



**INTERNATIONAL FEDERATION
OF ACCOUNTANTS**

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DATE: 22 SEPTEMBER 2004
MEMO TO: MEMBERS OF THE IFAC PUBLIC SECTOR COMMITTEE
FROM: JERRY GUTU
SUBJECT: **PSC CONSULTATIVE GROUP**

ACTION REQUIRED

The Committee is asked to:

- **note** the agenda for a meeting with the Consultative Group on November 1, 2004 **and prepare to participate**;
- **note** the current status of the appointment process **and approve new nominations**;
- **note** the Consultative Group Membership profile and Operating Procedures; and
- **note** the Consultative Group Members attending the meeting.

AGENDA MATERIAL:

	Pages
17.2 Agenda for Consultative Group Meeting	17.2
17.3 Current status of appointment process	17.3-17.4
17.4 Consultative Group Membership profile and operating procedures	17.5-17.8
17.5 Consultative Group Members attending	17.9

BACKGROUND

At its July 2004 meeting PSC was advised that 59 out of 67 individuals and organizations had confirmed their membership and participation in the Consultative Group. This was an increase by one in number, through the rejoining of an ex-member Mr Rafi of Pakistan, since the last PSC meeting of March 2004.

Consultative Group members from North America and Africa as well as other key participants from the same region participated in a meeting on the second day of the PSC meeting, July 6, in New York. The PSC approved proposals by staff for a new member, Mr Fernando Mayorga of Fitch Ratings and replacements and reactivating of membership of all the ex-PSC members. The Committee advised staff to follow up the offer with all the ex-members and pursue the remaining nominations.

PSC staff has followed up with the remaining organizations as well as with all the ex-PSC members who have accepted the offer to rejoin the group. Staff have received a request from the Treasury of Ukraine to join the Consultative Group and have requested for nomination of one out of the two proposed officials. A response is currently outstanding from the Treasury of Ukraine on their proposal. No replacements or retirements from the group were received during this period.

PUBLIC SECTOR COMMITTEE CONSULTATIVE GROUP MEETING

NEW DELHI, MONDAY, NOVEMBER 1, 2004

SESSION 14:00 – 16:30 HOURS

ROUNDTABLE WITH CONSULTATIVE GROUP, KEY PARTICIPANTS FROM INDIA AND THE REGION OF ASIA

FORMAT	Brief Presentation by PSC Chair on Background of PSC and its Work Plan ; and Discussion on <ul style="list-style-type: none">• Accounting for Non-Exchange Revenue• Accounting for Social Policy Obligations of Governments• Accounting for Development Assistance• Perspectives from India on public sector accounting standard setting with Ghosh – GASAB Committee of India
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Presentation by PSC Chairman will cover the following areas:

- Background of PSC and its Work Plan

Discussion will follow the presentation by the chair, with members of the Consultative Group, Key Participants from India and the region and delegates sharing their views on Accounting for Non-Exchange Revenue, Social Policy Obligations of Governments and Development Assistance.

Towards the end of the session the PSC will meet with the Ghosh – GASAB Committee of India briefly to discuss issues of mutual concern regarding development of accounting standards for the public sector in India.

PSC Consultative Group current status

The details are shown in the table below:

Table on Status of Nominations to date

Region	Nominations Confirmed	Nominations Outstanding	Remarks
Africa	6	0	All nominations have been made.
Asia	7	1	ASOSAI has yet to nominate.
Europe including Russia	15	0	All nominations have been made. Mr Fernando Mayorga of Fitch Ratings Agency has joined the group.
Latin America	3	2	OLACEFS –Auditors & Latin American Assoc of Public Acc Schools are yet to nominate
North America	11	1	AAA is yet to nominate Ex-PSC member Mr Erik Peters rejoined
Australasia/Pacific	10	1	Association of Public Accounts Staff of Australia & New Zealand yet to nominate. Messrs Mackintosh & Simpkins rejoined
Middle East	3	3	Arab Bankers Union, Chamber of Commerce, BADEA & ACC & Auditors Assoc yet to nominate
International	8	0	4 committees of IFAC are in this group.
Totals	63	8	The total number is 71 with 63 nominations made so far and 8 outstanding.

