



**INTERNATIONAL FEDERATION  
OF ACCOUNTANTS**

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DATE: 19 FEBRUARY 2004  
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 funding, promotion and translation activities since the last PSC meeting. This is a standing item for the PSC Agenda. The Work Program for 2004 and beyond is considered in detail at Agenda items 6.2 through 6.6.

**(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 that the Chair visited a number of these organizations in early 2004 to confirm the PSC's ongoing program and funding needs. However, no additional formal approaches with funding proposals were made. As noted at the last PSC meeting in November 2003, a new round of funding approaches are on hold until the PSC review is completed early this year. An update on the progress of the review is included under the Chairman's Report at Agenda items 4.3 and 4.4 (to be included in second distribution of agenda materials).

The financial information regarding operations of PSC's standard program activities during 2003 and the PSC 2004 Budget will be tabled for the information of members at the meeting.

**Current Funding Profile**

<b>Organization</b>	<b>Status</b>
Public Expenditure and Financial Accountability (PEFA) Program	Support of \$50,000US for the Budget Reporting Project has been provided. 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 provided for the amount of \$75,000US through a fund administered by the World Bank.
World Bank	Have approved \$250,000US per annum for up to 3 years to 31 March 2004, subject to annual application/approval.

<b>Organization</b>	<b>Status</b>
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.

## (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 2004 is set out below. A list of past presentations, articles and meetings is included at Attachment 2 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.

### **2004 Invitations and Activities**

<b>Date</b>	<b>Location/Activity</b>	<b>Host/Participants/Journal</b>	<b>PSC Representative</b>
January	Washington	Discussions with the following re PSC program and funding: World Bank, IMF, IDB	Philippe Adhémar
	London	Discussions with IASB, UK Audit Office, FEE – PSC Chair, UK – ASB	Philippe Adhémar and Mike Hathorn
	New York	IFAC – CEO Meeting	Philippe Adhémar
February	Paris	Meeting of OECD Task Force on Harmonization and Working Groups 1 and 2	Philippe Adhémar Ian Mackintosh (for the PSC) Robert Keys Paul Sutcliffe
February	New Delhi	Presented PSC achievements and future progress to the Global Working Group of 12 Auditors General	Philippe Adhémar
	Paris	OECD Accruals seminar	Philippe Adhémar Paul Sutcliffe
	London	IASCF/IASB staff – Meetings re translations and work program	Paul Sutcliffe
March	Buenos Aires – Seminar	Argentinean FACPE Seminar	Philippe Adhémar Carmen Palladino Mike Hathorn Terence Nombembe Rick Neville
April	Prague	European Accounting Association (EAA) Conference	Philippe Adhémar
June	Budapest	Chamber of Hungarian Auditors –	Philippe Adhémar

		International Conference	
Sept	Boston	International Colloquium on Financial Management for National G'ments	To be determined

**(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. In 2002 the PSC entered an agreement with the IASCF to translate IPSASs into French and Spanish. Progress has been slow and in 2003 the PSC Chair wrote to the IASB noting the PSC's disappointment with progress. The PSC has been advised by IASCF staff that the French translation of IPSASs 1 – 18 has been completed and is currently subject to final review (translation of IPSASs 19 and 20 is also in progress), and completion of the Spanish translation of IPSASs 1-20 is expected by the end of March. In addition, translations of PSC documents into other languages are in progress or completed. The table below summarizes progress on translation activities to date. Please advise Jerry Gutu of any amendments to this listing.

The PSC has noted previously that it makes sense to use the IASB-PSC translation process to also translate the Cash basis IPSAS into French and Spanish. The IASCF staff are aware of our concerns regarding the timeliness of translations and have agreed that the process can be managed more effectively in the future. Staff have discussed this with IASCF staff and arrangements for the translation of the Cash Basis IPSAS into French and Spanish are being finalized.

