



**INTERNATIONAL FEDERATION
OF ACCOUNTANTS**

545 Fifth Avenue, 14th Floor
New York, New York 10017
Internet: <http://www.ifac.org>

Tel: (212) 286-9344
Fax: (212) 286-9570

Agenda Item
5A

DATE: August 28, 2009
MEMO TO: Members of the IPSASB
FROM: Stephenie Fox
SUBJECT: Future Strategic Plan 2010-2012

OBJECTIVES OF THIS SESSION:

- Discuss IPSASB's goals for the 3 year period 2010-2012;
- Discuss various factors that affect the strategy and workplan;
- Discuss IPSASB's potential strategic themes for 2010-2012; and
- Discuss next steps.

MATERIALS INCLUDED:

- 5A.1 Strategy and Operational Plan 2007-2009
5A.2 Guidelines for Structure and Format of IPSASs (for information)

As the IPSASB nears the end of its 3 year planning cycle it is time to commence the process that will determine its activities and priorities in the future. This will be the initial discussion to garner feedback which will be processed and used as input to developing a new strategic and operational plan for the 3 year period 2010-2012. The IPSASB will continue these discussions at its meeting in December 2009 in order to be in a position to approve a plan at that time. It is appropriate to hold the final discussions at that time when the new Chair of the IPSASB will have been appointed and will be able to lead those deliberations.

2007-2009 STRATEGY AND OPERATIONAL PLAN

For the period 2007-2009 the IPSASB had identified 4 strategic themes that formed the framework for the work program. These were:

- Public sector conceptual framework;
- Public sector specific projects, including convergence with statistical bases where appropriate;
- IFRS convergence; and
- Promotion and communication.

Progress Report 2007-2009

The following is a brief status report on the progress over the past 3 year period towards the strategic themes.

Public Sector Conceptual Framework

The development of a conceptual framework for the public sector has been a major initiative over the past 3 years and significant progress has been made towards its completion. This is a collaborative project with national standard setters that started in early 2007. A subcommittee of IPSASB members and national standard setters and others (NSSs) was established and is chaired by the Chair of the IPSASB. When Board leadership changes January 1, 2010 the leadership of the subcommittee will also change.

This is not a convergence project. The IPSASB has demonstrated a commitment to developing a conceptual framework specific to the public sector, which considers developments in the IASB project but has the flexibility to diverge where appropriate to ensure that public sector differences will be recognized and reflected.

Of the four phases designated, work has commenced on the first 3 phases.

The phase 1 consultation paper (dealing with scope, objectives and users, reporting entity and qualitative characteristics) was issued in September 2008 and responses are in the process of being analyzed and reviewed by the IPSASB. Preliminary discussion of the responses was held in May 2009 and will continue in December 2009.

The second phase addresses definition and recognition of elements. Work is progressing on the issues and a consultation paper is being developed. The subcommittee will meet in September and December in order to ensure that the CP is ready for approval by the IPSASB at the first meeting in 2010. Similarly, the CP for phase 3, dealing with measurement is in process. The IPSASB will consider issues related to measurement at this meeting and a CP is scheduled for approval in 2010.

An Exposure Draft (ED) of the full framework is scheduled for 2011 and completion of the framework expected in 2012. Work of the IASB is being followed closely but it is significant to note that, at the current time, progress by the IASB is slow and the IPSASB is now at the point where it anticipates progressing the project more quickly than the IASB, with completion potentially ahead of the IASB.

The final phase of the project will address the cash basis IPSAS and assess whether a separate framework is necessary. The timing of this work is still uncertain pending the current review of the cash basis IPSAS.

Public sector specific projects

The IPSASB has undertaken a number of public sector specific projects over the past 3 years including Social Benefits, Service Concession Arrangements, Borrowing Costs, Long Term Fiscal Sustainability, and the review of the Cash Basis IPSAS. Projects have

also been approved on Narrative Reporting and Performance Reporting though these are currently awaiting initiation until further review of the responses to the Conceptual Framework phase 1 CP.

IFRS Convergence

Over the past 3 years significant progress has been made on the IFRS convergence strategy. This was a major initiative of the period starting with the development of a formal convergence strategy. To do this the IPSASB undertook a major planning process that considered a number of options for IFRS convergence and ultimately developed a detailed plan for progressing IFRS convergence.

As an independent standard setter, the IPSASB has a mandate to develop standards that have value for its public sector constituents. The IPSASB's reputation for developing high-quality standards was built on an approach that sought to converge with IFRSs where possible and yet ensured that public sector specific issues were considered in the debate. Constituents need to be satisfied that, while they may not always agree with IPSASs issued, there has been consideration of public sector issues.

The IPSASB considers convergence a tool, used to develop a set of high quality standards for the public sector that builds on the investment already made in the private sector and seeks to ensure that it is not "reinventing the wheel" each time.

Based on extensive consideration of the issues, the IPSASB concluded that the most appropriate IFRS convergence strategy would be the "review and adapt" approach. The IPSASB's obligation to its constituents would be best met through an IFRS strategy that identified projects based on the IASB workplan and standards and which specifically considered whether there are public sector specific reasons for departing from those standards. The standards are then adapted to reflect public sector differences where appropriate.

Fundamental to this approach was the development of guidelines for modifying IFRS documents ("rules of the road") that would contribute to the discussion of when an IFRS would be adapted for the public sector. These guidelines prescribe the process by which IASB documents are analyzed and assessed to determine whether there are public sector specific issues and whether these warrant departure from the related IFRS. The development of these guidelines was a significant outcome of the period and they were a major contributing factor to the progress on IFRS convergence.

