



**INTERNATIONAL FEDERATION  
OF ACCOUNTANTS**

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**Agenda Item  
1.4**

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**DATE:** June 4 2007  
**MEMO TO:** Members of the IPSASB  
**FROM:** Stephenie Fox  
**SUBJECT:** Report on Process Items and Improvements

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**Objective**

The objective of this agenda item is to update the IPSASB on progress being made on various process items and changes that are being undertaken.

**Background**

At the IPSASB meeting in March members discussed various suggestions regarding improvements that could be made to the IPSASB's processes in order to enhance efficiency of meetings and of the IPSASB's activities. Staff have been gradually implementing a variety of changes in order to assist both the IPSASB and constituents.

The following is a summary of some of these items, including a description of activities undertaken to date and those planned for the future.

**i) Consulting Between Meetings**

One of the major initiatives the IPSASB agreed upon in March was that time between meetings should be used more effectively. Therefore, staff will build into project schedules where appropriate time to consult with members and TAs between meetings in order to get an additional point of feedback on certain project material. The goal is to expedite the approval process at subsequent IPSASB meetings since members will have had a chance to make suggestions for changes which can be incorporated prior to the next meeting.

To that end staff has incorporated into the workplan scheduled consultation on a number of projects for the remainder of 2007. This will be scheduled for future periods also. So far the process has worked reasonably well with some caution of the need not to inundate members with material for review. However the reality of the increased staff resources and workload is that additional work between meetings is required to move the work program forward.

**ii) IPSASB Meeting Material**

Distributions for each IPSASB meeting have traditionally been done in two batches, the first approximately 4 weeks before the meeting and the second about 2 weeks prior. In

March, members told staff that more time to review material would be helpful, particularly for those members for whom English is not their first language.

As a general guideline staff are working towards achieving a distribution schedule that would see the bulk of material ready no later than 4 weeks ahead. We are aiming to distribute material 6 weeks ahead and 4 weeks ahead with some proviso that at times it will be necessary to provide a small amount of material 2-3 weeks ahead. Generally any material delivered 2-3 weeks ahead will be material that has been sent to members and TA's between meetings for feedback so that it will have had a preview.

For this meeting the first distribution was done approximately 5 weeks ahead. A second distribution will be done about 4 weeks ahead and the third no later than 2 weeks ahead. This is only a marginal improvement partially because of the volume of material for staff as well as coordination with response dates for EDs that are being considered at this meeting.

On a go forward basis staff will be aiming in November for 6 week and 4 week distribution dates – this means that material will be distributed approximately the 16<sup>th</sup> and 30<sup>th</sup> of October and staff will be working with their own schedules over the next few months to make adjustments where needed to achieve that.

### **iii) Project Histories on Website**

IPSASB members may have noticed some changes on the IPSASB website. IFAC is in the process of reviewing and updating the website and you are likely to see many changes over the next few months. In the meantime staff has undertaken a project to create and post project histories on the IPSASB website. These project pages provide information on the individual projects of the IPSASB, including a brief history, objective and scope of the project, key issues, recent decisions and discussions by the IPSASB and staff contact information.

This has been a fairly detailed exercise to create a template that is based on other IFAC Board and Committee approaches and that meets the needs of constituents. To date there are a few still in process but all should be completed by the time of the IPSASB July meeting.

These project pages will be updated after each IPSASB meeting and provide a resource for others to learn more about individual projects.

Any feedback members would like to provide on the project histories is welcome. Staff see this as a positive initiative aimed at assisting our constituents in member bodies and governments to learn more about the details of specific projects.

### **iv) Responding to IASB EDs**

At the last IPSASB meeting members discussed whether the IPSASB should be responding to IASB Exposure Drafts. There was general agreement that this would be an

important part of the IFRS convergence strategy and it was agreed that, as a start, a response to the ED on IAS 24, Related Parties, be developed.