The current status of appointment process to the Consultative Group is that 63 nominations have been made so far with 8 outstanding nominations. The total number of the group is 71. Following the decision of the Committee at the last meeting Mr Fernando Mayorga of Fitch Ratings Agency joined the group and 3 ex-members, that is, Messrs Ian Mackintosh, Kevin Simpkins and Erik Peters accepted the offer to rejoin the group. Staff received a request from the Treasury of Ukraine to join the Consultative Group. Staff have requested for nomination of one out of the two proposed officials. A response is currently outstanding from the Treasury of Ukraine on their proposal. No replacements or retirements from the group were received during this period.

Approval of PSC is sought for the following proposals:

- A request from the Treasury of Ukraine to join the Consultative Group subject to nomination of an appropriate candidate.

CONSULTATIVE GROUP MEMBERSHIP

Region	Auditors Associations	Preparers/ Ministries, of Finance/ Accountants General etc	Academia	Regional Bodies	Independent Standard Setters/ Professional Bodies	Users incl. Lenders, Aid Agencies, Rating Agencies etc	Others eg Consultants, Individuals, Legislature	Organizations currently represented on PSC through members/observers & technical advisors etc	Ex-PSC Members/Observers	Totals
Africa	1. AFROSAI/ .SADCOSAI Mr. Rajun Jugurnath	1. ESAAG Mr Bwoch	1.ABWA Prof. Ato Gharthey	1.ECSAFA Mr Lebohanga Thotanyana	1.ASB OF SA* 2. KPMG Tunisia Mr Rached Fourati	1. AfDB Mr Charles Muthuthi		1. SAICA* 2. IPFA*		6
Asia	1. ASOSAI	1. Government of Hong Kong Treasury* 2. Ministry of Finance of Japan Mr Hirokazu Fujita 3. Ministry of Finance of PRC Dr. Lou Hong	1. Indonesia Prof. Indra Bastian	1. Confederation of Asian & Pacific Accountants Mr Pyan Ho-bum	1. India Representative Mrs Soma Roy Burman 2. Mongolia Institute of CPA Prof. Dondog			1. ADB*	Mr. M. Rafi	8
Europe/ Eastern Europe+	1. National Audit Office of Netherlands Mrs Anneke van Zanen	1. Ministry of Finance of Croatia Mrs Vesna Vasicek 2. UARG Germany Federal Statistical Office Mr Hans Rehm 3. Swedish Financial Management Authority Mr Claes- Goran Gustavsson 4. Ministry of Finance of Malta Mr Pierre Pace	1. Prof. Ricardo Mussari of Siena University of Italy	1. Federation of Experts Comptables Europeens FEE PSC Chair Ms. Caroline Mawhood, 2. European Commission Mr Brian Gray 3. FEE rep. Mr Marinos Athanassiou (Poland) 4. FEE rep. Mr Daniel Faura (Spain) 5. FEE rep. Dr Tuomas Poysti (Finland)	1. French Professional Body of Accountants Ms. Daniele Lajoumard	1. Fitch Ratings – Europe Office Mr Fernando Mayorga	1. UNICON- MS OF RUSSIA Mr Alexander Verenkov 2. Switzerland University of Zurich, Switzerland Prof. Andreas Bergmann	1. OEC – Organization of Professional/ Expert Accountants (France)* 2. IDW (Germany)* 3. Royal Nivra (Netherlands) * 4. ICAS/CIPF A*		15
Latin America	1. OLACEFS	1. Ibero- American (Latin American Accountants General) Mrs Mercedes Vega Garcia Coordinator	1. Latin American Association of Public Accounting Fac & Schools	1. Inter American Accounting Association Ms. Edgar Nieto Sanchez	1. Latin American Federation of Internal Auditors Mr Genaro Soriano			1. IADB* 2. Mexican Institute of Certified Public Accountants* 3. Argentina Federation of Professional Accountants*		5
North America	1. CCOLA Mr John Noseworthy	1. GFOA- USA Mr Stephen Gauthier 2. AGA-USA Ms. Sharon 3. NASACT Mr Kinney Poynter	1. AAA		1. FASAB Ms. Wendy Combes 2. CGA Mr David Rattray		1. Dr Bob Freeman 2. Dr Jesse Hughes	1. AICPA* 2. CICA* 3. GASB*	1. Mr. Ken Dye Former PSC Chair 2. Mr. Charles Coe 3. Mr Erik Peters	12