Language	Organization	Status
French	IASB-PSC	Anticipate translation of IPSASs 1 – 20 completed by mid 2004.
	NATO	NATO has translated the black letter paragraphs of 1-8 into French. NATO representation has been included on the IASB-PSC translation panel. Arrangements being made with IASCF for translation of Cash Basis IPSAS.
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. Anticipate completion of translation by end March 2004. Arrangements being made with IASCF for translation of Cash Basis IPSAS.
	IASB – PSC	
Czech	Chamber of Auditors of the Czech Republic and Czech Member Body of IFAC	PSC Handbook being translated by the Czech member body.

Bosnia and Macedonia	Ministry of Finance	Enquiry received
Russian	International Center for Accounting Reform (ICAR)  Kazakhstan Member Body of IFAC  Samara Region Institute	Translation of following completed: IPSASs 1-12, the Glossary of defined terms, PSC Studies and Guideline 1 on GBE's. The Kazakhstan member body is translating the PSC Handbook into Russian. Enquiry re authority to translate received. (Staff have advised of other Russian translation activity.)
Chinese	PRC Ministry of Finance in conjunction with World Bank  Taiwan Institute	IPSASs 1 – 12 have been translated. Translation of the next batch of IPSASs is underway.  Study 11 has been translated into Chinese.
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 translated IPSASs 1-13, Studies 3-12, Guidelines 1 and 2, and is currently translating Studies 13 and 14 and Occasional papers 4 and 5.
Italian	Italian Institute	IPSASs 1-17 completed. IPSASs 18-20 under way.
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	Translation of IPSASs 1- 20, Cash Basis and Study 14 completed. Anticipate completion of Study 11 by end June 2004
Mongolian	Mongolian Institute with World Bank support.	Translation of IPSAS 1-20 in progress.
German	Swiss and German Institutes	Considering translation – no action as yet.
Bulgarian	Bulgarian Member Body of IFAC	The Bulgarian member body is translating the PSC Handbook.
Switzerland	Dr Andreas Bergman – on behalf of Swiss Government	English version used for reform process. No urgency for translation.



**ATTACHMENT 1 –  
FUNDING – CONTACTS MADE AND RESPONSES TO END 2003**

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****2(a) Activity 2003**

<b>Date</b>	<b>Location/Activity</b>	<b>Host/Participants/Journal</b>	<b>PSC Representative</b>
February	Melbourne	Australasian Auditors-General Annual Conference	Ian Mackintosh
February	Paris	OECD Conference	Ian Mackintosh, 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



<b>Date</b>	<b>Location/Activity</b>	<b>Host/Participants/Journal</b>	<b>PSC Representative</b>
November	Berlin	Presentation to FEE Public Sector Committee	Ian Mackintosh, Paul Sutcliffe
December	London	IASB Standards Advisory Committee	Ian Mackintosh
December	Ferrara, Italy	International Congress on Accounting Standards for Public Administration	Philippe Adhemar

**ATTACHMENT 2****PSC – Standards Development Program Communication/Promotion****2 (b) Activity 2002**

<b>Date</b>	<b>Location/Activity</b>	<b>Host/Participants/Journal</b>	<b>PSC Representative</b>
<b>2002 Invitations and Activities</b>			
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

<b>Date</b>	<b>Location/Activity</b>	<b>Host/Participants/Journal</b>	<b>PSC Representative</b>
August	Australia	Monash University	Matthew Bohun
September	Speyer, Germany	Conference of German public sector accounting experts	Norbert Vogelpoth
September	USA	US Treasury International Colloquium	David Rattray
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

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

<b>Date</b>	<b>Location</b>	<b>Host</b>	<b>PSC Representative</b>
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