Staff analyzed the ED and developed a response that was circulated to IPSASB members and TAs on a “negative assurance” basis on May 25th 2007. This was the response date for the ED but staff requested and were granted an extension until June 8, 2007. Based on responses received staff modified the response and it was sent to the IASB on June 6, 2007. This is attached as Appendix 1.

In addition to developing this specific response, staff are considering a process that would track IASB documents for comment and identify those that the IPSASB should be commenting on. This would need to be monitored regularly for changes. The response process for the IAS 24 ED worked reasonably efficiently and staff are of the view that this should be continued, though with better adherence to response dates.

Staff would develop the draft response and circulate to members and TAs at least 4 weeks prior to the response date. Comments would then be provided to staff as desired with the understanding that, if no comments are received, there are no significant concerns with the staff-developed draft response. Staff does not think that all documents necessarily warrant comment by the IPSASB particularly where issues are not of relevance to the public sector.

The table below sets out those documents currently open for comment on the IASB website including respective response dates.

<b>Publications</b>	<b>Publication Date</b>	<b>Comments due date</b>	<b>Circulate to IPSASB no later than:</b>
<b>1) Discussion Paper:</b> Discussion Paper Preliminary Views on Insurance Contracts Part 1: Invitation to Comment and main text and Part 2: Appendices	3 May 2007	16 November 2007	October 19, 2007
<b>2) Enlarging the IFRIC</b> Proposed Amendments to the IASC Foundation Constitution and Preface to International Financial Reporting Standards	2 April 2007	31 July 2007	July 3, 2007
<b>3) Exposure Draft:</b> Exposure Draft of a Proposed IFRS for Small and Medium-sized Entities Exposure Draft of a Proposed IFRS for Small and Medium-sized Entities - Basis for Conclusions Exposure Draft of a Proposed IFRS for Small and Medium-sized Entities- Draft Implementation Guidance - Illustrative Financial Statements and Disclosure Checklist	15 February 2007	1 October 2007	September 3, 2007

Staff welcome feedback from the IPSASB as to whether an IPSASB response should be submitted on each of these documents. Note particularly that the SMEs material is

receiving a lot of attention and exposure and that some have raised potential issues in the public sector context e.g. for small governments. In addition, the document on “Enlarging the IFRIC” requires response by July 31- staff suggest that the IPSASB decide at this meeting if a response is required and, if so, staff will develop it immediately following the meeting for the Board’s negative assurance review before the response date.

**v) Country reports**

At the March meeting members discussed country reports and whether they are being prepared and distributed in the most expedient and useful manner. It was noted that the reports are seen as valuable and an extremely useful reference tool. However members did not think they necessarily needed to be updated at each meeting nor did they see the need to link them to the meeting material since they get no discussion at the meetings.

As a result of this discussion staff is developing an alternative approach to developing and distributing country reports. Preliminary thoughts are that instead of being included with meeting material these should be posted as a resource on the intranet, possibly even on the internet since other constituents might find them equally useful. In addition, staff are looking at developing a template for the reports that could be updated possibly only twice per year, off-cycle to IPSASB meeting.

**vi) IASB and NSS updates**

In reviewing process changes to improve efficiency, staff is also reconsidering the existing process for preparing IASB and NSS reports. Similar to country reports it is acknowledged that these reports are useful. However, their linkage to IPSASB meetings is questionable and they could readily be updated at alternate times of the year and the reports posted on the intranet as a resource. Availability on the internet might also be considered.

Preparing IASB reports is important as part of the IFRS convergence strategy. Regular monitoring of IASB activities has already been occurring and will continue as the IPSASB continues along the convergence route. This includes tracking documents for comment as highlighted above. In this context, updating the report three times per year may not be adequate and it may be that a standard IASB update report will be prepared more frequently, for example monthly. Staff anticipates that this would then be posted as a resource.

Feedback on the NSS reports has been that updating three times per year may not be necessary since things often move slowly in standard setting. Therefore a process that updates these every 6 months or even annually may be more realistic. Another option is for NSSs to update the material on the website “live”. Technology today could readily allow this to happen and NSSs would then be able to update on an as-needed basis. Staff will develop some guidelines to address the most appropriate way to manage these reports.