Region	Auditors Associations	Preparers/ Ministries, of Finance/ Accountants General etc	Academia	Regional Bodies	Independent Standard Setters/ Professional Bodies	Users incl. Lenders, Aid Agencies, Rating Agencies etc	Others eg Consultants, Individuals, Legislature	Organizations currently represented on PSC through members/observers & technical advisors etc	Ex-PSC Members/Observers	Totals
Australasia/ Pacific	1. ACAG Dr Arthur McHugh 2. AARF Mr Richard Mifsud 3. SPASAI Mr Todd Beardsworth	1. NZ Treasury Mr Ken Warren 2. Australian Dept of Finance & Treasury Mr Jim Kerwin 3. NLFMF. Mr. Malcolm Duce 4. HOTARAC Mr Craig Jeffrey		1. AFAANZ Mr Bryan Howieson		1. Association of Public Accounts Committees Staff of Australia & New Zealand		1. AASB* 2. CPAA* Public Sector Centre of Excellence 3. ICAA* 4. ICANZ*	Mr Ian Mackintosh Mr Kevin Simpkins	11
International	1. INTOSAI*	1. NATO Mr James Luedeke 2. IFAC-FMAC Mr Robin Mathieson		1. Institute of Internal Auditors Mr Jiwan Shourie 2. ACCA GLOBAL Mr Andy Wynne	1. IVSC Mr. Mark Gerold 2. IFAC-IAASB Mr James Gunn		1. IFAC-ETHICS Mrs Gill Spaul 2. IFAC-EDUCATION Ms Claire Egan	1. IMF*/WB* 2. OECD* 3. WB*		8

***Those identified by an asterisk (*) were proposed for membership to the Consultative Group. However, they currently have access to the PSC through PSC members/observers/technical advisors and therefore have not been included in the consultative group. They are not included in the count. These organizations will be reconsidered for inclusion on the Consultative Group once their members/observers and technical advisors retire from PSC.**

ACCRONYMS

AAA – American Accounting Association
AARF – Australian Accounting Research Foundation
AASB – Australian Accounting Standards Board
ACAG – Australasian Council of Auditors General
ACCA – Association of Chartered Certified Accountants
ADB – Asian Development Bank
AFAANZ – Accounting and Finance Association of Australia and New Zealand
AfDB – African Development Bank
AFROSAI – African Organization of Supreme Audit Institutions
AGA – Association of Government Accountants of USA
AICPA – American Institute of Certified Public Accountants
ARABOSAI – Arab Organization of Supreme Audit Institutions
ASCA – Arab Society of Certified Accountants
ASOSAI – Asian Organization of Supreme Audit Institutions

BADEA – Arab Bank of Economic Development

CAPA – Confederation of Asian Pacific Accountants
COLLA – Canadian Council of Legislative Auditors
CGA – Certified General Accountants Association
CICA – Canadian Institute of Chartered Accountants

CIPFA – Certified Institute of Public Finance and Accountancy
CPAA – Public Sector Centre of Excellence

ECSAFA – Eastern, Central and Southern African Federation of Accountants
ESAAG – East and Southern Africa Association of Accountants General

FASAB – Financial Accounting Standards Advisory Board
FEE – Federation des Experts Comptables Europeens
FMAC – Financial and Management Accounting Committee (IFAC)

GASB – Governmental Accounting Standards Board, United States
GFOA – Governmental Finance Officers Association

HOTARAC – Heads of Treasuries of Australia

IAASB – International Auditing and Assurance Standards Board (IFAC)
IADB – Inter-American Development Bank
IBEROAMERICAN – Latin American Association of Accountants General
ICAA – Institute of Chartered Accountants in Australia
ICANZ – Institute of Chartered Accountants of New Zealand
ICAS – Institute of Chartered Accountants of Scotland
IDW – Institute of Certified Public Accountants (Germany)
IFAC – International Federation of Accountants
IIA – Institute of Internal Auditors
IMF – International Monetary Fund
INTOSAI – International Organization of Supreme Audit Institutions
IPFA – Institute of Public Finance and Auditing
IVSC – International Valuation Standards Committee