<b>Date</b>	<b>Location</b>	<b>Host</b>	<b>PSC Representative</b>
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	Yuovnde, Cameroon	Ministry of Economy and Ministry of Finance (with European Union sponsorship) <ul style="list-style-type: none"> <li>• Internal seminar for preparation of a new financial constitution</li> <li>• Participation, as international expert, in the seminar and presentation of IFAC PSC work.</li> </ul>	Jean-Luc Dumont
June 4 – 5, 2001	Washington D.C., USA	<ul style="list-style-type: none"> <li>• Inter-American Development Bank</li> <li>• The World Bank</li> <li>• International Association of Development Funds</li> </ul>	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

<b>Date</b>	<b>Location</b>	<b>Host</b>	<b>PSC Representative</b>
May 2001	New York, USA  Connecticut, USA	<ul style="list-style-type: none"> <li>• UN Division of Economic and Social Affairs (DESA)</li> <li>• UNDP</li> <li>• Japan Bank for International Co-operation</li> <li>• GASB</li> </ul>	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"> <li>• Institute of Cost and Management Accountants of Pakistan (ICMAP);</li> <li>• Institute of Chartered Accountants of Pakistan (ICAP);</li> <li>• Pakistan Institute of Public Finance Accountants (PIPFA); and</li> <li>• Pakistan Consortium on Governmental Financial Management (PCGFM).</li> </ul>	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)

<b>Date</b>	<b>Location</b>	<b>Host</b>	<b>PSC Representative</b>
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"> <li>• World Bank</li> <li>• Inter-American Development Bank</li> <li>• International Monetary Fund</li> <li>• United Nations Development Program</li> <li>• INTOSAI Committee on Accounting Standards</li> <li>• Federal Accounting Standards Advisory Board</li> </ul>	Ian Mackintosh and Paul Sutcliffe



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DATE: 19 FEBRUARY 2004  
MEMO TO: MEMBERS OF THE IFAC PUBLIC SECTOR COMMITTEE  
FROM: PAUL SUTCLIFFE  
SUBJECT: **PSC STANDARDS PROGRAM WORK PLAN**

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**ACTION REQUIRED**

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

**AGENDA MATERIAL:**

	<b>Pages</b>
Item 6.3 Work Plan 2004	6.20
Item 6.4 Work Plan 2004 – 2006	6.21
Item 6.5 Standards Program status February 2004	6.22-6.23
Item 6.6 Projects of national standards setters	6.25-6.26

**Status February 2004**

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

A clean copy of the 2004 work plan is attached. A summary of changes to the work plan is included at the end of this memo. A clean copy of the proposed work plan covering 2004 - 2006 is also attached. The work plans are subject to change dependent on decisions made at this meeting.

**IPSASs, Exposure Drafts and Other Documents Issued**

- Invitation to Comment: *Non-Exchange Revenue, Including Taxes, Grants and Transfers* was issued in January 2004
- Invitation to Comment: *Accounting for Social Policies of Government* was issued in January 2004
- Study 14: The second edition of Study 14 was issued as a web only document in January 2004
- Occasional Paper 7 *The Governmental Accounting System of Argentina* was issued in January 2004.
- Glossary of Defined Terms *IPSASs 1 – 20* was issued in January 2004

***Documents included in this Agenda for PSC review***

- Budget Reporting Updated Draft Research Report
- Impairment of Assets Analysis of responses on ED 23 *Impairment of Assets*. (The comment period closed on January 31, 2004.)
- Accounting for Responses from PAP members on Key Decisions



- |                                   |   |
|-----------------------------------|---|
| Development Assistance            | Questionnaire (KDQ). A first draft exposure draft based on the (KDQ) is also being prepared.  |
| • Harmonization – GFS, ESA, IPSAS | Report from Working Group and OECD Task Force meetings in February 2004 and matrix of differences.  |
| • Harmonization – IPSAS, IAS/GFS  | Marked up drafts of 8 IPSASs reflecting changes made by IASB as part of their Improvements Project. Marked-up drafts of the remaining 3 IPSASs affected by the IASB's Improvement Project will be included in the second distribution if time allows. |

## **Project Update – documents included in this Agenda**

### *Impairment of Assets*

The Exposure Draft was issued in September 2003 for comment by the end of January 2004. 31 responses have been received to date. These responses together with staff summaries and recommendations thereon are included at Agenda item 8.