**vii) Outcomes of IPSASB meetings**

After each IPSASB meeting there are a number of key documents that require updating to reflect the discussions at the meeting. Some of these are communications documents while others are formal in nature to provide a record of what transpired. Staff has prepared a summary of the various documents, including the primary audience, in order to help delineate them. In addition staff has developed guidelines for finalizing these documents subsequent to each meeting. The table below sets out the various items, the audience and the proposed timing for completion.

<b>Title</b>	<b>Audience</b>	<b>Description</b>	<b>Deadline</b>
Minutes	IPSASB members, TAs & observers; posted publicly	Official record of IPSASB deliberations and decisions	<ul style="list-style-type: none"> <li>• To Chair 3 weeks post meeting</li> <li>• Draft to members 5 weeks post meeting</li> </ul>
Action list	IPSASB members, TAs & observers; posted publicly	Summary of key decisions from meeting; attached to minutes	<ul style="list-style-type: none"> <li>• Chair &amp; TD agree on final day of meeting</li> <li>• to members 7 days post meeting</li> </ul>
PowerPoint slides tabled at meeting	IPSASB members, TAs & observers; posted on <i>intranet</i>	Slides from various agenda items; summaries of meeting discussions prepared during meeting	<ul style="list-style-type: none"> <li>• on intranet 7 days post meeting</li> </ul>
Meeting Highlights	Constituents; website users; e-news subscribers	High level summary of meeting (IFAC format); not intended to be official record; communications tool	<ul style="list-style-type: none"> <li>• to Chair 2 weeks post meeting</li> <li>• posted publicly 3 weeks post meeting</li> </ul>
Project histories	Constituents; website users;	Detailed history of project including scope and objectives. Updated for Board discussions and decisions (“health warning” that meeting minutes not yet approved)	<ul style="list-style-type: none"> <li>• Posted 3 weeks post meeting</li> </ul>
E-news	Constituents; subscribers	Notification of “news” – IPSASB meetings, public sector specific information etc	<ul style="list-style-type: none"> <li>• To comm. dept 2 weeks post meeting</li> <li>• E-mailed 3 weeks post meeting</li> <li>• E-mailed on as needed basis for other items</li> </ul>
General Presentation-short and long version	IPSASB members, TAs & observers; staff	Powerpoint presentation for use in giving IPSASB updates; content updated	<ul style="list-style-type: none"> <li>•</li> </ul>

Attached for information purposes as Appendix 2 and 3 are copies of the meeting highlights for the Accra meeting as well as a sample project history as currently posted

on the website. The minutes and action list are included as item 1.3 in the meeting material.

Staff will be working with these guidelines and aiming to fully implement them after the Montreal meeting. Any feedback would be appreciated.



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May 25, 2007

Exposure Draft: Related Party Disclosures (IAS 24)  
International Accounting Standards Board  
30 Cannon Street  
London EC4M 6XH  
UNITED KINGDOM

E-mail: [commentletters@iasb.org](mailto:commentletters@iasb.org)

**Proposed Amendments to IAS 24 *Related Party Disclosures***

The IPSASB is pleased to comment on the Exposure Draft of Proposed Amendments to IAS 24 *Related Party Disclosures* – State-controlled Entities and the Definition of a Related Party.

Responses to the specific questions accompanying the Exposure Draft are attached to this letter.

If you require any clarification of this response please do not hesitate to contact me directly at [stepheniefox@ifac.org](mailto:stepheniefox@ifac.org).

Yours truly,

A handwritten signature in black ink, appearing to read 'Stephenie Fox', with a stylized flourish at the end.

