFRS	Staff Rep-IASB Update		Staff Rep-IASB Update	Consider strategy
IASs/IFRSs Harmonization Projects				Staff Rep-IASB Update -ongoing
- First time application of IFRSs	Consider Guidance		Finalise/Issue Guidance	
- IFRS Improvements Project	Consider Group 1 EDs		Finalise/issue Group 1 EDs	Consider Group 2 EDs
-Employee Benefits	Monitor IASB/No action 04		Monitor IASB	Consider strategy
-Business Combinations	Monitor IASB/No action 04			Consider strategy
-Fin. Inst: Recog & Measure.	Monitor IASB/No action 04			No Action (hierarchy)
- Other IFRSs	Monitor IASB/No action 04			Consider strategy
Argentinean Occasional Paper	Paper Issued (?)			No Action (hierarchy)
Country Occasional Paper	Review Paper		Finalise and Issue Paper	
Other Pub Sector Projects				
-W.I.P non-exchange Services	No Action 2004			Consider strategy
-Heritage Assets-Recog Msmnt	No Action 2004			Consider strategy
-Non-fin.Performance Report	No Action 2004			Consider strategy
-Public/Private S. Arrangements	No Action 2004			Consider strategy
Non-Technical				
Translation - Key Languages: Arabic, Chinese, French, Spanish, Russian	Update for latest IPSASs			Update for latest IPSASs
-Other Languages				Encourage/support translations
Promotion	PSC Seminars/Presentations	- Presentations	PSC Seminars/Presentations	PSC Seminars/Presentations
Consultative Group	Local area Members meeting		Local area Members meeting	Local area Members meeting
PSC Review	Respond to Review		*WG-IPSAS-GFS-ESA	
	* SC - Steering Committee	*ITC Invitation to Comment		*G1, G2 - Group 1, 2, EDs/IPSASs

PSC WORK PROGRAM: STATUS AS AT OCTOBER 2003

Technical Projects	PSC Standards Program Original Program (1997-2002)	Current Projected Status	IAS/FRS
Study 11	Governmental Financial Reporting: Accounting Issues and Practices	Final Study issued	NA
IPSAS 1	Presentation of Financial Statements	Final IPSAS issued	IAS 1 & IAS 5
IPSAS 2	Cash Flow Statements	Final IPSAS issued	IAS 7
IPSAS 3	Net Surplus or Deficit for the Period, Fundamental Errors and Changes in Accounting Policies	Final IPSAS issued	IAS 8
IPSAS 4	The Effects of Changes in Foreign Exchange Rates	Final IPSAS issued	IAS 21
IPSAS 5	Borrowing Costs	Final IPSAS issued	IAS 23
IPSAS 6	Consolidated Financial Statements and Accounting for Controlled Entities	Final IPSAS issued	IAS 27
IPSAS 7	Accounting for Investment in Associates	Final IPSAS issued	IAS 28
IPSAS 8	Financial Reporting of Interests in Joint Ventures	Final IPSAS issued	IAS 31
IPSAS 9	Revenue from Exchange Transactions	Final IPSAS issued	IAS 18
IPSAS 10	Financial Reporting in Hyperinflationary Economies	Final IPSAS issued	IAS 29
IPSAS 11	Construction Contracts	Final IPSAS issued	IAS 11
IPSAS 12	Inventories	Final IPSAS issued	IAS 2
IPSAS 13	Leases	Final IPSAS issued	IAS 17
IPSAS 14	Events Occurring After Reporting Date	Final IPSAS issued	IAS 10
IPSAS 15	Financial Instruments: Disclosure and Presentation	Final IPSAS issued	IAS 32
IPSAS 16	Investment Property	Final IPSAS issued	IAS 40 & IAS 25
IPSAS 17	Property Plant and Equipment	Final IPSAS issued	IAS 16
IPSAS 18	Segment Reporting	Final IPSAS Issued	IAS 14
IPSAS 19	Provisions, Contingent Liabilities and Contingent Assets	Final IPSAS issued	IAS 37
IPSAS 20	Related Parties	Final IPSAS Issued	IAS 24
-	Business Combinations (revised 1998)	Defer Consideration	IAS 22
-	Employee Benefits	Defer Consideration	IAS 19
PSC Standards Program Additional Projects (1997-2002)			
ITC	Invitation to Comment: The Development of International Public Sector Accounting Standards: Which Bases of Accounting	Completed.	NA
Study 14	Guidance on the Transition From Cash Accounting to Accrual Accounting	Study 14 issued. Updating web version	NA
ITC	Impairment of Assets (<i>ITC published July 2001</i>)	ED issued	IAS 36