### *Budget Reporting*

The draft Research Report on budget reporting was updated following comments from the PSC at its November meeting and forwarded to Steering Committee members for comment. It has been further updated in response to comments received from the Steering Committee. It is included at Agenda item 9.

Dr Jesse Hughes will be in attendance to present the Research Report and discuss any further refinements with members. The Research Report is presented for approval to issue, subject to additional amendments identified by members and the final review by the PSC Chair and SC Chair. However, if amendments are extensive, it is proposed that the document be revised and re-presented for review by the PSC in July 2004.

### *Development Assistance*

The Project Advisory Panel (PAP) has been activated. It comprises representatives of the Multilateral Development Banks Financial Management and Analysis Harmonization Working Group (MDB) and OECD – DAC Working Party on Aid Effectiveness and Harmonization – Joint Venture on Public Financial Management (OECD-DAC).

Ian Mackintosh is the Convener/Chair of the PAP and will attend this PSC meeting to provide members with an update on progress.

The Key Decisions Questionnaire (KDQ) has been forwarded to the PAP and a draft exposure draft has been prepared for consideration by PSC members at Agenda item 10 (to be included in second distribution). The KDQ is included in this agenda for information. It was discussed and agreed at meetings in 2003. It is not proposed that it be discussed any further at this meeting.

### *GFS, ESA 95, IPSAS Convergence*

A meeting of the OECD Task Force on Harmonisation of Public Sector Accounting Standards (TFHPSA) and Working Groups 1 and 2 of the Task Force took place on February 6, 7, 9, 10 and 11. Working Group 1 deals with GFS, ESA 95 and IPSAS Harmonization. Working Group 2 deals with proposals for revision of the System of National Accounts

(SNA). Both Working Groups report to the Task Force. Philippe Adhémar (the PSC Chair) is a member of the Task Force and Ian Mackintosh is Chair of Working Group 1. The agendas for the February meetings of the Task Force and Working Groups are included at Agenda item 11. 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.

Working Group 1 considered a matrix of differences between IPSAS, GFS and ESA 95. Based on that consideration, the Working Group agreed to make a number of proposals to the PSC for amendments to IPSASs to better align with GFS, ESA 95 and SNA. A report from Working Group 1 and the matrix of differences is included at Agenda item 11 (to be included in second distribution). It is proposed that the Working group report be discussed at this meeting. Ian Mackintosh will be in attendance to discuss Working Group 1 materials with the PSC. The PSC's response to the recommendations made by the Working Group may have significant implications for the PSC's work program over the medium and long terms. It may require the development of an ITC or other PSC paper as the first step in any proposed response to particular recommendations of the Working Group. The matrix of differences may well form the basis of such a paper. At this meeting it is intended that Members consider the Working Group Report and strategy it should adopt in responding to matters raised in that report

#### *IASB Harmonization*

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*. The existing IPSASs have been marked up to identify changes necessary to harmonise fully with improved IASs/IFRs. These mark-ups have been done by PSC staff with input and assistance from the South African Institute of Public Finance and Auditing. Eight marked-up IPSASs are included in the first distribution of material at Agenda item 12. The remaining three IPSASs will follow in the second distribution if time permits. Papers which outline the basis on which amendments were identified, the major changes to IPSASs and arrangements for progressing the PSC's IASB Harmonization program are also included at Agenda item 12.

#### *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.

A Seminar including presentations by, and discussions with, key Latin American members of the financial reporting community has been organized for March 24. The program for the seminar is included at Agenda item 5.5.