NASACT – National Association of State Auditors, Controllers and Treasurers, United States
NATO – North Atlantic Treaty Organization
NIVRA – Royal Netherlands Institute of Registered Accountants
NLFMF – National Local Government Financial Management Forum (Australia)

OEC – Organization of Expert/Professional Accountants (France – Ordre des Experts Comptables)
OECD – Organization for Economic Cooperation and Development
OLACEFS – Organization of Latin American and Caribbean Supreme Audit Institutions

PRC – People's Republic of China

SAICA – South African Institute of Chartered Accountants
SPASAI – South Pacific Association of Supreme Audit Institutions

UARG – Sub-committee of the conference of the Ministers of the interior of 16 federal states in Germany

WB – World Bank

CONSULTATIVE GROUP OPERATING CRITERIA

Operating Procedures

Meeting details

The Consultative Group is an electronic forum for interested parties to give their views and opinions on public sector financial reporting developments and issues. The need for meetings will be assessed as interest develops with members of the Group determining whether formal meetings are required. When a meeting is determined necessary, such meeting will be held in public and may be followed by, or include, a regional seminar. Members of the public who wish to observe the Consultative Group meeting should register prior to the meeting and will be provided with Agenda papers relevant to the sessions for which they register. Public seats will be limited on a first come first serve basis as capacity permits.

Role

The Consultative Group is not a voting group, but provides a means by which the PSC can consult with and seek advice as necessary from a broad constituent group. The Group will operate as a proactive body, which is used to get feedback from various constituencies and act to communicate and promote IPSASs and the work of PSC.

Meeting agenda and minutes

PSC agenda papers and meeting minutes will be made available electronically to all Consultative Group members through the PSC portion of the IFAC web site.

Confidentiality requirements

Meeting agenda material and other non-public draft material made available to Consultative Group members may be marked “confidential” in certain circumstances. Consultative group members are responsible to maintain the confidentiality of such material. The confidential materials will not be provided to members of the public Gallery.

Staff Support

The PSC Secretariat will provide administrative support to the Consultative Group.

Relationship with PSC Steering Committees

The Consultative Group will be kept informed of PSC Steering Committees’ activities through access to minutes and meeting agenda materials. The PSC may from time to time invite certain Consultative Group members to join a PSC Steering Committee.

Chairmanship

The Consultative Group will be chaired by the chairman of PSC.

Size

As the Consultative Group will start off as electronic forum flexibility in the size of the membership will be maintained.

Review

The PSC will regularly review the membership, terms of reference and operating procedures of the Consultative Group and amend procedures as necessary.

CONSULTATIVE GROUP MEMBERS ATTENDING NEW DELHI MEETING

(List to follow)



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DATE: 22 SEPTEMBER 2004
MEMO TO: MEMBERS OF THE IFAC PUBLIC SECTOR COMMITTEE
FROM: JERRY GUTU
SUBJECT: **PUBLIC SECTOR PERSPECTIVES ON ISAs**

ACTION REQUIRED

The Committee is asked to:

- **receive and note** a progress report on the process of takeover of PSPs by INTOSAI and IAASB; and
- **receive and note** a report on Public Sector Perspectives agreed since the last PSC meeting.

AGENDA MATERIAL:

	Pages
18.2 Update on takeover process of PSPs by INTOSAI/IAASB	18.2
18.3 Report on PSPs since last PSC meeting	18.3

BACKGROUND

At the PSC meeting in New York in July 2004, members were given an update on the takeover process of PSPs from PSC to INTOSAI and IAASB. The meeting was advised that a Memorandum of Understanding between INTOSAI and IAASB finalized and approved by both organizations was now being implemented. Attached at 18.2 is a progress report on the process.

PSC set up a subcommittee to draft and propose PSPs at the Melbourne, Australia meeting of April 2003 to assist Staff in the interim. At 18.3 is a progress report on the PSPs since the last PSC meeting in July 2004 in New York.