Stephenie R. Fox  
Technical Director  
International Public Sector Accounting Standards Board

**Exposure Draft of Proposed Amendments to  
IAS 24 *Related Party Disclosures* – State-controlled Entities and the Definition of a  
Related Party**

As a general comment, the IPSASB is in favor of the proposed amendment to IAS 24 with regard to removing the disclosure requirements in IAS 24 for some entities that are related only because they are each state-controlled or significantly influenced by the state. This proposal is not only a good response to concerns raised by constituents about the burdensome disclosure requirements for such entities, but it is also consistent with the “substance over form” principle set out in paragraph 10 of IAS 24.

Specific comments on the questions outlined in the ED are as follows:

***Question 1 – State-controlled entities***

- (a) Do you agree with the proposal to provide, in the circumstances described in this exposure draft, an exemption for entities controlled or significantly influenced by the state? If not, why? What would you propose instead and why?***

The IPSASB agrees with the proposal in paragraph 17A to provide an exemption from the disclosure requirements of paragraph 17 for entities that are related only because they are each state-controlled or significantly influenced by the state.

We note however, that the ED does not explain why the exemption is not provided when entities are jointly controlled by the state. In accordance with the definition of a related party in the ED, an entity controlled by a state is related to an entity jointly controlled by the state. In jurisdictions with a large number of state-controlled entities, it could also be difficult for an entity jointly controlled by the state to identify other entities controlled by the state. Consideration should be given to extending the exemption to joint control circumstances. If such an exemption is not considered appropriate this should be explained in the Basis for Conclusions.

- (b) Do you agree:***

- (i) that an indicator approach is an appropriate method for identifying when the exemption should be provided for entities controlled or significantly influenced by the state; and***

- (ii) that the proposed indicators are appropriate?***

***If not, why? What would you propose instead and why?***

As a general statement the IPSASB agrees with the indicator approach for identifying when the exemption should be provided.



However, in our view, paragraphs 17B through 17D as written require further clarification. Firstly, it is unclear what the implication of “influence” referred to in paragraph 17A(b) is. In reviewing the objective of IAS 24 we presume that influence relates to the possibility that the financial position and profit or loss may be affected by the existence of related parties and by transactions and balances with such parties.

Secondly, in paragraph 17B9a) the notion of “non-market rates” can be problematic in the context of not-for-profit or public sector entities. Other than GBEs, many transactions in the not-for-profit and public sectors could be considered to be at non-market rates since pricing is often based on cost recovery rather than the generation of a commercial return. We suggest the following wording which, in our view, could be applied across all sectors:

17B(a) transact business at a rate which is more favourable than that which it is reasonable to expect would have been adopted if the transaction had been carried out at arm’s length in the same circumstances;

In addition, it is not clear what is meant by the phrase “share resources” in paragraph 17B(b). As written this is very broad and could be interpreted in a variety of ways. For example, does this relate solely to financial resources or would it also apply to non-financial resources?

We agree with providing examples of indicators of influence and we note that it is not intended that the listing be exhaustive. However, as currently written we found paragraphs 17B through 17D somewhat confusing.

We propose the following amendments to these paragraphs:

17B Indicators that the influence referred to in paragraph 17A(b) exists are when the related parties:

- (a) transact business at a rate which is more favourable than that which it is reasonable to expect would have been adopted if the transaction had been carried out at arm’s length in the same circumstances (otherwise than by way of regulation);
- (b) share resources; or
- (c) engage in economically significant transactions with each other.

17C The influence referred to in 17A(b) may also be evidenced in other ways. For example, the existence of direction or compulsion by a state for related parties to act in a particular way could be an indicator of influence. Furthermore, the presence of common members on the boards of the reporting entity and the other entity

could lead to the relationship having an effect on the profit and loss and financial position.

- 17D The indicators described in paragraphs 17B and potential indicators described in 17C are not exhaustive. A reporting entity might identify other factors or circumstances that suggest the reporting entity could influence, or be influenced by, the related party that would require the reporting entity to comply with the requirements in paragraph 17. Judgment will be required to assess whether the influence referred to in paragraph 17A(b) exists.