The updated Consultative Group membership list is included at Agenda item 13. A meeting with Latin American members of the Consultative Group and other key Latin American constituents will take place on March 24 following the seminar. An outline of matters to be discussed at that meeting is included at Agenda item 13. A list of attendees will be included in the second distribution, or circulated prior to the meeting.

#### *Non-Technical - Translation*

Translation activities are identified in detail in Agenda item 6.1.

### **Work Plans 2004 and 2004 - 2006**

The draft work plans for 2004 and for 2004 - 2006 are attached. Members are requested to review these work plans and agree projects to be actioned and developed during 2004 and 2005. The 2004 work plan reflects staff recommendations re the actioning of IASB harmonization and other projects.

#### *Occasional Papers*

The work plan provides for preparation of an Occasional Paper on USA experience. It is anticipated that a first draft of this paper will be presented at the July 2004 meeting.

It is also proposed that at the July 2004 meeting the PSC consider whether it should action preparation of an Occasional Paper on use of IPSASs. Staff are frequently asked whether entities adopt IPSASs, base their requirement on IPSASs or otherwise use IPSASs. It may be timely to undertake a full survey.

#### *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 public sector conceptual framework for twelve months. During 2003, the PSC considered issues related to a conceptual framework on a number of occasions. It was agreed that, given limited staff resources, the PSC should not yet action such a project but should continue to monitor developments in national public sector conceptual frameworks.

The importance of developing a public sector conceptual framework was raised in the questionnaire prepared to provide input to the PSC review. The 2004 Work Program proposes that the PSC consider its strategy regarding the development of a public sector conceptual framework at its July 2004 meeting in the light of feedback from the review.

#### *Heritage Assets*

IPSAS 17 *Property, Plant and Equipment* does not require heritage assets to be recognized, but specifies certain disclosure requirements for those that are recognized. The PSC had identified heritage assets as an important issue to be progressed by a Steering Committee during the second stage of the standards program when resources allowed. At the recent OECD Symposium on accrual accounting, a number of countries noted that practice was developing in their jurisdictions. It was also noted that, while there was much common ground, there was also diversity in practice and the actioning of the PSC's project on heritage assets was encouraged. Such a project would need to include consideration on IPSAS 17 of the impact of any proposals regarding heritage assets.

It is proposed that a project proposal be developed for consideration by the PSC at its July 2004 meeting.

#### *Other Projects*

Agenda item 6.6 provides a high level summary/overview of the broad types of projects that are being considered by standards setters and authoritative bodies in PSC member countries. These encompass short, medium and long term projects. This summary/overview is provided here for members to consider as they review the PSC 2004 draft work program.

The summary/overview was prepared from input provided by members in response to a request from staff (early February 2004). It will be updated as additional input is received. Please advise staff of any revisions, additions etc and we will update for next distribution.

## **2004 Work Program - Summary**

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

### **1. *Projects Currently in Process/agreed***

#### *(a) Being progressed by, or potentially including the involvement of, Steering Committees*

- Non-Exchange Revenue Reporting – Consider responses to ITC
- Social Policy Obligations Reporting – Consider responses to ITC
- 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-IFRS Harmonization – ED on improved IFRSs
- IPSAS-GFS-ESA 95 differences/convergence – OECD Working Group and Task Force. Consider mechanisms to progress convergence. Consider development of an ITC or Occasional Paper
- Development Assistance – prepare ED (with the assistance of Project Advisory Panel)
- Occasional Paper – the USA experience being prepared by USA delegation

### **2. *Additional project proposals***

- Heritage Assets – Project proposal and follow up
- – consider strategy and follow up.
- Study on use of IPSASs – consider project proposal

### **3. *Other***

- Respond to recommendations of the PSC review as appropriate
- Monitor work of IASB and respond to IASB exposure drafts as appropriate.
- Consider strategy re emerging priority projects such as conceptual framework, public-private sector arrangements and harmonization with IASs such as financial instruments recognition and measurement, employee benefits and other IASs.
- Liaison with other IFAC committees and groups such as the IAASB, Ethics Committee and Compliance.
- Promotion of the output of the PSC, attendance at seminars and encouragement of translation activity will continue during 2004.