REPORT ON THE PROCESS OF TAKEOVER OF PSPs BY INTOSAI/IAASB

- As reported in March and July 2004, an INTOSAI/IAASB Memorandum of Understanding (MOU) was finalized by the IAASB in December 2003. The MOU established a working arrangement for INTOSAI representation on certain IAASB task forces to provide public sector audit considerations for inclusion, where appropriate, in IAASB's auditing standards.
- To date, INTOSAI participants have been actively participating on five IAASB task forces, and, there has been no indication that the IAASB will be slowed down as a result of the new IAASB/INTOSAI working relationship.
- PSC's direct involvement with the PSP process is now anticipated to run up to the end of 2004 with the development of the PSPs for the last two ISAs 540 and revised ISA 700 for Accounting Estimates Audit and Auditor's Report respectively. All new PSP or similar requirements will now fall under the INTOSAI and IAASB mechanism enabling PSC to withdraw from direct involvement.

REPORT ON PUBLIC SECTOR PERSPECTIVES AGREED SINCE LAST MEETING

The PSP subcommittee comprising members from Canada, New Zealand, South Africa and United Kingdom continued to assist Staff in drafting PSPs, which were circulated for comment to the PSC out of session and thereafter submitted to IAASB.

Table on Progress on PSPs

ISAs/IAPS	ISA/E.D. Issue date	Remark on work on PSP
Revised ISA 700, The Auditor's Report on Financial Statements	March 31, 2004, <u>Revised to</u> <u>December 2004</u>	Draft PSP circulated to PSC and submitted to IAASB March 2004, <u>Draft to be revised once the New ISA 700 is made available in October 2004.</u>
Revised ISA 320, Audit Materiality	June 30, 2004	Draft PSP circulated to PSC and thereafter to IAASB in June 2004.
Revised ISA 540, Audit of Accounting Estimates	December 30, 2004	IAASB working on draft ISA, Draft PSP to be done once draft ISA is available from IAASB.

Since submission of Draft PSP for ISA 700 in March, IAASB is carrying out extensive revisions to ISA 700 necessitating a review of Draft PSP to ISA 700. PSC Staff with the support of the subcommittee on PSPs will draft a revised PSP once the Draft ISA 700 is available from IAASB. The final Draft ISA 700 will be available in mid-October 2004 and will be due for submission to IAASB in December 2004.

A PSP was drafted for ISA 320 on Audit Materiality and was circulated for consideration by PSC. It was submitted to IAASB in June 2004. A draft ISA 540 on Audit of Accounting Estimates is awaited from IAASB after which a draft PSP would be proposed. The Draft PSP for ISA 540 is due in December 2004.



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DATE: OCTOBER 1, 2004
MEMO TO: MEMBERS OF THE IFAC PUBLIC SECTOR COMMITTEE
FROM: MATTHEW BOHUN
SUBJECT: **FUTURE MEETINGS**

ACTION REQUIRED

The Committee is asked to:

- **note** the dates for future meetings; and
- **provide** the Technical Director and committee secretary with information about any forthcoming invitations to host meetings.

Meetings Planned

Date	Host	Location
March 14 – 17, 2005	Den norske Revisorforening (The Norwegian Institute of Public Accountants)	Oslo, Norway
July, 2005 – Dates To Be Confirmed (TBC)	International Federation of Accountants	New York, USA
November 29 – December 2, 2005	The South African Institute of Chartered Accountants	Cape Town, South Africa
March 2006, Dates TBC	TBC	Japan? (TBC)
June/July 2006, Dates TBC	L'Ordre des Experts- Comptables	Paris, France
November 2006, Dates TBC	TBC	Istanbul, TBC

A number of PSC members are negotiating with their IFAC member body to invite the PSC to meet in a city in their country. At previous meetings the members from Japan and Israel have indicated that they were conducting negotiations.

At the meeting in July 2004, Jerry Gutu and I were asked to investigate the possibility of invitations to meet in Egypt and Russia. The Egyptian member body has advised that it is not, at this time, in a position to invite the PSC to meet in Egypt in 2005 or 2006. David Rattray, former PSC member and Consultative Group member is currently investigating possibilities for meeting in Russia in 2006 or beyond.

The Chair will seek direction from the new IFAC Board as to the necessity of holding at least one meeting per year in New York.

Matthew Bohun
COMMITTEE SECRETARY & TECHNICAL MANAGER