***Question 2 – Definition of a related party***

- (a) *The definition of a related party in IAS 24 does not include, for a subsidiary's individual or separate financial statements, an associate of the subsidiary's controlling investor. The Board has decided that it should be included, and thus proposes to amend the definition of a related party. The Board similarly proposes that when the investor is a person, entities that are either significantly influenced or controlled by that person are to be treated as related to each other. Do you agree with this proposed amendment? If not, why? What would you propose instead and why?*
- (b) *IAS 24 does not define associates of an entity as related parties. However, when a person has significant influence over an entity and a close member of the family of that person has significant influence over another entity, IAS 24 defines those two entities as related parties. The Board proposes to align the definition for both types of ownership by excluding from the definition of a related party an entity that is significantly influenced by a person and an entity that is significantly influenced by a close member of the family of that person. Do you agree with the proposed amendment? If not, why? What would you propose instead and why?*
- (c) *IAS 24 defines any entity over which a member of the key management personnel of the reporting entity has control, joint control or significant influence, or in which the member holds significant voting power, as related to the reporting entity. However, the converse is not true. Thus, when the entity that a person controls, jointly controls or significantly influences, or in which the person has significant voting power, is the reporting entity and that person is a member of the key management personnel of another entity, that other entity is not defined as related to the reporting entity. The Board proposes to remove this inconsistency by expanding the definition to encompass both situations. Do you agree with the proposed amendment? If not, why? What would you propose instead and why?*
- (d) *Do you agree with the proposal to clarify the definition of a related party? Does the wording proposed capture the same set of related parties as IAS 24 at present (except for the amendments described in (a)–(c) above)? Do you agree that the proposed wording improves the definition of a related party? If not, why? What would you propose instead and why?*

The IPSASB agrees with the proposed amendments described in (a)-(c) above and believes that the wording of proposed revised definition is superior to that of the previous.

We highlight a potential inconsistency in the revised definition which we suggest the IASB reconsider. According to (b)(iv), if entity A is a post-employment benefit plan for the benefit of employees of reporting entity B, entity A will be a related party of entity B. However, the revised definition does not include the reciprocal--i.e. entity B is not a related party of entity A. It is unclear to us whether the reciprocal situation should be specifically addressed though we note that the wording is consistent with the previous version of IAS 24. We suggest that this be considered for potential revision in the final draft.

***Question 3 – Definition of related party transactions***

***Do you agree with the proposal to clarify the definition of a related party transaction?  
If not, why? What changes would you propose and why?***

Agree



## **IPSASB Meeting Highlights and Decisions**

April 2007

This summary of decisions made at the International Public Sector Accounting Standards Board's (IPSASB) meeting in Accra, Ghana on March 20-23, 2007 has been prepared for information purposes only. Except for approval of documents for public exposure and issuance of final standards, decisions reported are tentative and reflect only the current status of projects.

For more detailed information about the IPSASB, please refer to its website at <http://www.ipsasb.org>.

### **Strategic Plan 2007 – 2009 – Key Operational Aspects Agreed**

The IPSASB reviewed a 2007-2009 strategy and operational plan which operationalizes the following strategic themes:

- Conceptual Framework;
- Public specific projects including convergence with statistical bases where appropriate;
- IFRS convergence; and
- Promotion and communication.

The IPSASB held a detailed planning session during the meeting including prioritizing projects to be undertaken over the next three years. A work plan is being developed to reflect these decisions and an annual planning process will monitor progress.

Watch for posting of the final strategy, operational plan and work plan on the IPSASB website soon. Timing of all projects, current and new, will then be updated.

Please contact Technical Director Stephenie Fox at [stepheniefox@ifac.org](mailto:stepheniefox@ifac.org) for more information.

### **Social Benefits – Approach Affirmed**

The IPSASB affirmed its tentative November 2006 decision to develop an Exposure Draft (ED) dealing only with disclosure. The ED will:

- provide minimum disclosure requirements of amounts to be transferred to those meeting eligibility criteria for cash transfer programs at the reporting date;
- define collective and individual goods and services, but won't have disclosure requirements for them; and
- omit terminology/definitions associated with recognition and measurement (eg: constructive and present obligations and liabilities).