## ***Staffing 2004***

An update on staffing arrangements will be provided at the meeting.

IFAC PUBLIC SECTOR COMMITTEE (PSC) DRAFT WORK PLAN 2004 (Prepared for March 2004)					
Work Plan Jan 04-Dec 04	Quarter 1	Quarter 2	Quarter 3	Quarter 4	2005 +
<b>Project:</b>	<i>PSC Meeting March</i>	<i>No PSC</i>	<i>PSC Meeting July</i>	<i>PSC Meeting November</i>	
Impairment of Assets	Consider comments	<i>Meeting</i>	First draft IPSAS	Finalize IPSAS	<b>Issue IPSAS</b>
Cash Basis IPSAS	No action 2004				Review Implementation Experience
Transitional Guidance Study 14	<b>Issue 2nd edition - Web</b>				Consider if further update is necessary
Development Assistance	PAP comments / first draft ED		Finalize ED	<b>Issue ED</b>	Consider comments/Issue IPSAS
Glossary	<b>Issue Glossary</b>				Update Glossary as necessary
Revenue - Non-Exchange	<b>Issue ITC*</b>		Consider Role of SC*	Consider responses -SC Meet?	Develop/Issue ED/develop IPSAS
Social Policy Obligations	<b>Issue ITC*</b>		Consider Role of SC*	Consider responses -SC Meet?	Develop/Issue ED/develop IPSAS
Budgetary Reporting	Draft Report		<b>Finalize/Issue Report</b>	Consider future action	Issue ED/develop IPSAS (?)
GFS/ ESA/SNA Harmonization	Reports from WG1/Task Force*		Follow up activity/Occasional paper?	Follow up activity	Continue Convergence activity
Conceptual Framework			Consider Strategy	Follow up activity	Follow up activity
Monitor IASB/IFRS	Staff Rep-IASB Update		Staff Rep-IASB Update	Staff Rep-IASB Update	Staff Rep-IASB Update -ongoing
<b>IASs/IFRSs Harmonization Projects</b>					
- IFRS Improvements Project	Consider marked-up IPSAS		Develop ED on updated IPSASs	Finalize ED-updated IPSASs	Issue ED/Revised IPSASs
-Employee Benefits	Monitor IASB/SNA review		Monitor IASB/SNA Review	Consider strategy	Follow-up, prepare issue ED/IPSAS
-Business Combinations	Monitor IASB/No action 04			Consider strategy	Follow-up activity as necessary
-Fin. Inst: Recog & Measure.	Report on Status/No action 04			Consider strategy	Follow-up activity as necessary
- Other IFRSs	Monitor IASB/No action 04			Consider strategy/hierarchy?	Follow-up activity as necessary
<b>Other Pub Sector Projects</b>					
-Heritage Assets-Recog., Msmnt.			Project Proposal - ITC*?	Follow-up activity	Follow up/implications for IPSAS 17
-Non-fin.Performance Report	No Action 2004				Consider strategy
-Public/Private S. Arrangements	No Action 2004			Consider strategy	Follow up as appropriate
Argentinean Occasional Paper	<b>Paper Issued</b>				
Occasional Paper (Agreed)			Review USA Paper	Finalize and <b>Issue Paper</b>	
Occasional Paper (Proposal)			Project brief- Survey use of IPSASs	Follow up action	Develop/Finalize paper
<b>Non-Technical</b>					
PSC Review	Note Preliminary Report		Final report and PSC response	Follow up activity	
Consultative Group	Local area Members meeting		Local area Members meeting	Local area Members meeting	
Translation - Key Languages: Arabic,					
Chinese, French, Spanish, Russian	Complete French and Spanish		Review key language status	Follow up activity	Update for latest IPSASs
- Other Languages					Encourage/support translations
Promotion	PSC Seminars/Presentations	Presentations	PSC Seminars/Presentations	PSC Seminars/Presentations	PSC Seminars/Presentations
<i>* SC - Steering Committee</i>	<i>*ITC Invitation to Comment</i>		<i>*OECD Task Force</i>	<i>*Working Group1</i>	