Public Sector Specific Issues –2002+		<u>Current Status</u>	<u>IAS/ FRS</u>
F/W	Framework for Financial Reporting in the Public Sector	Monitor national development	IASB, UK- ASB
ED	WIP of 'Free' Services	No Action 2003	NA
ITC	Accounting for Non-Exchange Revenues	Consider revised Draft ITC	NA G4 + 1 Paper
ITC	Social Policy Obligations	Consider revised Draft ITC	NA
ITC	Budgetary Reporting	Consider revised Draft Research Report	NA
-	GPFS/GFS/ESA95 Harmonization	Working Group Established	NA
-	Heritage Assets	No action planned for 2003	NA
-	Public/Private Sector Arrangements	No action planned for 2003	NA
-	Non-Financial Performance Reporting	No action planned for 2003	NA
Other			
Guide	Revision of PSC Guideline 1 – Financial Reporting by GBES	Guideline 1 Withdrawn November 2002	NA
Paper	UK Occasional Paper	Issued June 2002	NA
Paper	French Occasional Paper	Issued 1 st Quarter 2003	NA
Paper	Argentinean Occasional Paper	Finalising Paper	NA
Additional IASs			
-	Interim Financial Reporting	Not Started	IAS 34
-	Discontinuing Operations	Not Started	IAS 35
-	Intangible Assets	Not Started	IAS 38
-	Financial Instrument: Recognition and Measurement	Not Started	IAS 39
-	Agriculture	Not Started	IAS41
Non-Technical Projects			
Translation IPSAS into languages other than English:		IASB Agreement	
•	French	Translation actioned	
•	Spanish	Translation actioned	
•	Chinese	Completed IPSAS 1-12	
•	Russian	Completed IPSAS 1-12	
•	Arabic	Completed IPSAS 1-12	
•	Other	Many in progress	
Promotion of PSC Pronouncements		Promotion Activity Ongoing	
Fundraising		Fundraising Ongoing	
Non-Standards Project			
Study 13	Corporate Governance in the Public Sector: A Governing Body Perspective	Issued August 2001	NA

EXTRACT FROM PSC MEETING NOVEMBER 2002

Person(s) Responsible: ***German Delegation and PSC Secretariat and Staff.***

18. CONCEPTUAL FRAMEWORK

The PSC received and considered:

- a memorandum from Matthew Bohun and Li Li Lian;
- a summary of the status of conceptual frameworks in PSC members' jurisdictions;
- a copy of the IASB's *Framework for the Preparation and Presentation of Financial Statements*;
- a paper identifying matters raised in the *IAS Conceptual Framework* which were also raised in part or total in the IPSASs;
- an executive summary of the FEE *Comparative Study on Conceptual Frameworks in Europe*;
- "observers' notes" from the recent IASB meeting on the recognition of revenue; and
- "observers' notes" from the recent IASB meeting on performance reporting.

Matthew Bohun introduced the topic noting that the Steering Committees on non-exchange revenue and social policy obligations would have found an explicit statement of the conceptual framework very useful in dealing with their topics. The PSC discussed whether or not to proceed with the development of an explicit statement of its conceptual framework. The Committee noted that while such a statement would be a useful and important document, to effectively undertake such a project would involve considerable PSC meeting and staff time. The PSC also noted that the current improvements project being undertaken by the IASB would, in all likelihood, lead to some modifications of its Framework. The PSC decided that:

- given the current demands on staff time it would not be possible to action such a project at this point in time but that this situation should be reviewed in one year's time; and
- staff should prepare for consideration at the next meeting a document which identified relevant concepts, definitions and guidance in the existing IPSASs that may form the basis or outline of a conceptual framework and compared this with the framework developed by the IASB. Members noted that such a document would be of benefit to those involved in Steering Committees and GFS and ESA 95 harmonization groups. However, it was not intended that such a document be further developed into a formal conceptual framework at this time.

Action Required: ***Reconsider project at November 2003 meeting***

Person(s) Responsible: ***Standards Staff.***

BROAD OVERVIEW OF PROJECT TYPES – STANDARD-SETTERS IN PSC MEMBER JURISDICTIONS

PUBLIC SECTOR PROJECTS AS AT SEPTEMBER 2003

TOPIC	USA - GASB	UK	South Africa	Australia	Canada
<i>Conceptual Type Projects</i>					
Performance Reporting – and aspects of thereof including: Non-financial service accomplishment and performance indicators. Financial reporting formats and statements and discussion and analysis and economic condition reporting.	✓	✓ ✓	✓	✓ ✓	✓ ✓
Conceptual Framework or aspects thereof, including Financial Reporting Entity	✓ ✓	✓	✓	* ✓	* ✓
Measurement in fin. statements – including valuation and revaluation property, plant and equipment, revaluation, present value	✓	✓		✓	
<i>Projects on issues in IPSASs or on active Work program</i>					
Asset Impairment	✓		✓	✓	
Capital Assets/Infrastructure Asset	✓			*	
Other IASB/IPSAS Harmonization and Projects that overlap with IPSASs, including inventories, segments, related parties, sale and lease back, liabilities, contingent liabilities, reporting in hyperinflation economies		*	✓	✓	✓
Non Exchange Revenues and components thereof - Transfers, Contributions, Contributions in kind	✓			*	✓
Social Policy Obligations			✓	✓	*
Budgetary Reporting			✓	✓	
Development Grants and Other Aid			✓		
GAAP/GFS Convergence				✓	

TOPIC	USA - GASB	UK	South Africa	Australia	Canada
<i>Projects considered by PSC not yet actioned</i>					
Heritage Assets		✓	✓	*	
Government Combinations / Business Combinations	✓		✓	*	
Financial Instruments recognition/measurement or aspects thereof - Derivatives and Hedging	✓	✓	✓		✓
Intangible Assets	✓		✓		
Employee Benefits			✓	✓	
Exchange and Exchange-like Revenues	✓	✓		*	✓
Other IAS/IFRS Harmonization (No IPSAS) and IASB overlap projects, including termination benefits	✓	✓	✓	✓	✓
<i>Other Projects</i>					
Service Concessions				✓	
Simplified/Abbreviated Financial Reporting				✓	
Net Assets / Fund Balance Reporting	✓				
Other Post-Employment Benefits (OPEB)	✓				
Pollution Remediation Obligations	✓				
Fiduciary Responsibilities	✓				
GAAP, including hierarchy of guidance					✓
Review of National Standards for Government				✓	✓

* Consideration of National Standards for Governments and Government Departments in a number of jurisdictions is likely to involve at least some consideration of these issues.