A short Introduction will provide context to the ED and indicate the IPSASB's intentions for further work on social benefits and fiscal sustainability.

The IPSASB plans issuing at the same time as the ED, a separate Consultation Paper (CP) dealing with social benefit recognition and measurement issues. These issues include:

- When present obligations occur for cash transfer programs and whether contributions and earmarked taxes have an impact on obligating events;
- Whether present obligations arise to beneficiaries of programs delivering individual goods and services;
- Whether the revalidation of eligibility criteria is a recognition criterion or a measurement attribute; and
- The measurement of liabilities arising from present obligations.

The ED, Introduction and CP are planned to be approved by the Board in July 2007. A project proposal on fiscal sustainability reporting and disclosures is planned for review later in 2007.

Please contact IFAC staff member John Stanford at [johnstanford@ifac.org](mailto:johnstanford@ifac.org) for more information on this project.

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### **Improvements Project - Project Proposal Approved**

The IPSASB approved a project proposal for improvements, over three years, of selected IPSASs so as to realign them with equivalent IASs/IFRSs which have been revised since those IPSASs were issued.

The timing of the project will be subject to both progress on the IASB's work program and the nature of changes to be made to the relative IPSAS. The IPSASB noted that 'improvements' is not so much a distinct project but more a continuous cycle ensuring that IPSASs reflect as much as appropriate for the public sector, the latest related IAS/IFRS.

Please contact IFAC staff member Juan Zhang at [juanzhang@ifac.org](mailto:juanzhang@ifac.org) for more information on this project.

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### **Heritage Assets – Further Issues Analysis**

In considering a project proposal, the IPSASB agreed further analysis of some issues would help in making a final decision on next steps.

An important issue is defining 'heritage assets' as it impacts the scope of applicable assets. Another key issue is the redesignation of heritage assets as regular property, plant and equipment, and vice-versa.

It was noted that there are strong links with issues that are likely within the scope of the public sector conceptual framework project. In particular, cost-benefit considerations are key on whether to provide financial information. The cost of recognizing heritage assets out-weighing benefits to users is often used by those against recognition.

Please contact IFAC staff member John Stanford at [johnstanford@ifac.org](mailto:johnstanford@ifac.org) for more information.

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### **Financial Instruments – Project Proposal Approved**

The IPSASB approved a project proposal to amend IPSAS 15, *Financial Instruments: Disclosure and Presentation* in accordance with the changes made to IAS 32, *Financial Instruments: Presentation*. An Exposure Draft is planned to be reviewed in 2007.

It was also decided to defer development of an IPSAS on recognition and measurement until staff have done further research on the nature and use of financial instruments in the public sector.

Please contact IFAC staff member Matthew Bohun at [matthewbohun@ifac.org](mailto:matthewbohun@ifac.org) for more information on this project.

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## Entity Combinations

In reviewing a project proposal, the Board agreed that while the underlying principles of IFRS 3 *Business Combinations*, (ie: purchase/acquisition method) might be quite applicable to the public sector, there were many types of entity combinations in the public sector to which it was not (eg: common control scenarios).

As such, the IPSASB requested that an issues paper be developed addressing public sector issues for consideration at a future meeting.

Please contact IFAC staff member Barry Naik at [barrynaik@ifac.org](mailto:barrynaik@ifac.org) for more information.

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## Next Meeting

The next IPSASB meeting will be held in Montreal, Canada on July 3-6, 2007.