**IFAC PUBLIC SECTOR COMMITTEE (PSC)      WORK PLAN 2004 - 2006**

	2004	2005	2006 +
<b>Technical Projects</b>			
Review IPSASs		Monitor/ Review / Consider action	Revise/Update
Impairment of Assets	Finalize IPSAS	Issue IPSAS	
Cash Basis IPSAS		Review Implementation	Update as necessary
Transitional Guidance - Study 14		Review - follow up action	Issue third edition if necessary
Development Assistance	Issue ED	Develop/Issue IPSAS	Follow up for accrual IPSASs if necessary
Glossary		Update if necessary	
Revenue - Non-Exchange	Issue ITC. Consider comments on ITC	Develop and issue ED	Issue IPSAS
Social Policy Obligations	Issue ITC. Consider comments on ITC	Develop and issue ED	Issue IPSAS
Budgetary Reporting	Issue Research Report	Develop and issue ED	Issue IPSAS
GFS, ESA and SNA Harmonization	Agree strategy/Develop Occasional Paper	Follow up action. Issue EDs	Follow up action
Conceptual Framework	Consider Strategy/Monitor developments	Develop/Issue ED	Issue framework
Monitor IASB- IASs/IFRSs	Ongoing	Ongoing	Ongoing
- <i>IASB Improvements Project</i>	Action project/Develop ED	Issue ED - develop improved IPSASs	Issue Improved IPSASs
- <i>Employee Benefits</i>	Monitor IASB/SNA activity	Consider IAS 19. Develop and issue ED	Issue IPSAS
- <i>Business Combinations</i>	Monitor IASB activity/consider strategy	Follow-up activity if necessary	
- <i>Fin. Inst: Recog &amp; Measure.</i>	Consider strategy re IA39 and IPSAS 15	Develop ED on revised IPSAS 15	Follow up action on IAS 39
- <i>Other IFRSs -Intangible Assets?</i>	Monitor IASB/consider role of hierarchy	Intangibles project brief? - develop ED	Issue ED - Develop IPSAS
Heritage Assets-Recog Measurement	Project Proposal/Monitor national projects	Develop ED if necessary	Follow up action including IPSAS
Public/Private S. Arrangements	No action	Action project - Develop ED	Issue ED - Develop IPSAS
Non-financial Performance Reporting	Consider project	Develop ITC/ED	Follow-up activity
W.I.P non-exchange Services	No action	Consider if action necessary	
Occasional Papers	Develop USA paper	Paper on other country	Paper on other country
	Consider Survey on adoption of IPSAS	Develop survey/prepare paper	Issue paper - monitor

**PSC WORK PROGRAM: STATUS AS AT FEBRUARY 2004**

Technical Projects	<u>PSC Standards Program Original Program (1997-2002)</u>	Current 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)	Monitor IASB. Consider strategy November 2004	IAS 22
-	Employee Benefits	Monitor IASB. Consider strategy November 2004	IAS19
<b>PSC Standards Program Additional Projects (1997-2004)</b>			
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 Updated, 2 <sup>nd</sup> Edition issued	NA
ITC	Impairment of Assets ( <i>ITC published July 2001, ED published Sept 2003</i> )	Consider comments March 2004	IAS 36

<b>Public Sector Specific Issues – 2004+</b>		<b>Current Status</b>	<b>IAS/ FRS</b>
F/W	Framework for Financial Reporting in the Public Sector	Consider Strategy July 2004	IASB, UK- ASB
ITC	Accounting for Non-Exchange Revenues	ITC issued	IAS 20
ITC	Social Policy Obligations	ITC issued	NA
ITC	Budgetary Reporting	Consider revised Draft Research Report March 04	NA
-	GPFS/GFS/ESA95 Harmonization	Consider Working Grp report/Strategy March 04	NA
-	Heritage Assets	Consider Project Proposal July 2004	NA
-	Public/Private Sector Arrangements	Consider strategy Nov. 2004	NA
-	WIP of 'Free' Services	No Action 2004	NA
-	Non-Financial Performance Reporting	No action planned for 2004	NA
<b>Other</b>			
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 <sup>st</sup> Quarter 2003	NA
Paper	Argentinean Occasional Paper	Issued 1 <sup>st</sup> quarter 2004	NA
Paper	USA Occasional Paper	Consider draft July 2004	NA
Paper	Use of IPSASs	Consider Project Proposal July 2004	NA
Paper	IPSAS/GFS/ESA/SNA Harminisation	Consider need for paper at March 2004	NA
<b>Additional IASs</b>			
<b>Improved IASs/IFRS</b>		Consider action March 2004	12 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	IAS 41
	First Time Application IFRSs	Considered – No action necessary	IFRS 1
<b><u>Non-Technical Projects</u></b>			
PSC Review		Consider Report and follow-up action 2004	
Translation of IPSAS into languages other than English:		IASB Agreement	
• French		IPSAS 1 – 20 in progress. Cash basis actioned	
• Spanish		IPSAS 1 – 20 in progress. Cash basis actioned	
• Chinese		Completed IPSAS 1-12, 13-20 in progress	
• Russian		Completed IPSAS 1-12, others in progress	
• Arabic		Completed IPSAS 1-12, 13-20 in progress	
• Other		Many in progress	
Promotion of PSC Pronouncements		Promotion Activity Ongoing	
Fundraising		Fundraising Ongoing	

Item 6.5 *Standards Program Status February 2004*

PSC Buenos Aires March 2004



### Non-Standards Project

Study13	Corporate Governance in the Public Sector: A Governing Body Perspective	Issued August 2001	NA
IAASB	Public Sector Perspectives on ISAs	Ongoing, as needed	NA

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

### **PUBLIC SECTOR PROJECTS AS AT FEBRUARY 2004 (COMPILED FROM INFORMATION PROVIDED BY PSC MEMBERS/TECHNICAL ADVISORS)**

TOPIC	Arg	Aust	Can	Fra	Israel	Jap	Mal	NInd	NZ	Nor	SA	UK	USA-GASB
<b><i>Conceptual Type Projects</i></b>													
Performance Reporting – and aspects of including: Non-fin. service/performance indicators. Fin. reporting formats and statements and discussion /analysis and economic condition reporting.		✓	✓					✓			✓	✓	✓
		✓	✓					✓				✓	
Conceptual Framework or aspects thereof, including Financial Reporting Entity		*	*								✓	✓	✓
		✓	✓										✓
Measurement in fin. statements – including val'n and reval'n of property, plant and equipment, present value		✓										✓	✓
<b><i>Projects on issues in IPSASs or on PSC active program</i></b>													
Asset Impairment		✓									✓		✓
Capital Assets/Infrastructure Asset		*											✓
Other IASB/IPSAS Harmonization and Projects that overlap with IPSASs, including inventories, segments, rel. parties, sale/lease back, liabilities, contingent liabilities, 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		✓											

<b><i>Projects considered by PSC not yet actioned</i></b>													
Heritage Assets		*									✓	✓	
Government / 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		✓	✓						✓		✓	✓	✓
Joint Ventures		✓							✓				
<b><i>Other Projects</i></b>													
Earthworks		✓											
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		✓	✓										

+ Following Project indicates it is an active PSC project, or has already been dealt with.

\* 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.