## **Project History: *Employee Benefits***

<b>Status:</b>	Exposure Draft 31, " <a href="#">Employee Benefits</a> " issued. Comment date: 28 February 2007.
<b>Staff:</b>	John Stanford ( <a href="mailto:johnstanford@ifac.org">johnstanford@ifac.org</a> )
<b>Subcommittee:</b>	There is no subcommittee for this project.
<b>Objective of the project</b>	The objective of the project is to produce accounting guidance for employee benefits, including short-term benefits, post-retirement benefits, other long-term benefits and termination benefits - based on IAS 19 <i>Employee Benefits</i> .
<b>Scope</b>	<p>The project applies to all public sector entity employers (except Government Business Enterprises (GBEs)), in accounting for all employee benefits, except share based transactions, under the accrual basis of accounting.</p> <p>GBEs are required to apply International Financial Reporting Standards (IFRSs) which are issued by the International Accounting Standards Board (IASB).</p>
<b>Background</b>	<p>Expenses and liabilities related to employee benefits is significant for most public sector entities. As such, an IPSAS is considered necessary.</p> <p>Previously no project was started as it was anticipated that there might be fundamental changes to the sections of IAS 19 dealing with post-employment obligations.</p> <p>Further, resource limitations meant progressing a project on Social Policy Obligations was a priority. In 2003 consideration was given to a project dealing with only short-term benefits, but was not actioned.</p> <p>November 2005 - With the availability of resources a project on employee benefits was initiated.</p>
<b>Issues</b>	<p>Issues the project includes (but are not necessarily limited to):</p> <ul style="list-style-type: none"> <li>• scope - should it include all the components addressed by IAS 19: short-term benefits, post-employment benefits, other long-term benefits and termination benefits;</li> <li>• the definition of, and requirements relating to, composite social security programs which operate to provide post-employment benefits as well as to provide benefits in non-exchange transactions;</li> <li>• the appropriate discount rate for discounting post-employment benefit obligations reflecting the time-value of money, but neither the risks associated with those obligations nor entity specific credit risk;</li> <li>• retention of the IAS 19 "corridor" approach for the treatment of actuarial gains and losses;</li> <li>• disclosures; and</li> <li>• implementation arrangements.</li> </ul>

<p><b>Subcommittee progress/ Board discussions to date</b></p>	<p><b>October 2006:</b> ED 31 <i>Employee Benefits</i> issued with a comment date of 28 February 2007.</p> <p><b>September 2006:</b> ED 31 <i>Employee Benefits</i> approved for issue.</p> <p><b>March 2006:</b> IPSASB reviews a first draft of an ED agreeing:</p> <ul style="list-style-type: none"> <li>• it should permit full recognition of actuarial gains and losses in the Statement of Net Assets/Equity;</li> <li>• the proposed approach to state plans and the insertion of requirements and commentary related to composite social security schemes appropriate;</li> <li>• no public sector reason for deleting sections on “Insurance Benefits”, which mirror IAS 19;</li> <li>• to consult the OECD’s Pension Committee and other experts on a discount rate; and</li> <li>• IAS 19 disclosures relevant in the public sector.</li> </ul> <p><b>November 2005:</b> The IPSASB reviews a paper that IAS 19 is relevant to the public sector though highlighting some issues for consideration in a public sector context. It was decided to develop an ED of an IPSAS based on IAS 19, tentatively agreeing:</p> <ul style="list-style-type: none"> <li>• it should address all aspects of IAS 19, including short-term employee benefits, other long-term benefits and termination benefits as well as post-employment benefits;</li> <li>• there is no rationale for excluding unfunded employee schemes from its scope;</li> <li>• further consideration be given to obligations related to public sector employees covered by contributory social security schemes;</li> <li>• for the purpose of discounting obligations, a rate related to the yield on government bonds should be used subject to further consideration with possibility of seeking expert opinion;</li> <li>• no public sector specific reason to deviate from IAS 19 by eliminating “the corridor” approach (which permits entities to defer recognition of actuarial gains and losses that do not exceed specified parameters), but to be considered further at future meetings; and</li> <li>• a project to develop an IPSAS based on IAS 26, <i>Accounting and Reporting by Retirement Benefit Plans</i>, should be added to the work program, but not as a high priority.</li> </ul>
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