Using the rules of the road, each IFRS is analyzed on a case by case basis to determine what amendments, if any, are necessary. Consideration of wording changes to "public sectorize" the standards is undertaken for all IFRSs. A technical evaluation considers issues in the context of both the private sector and the public sector. This aids in identifying any public sector specific reasons for departing as well as any particular interpretations that might be needed to add value for the public sector constituents. The rules of the road project established the parameters to identify those situations that might

result in a decision to develop a different standard. These guidelines have assisted in narrowing the debate and ensuring consistency in application.

A number of other decisions related to IFRS convergence were also significant to progressing the project. Firstly, a decision was made to enhance engagement with the IASB. This was done in a number of ways on both a staff basis and at the Board level. Staff or IPSASB members now attend part of virtually all IASB meetings as observers. Staff of the two boards has been reasonably well engaged already but this engagement has increased even more, to the point that there is now ongoing interaction. In addition a liaison group was established between the boards. The IPSASB liaison group (comprising the Chair, Deputy Chair and 1 other IPSASB member) meets 2-3 times per year with 2 members of the IASB (Sir David Tweedie and Warren McGregor) and has discussed a number of interrelated issues, including the conceptual framework projects, rules of the road and IFRS convergence.

Importantly, a decision was made to select a stable platform date for IFRS convergence. The IPSASB committed to the objective of converging International Public Sector Accounting Standards (IPSASs) with International Financial Reporting Standards (IFRSs) unless there is a public sector specific reason for departure. By December 31, 2009 the IPSASB's aim is to have approved IPSASs that address all significant IFRSs issued at December 31, 2008. To achieve this goal the IPSASB has issued 7 exposure drafts in the past few months. The most significant of these projects are Financial Instruments, Intangible Assets and Entity Combinations. Completion of these IPSASs will result in the major gaps in the accounting literature being filled in.

Promotion and communication

In order to promote the IPSASB and encourage adoption and implementation of its standards, the IPSASB developed a focused plan in relation to promotion and communications.

Four main strategies were identified as follows:

- a) *Address promotion and communications activities proactively* - opportunities were sought proactively to promote IPSASB on an ongoing basis, including identifying key strategic partnerships.
- b) *Effectively leverage existing communications vehicles to determine additional communications needs* - existing communications vehicles and methods were revised, including e-news, and newsletters, in order to be more effective in meeting the needs of stakeholders. Streamlining of communications efforts, including the process for writing and issuing press releases and posting documents to the website has occurred.
- c) *Tell the IPSASB story – identify key forums, conferences, events, speaking engagements, opportunities to tell the story* - getting the message out as to the importance of public sector accounting standards has been an important initiative. One of the key reasons for success in this area has been the enhanced engagement of IPSASB members and TAs in undertaking speaking engagements. We now

- have a significant proportion of members who regularly do presentations and this has resulted in much broader coverage for the IPSASB.
- d) *Maximize the use of the internet, website, other communication vehicles* - we have increased the use of technology including testing internet surveys, posting more documents on the website and even placing the list of adopters on Wikipedia. While not all constituents have internet access, the use of the internet is a key vehicle for communicating and we must ensure that we continue to use it to maximum advantage to enhance the public face of the IPSASB.

Communications and promotions activities are monitored on a regular basis and the significant engagement among IPSASB members has allowed the IPSASB to expand the scope of its promotion activities and accept more invitations. By targeting specific activities and regions the IPSASB has been successful in enhancing engagement among other key partners such as the World Bank and other regional development banks. Additional work specifically with the observer group has been important and the result is that our engagement with organizations such as the IMF and OECD outside of the meetings is significantly higher than in the past.

Going Forward to 2010-2012

With significant progress having been made over the past 3 years the IPSASB now needs to consider the strategic themes for the period 2010-2012 in order to develop a framework for the work program going forward.

In order to determine what the strategies for the ensuing period should be, it is useful first to revisit the IPSASB's mission and objectives and use these to establish a goal for the next 3 years.

The IPSASB's mission is:

“To serve the public interest by developing high-quality accounting standards for use by public sector entities around the world in the preparation of general purpose financial statements.”

This will enhance the quality and transparency of public sector financial reporting by providing better information for public sector financial management and decision making. In pursuit of this objective, the IPSASB supports the convergence of international and national public sector accounting standards and the convergence of accounting and statistical bases of financial reporting where appropriate.

In achieving its objectives, the IPSASB

- a) Issues International Public Sector Accounting Standards (IPSASs);
- b) Promotes their acceptance and the international convergence to these standards; and
- c) Publishes other documents which provide guidance on issues and experiences in financial reporting in the public sector.

With the prospect of significant convergence with IFRSs at December 31, 2009 being achieved and the conceptual framework project well underway, the accrual IPSASs represent a significant body of accounting literature to guide the public sector. The cash basis IPSAS is also important to the public sector and the current project to review the cash basis IPSAS demonstrates the IPSASB's ongoing commitment to developing standards for the public sector that can reasonably be applied by governments that are at various stages of capacity. The IPSASs can address the needs of a broad range of constituents and truly do represent the accounting and reporting standard for the public sector on many levels.

Considering this in the context of the mission and objectives, staff considers that a goal to guide the next 3 years might be:

To position the IPSASs as the accounting and reporting standard for the public sector globally.

Question: What do you see as a goal to guide the next 3 years?

Setting the stage for discussing strategic themes for 2010-2012

There are a number of factors that will impact the IPSASB's work program over the next 3 years. These may be relevant in considering the strategic themes and making decisions regarding project priorities. Some of the factors are described below. This is not intended to be an all inclusive listing and members are encouraged to identify other factors that may be important.

Staffing

The current staffing level is as follows:

Name	Location	Position	FTE 2009
Sylph	New York/Toronto	Executive Director	0.5
Fox	Toronto	Technical Director	1.0
Stanford	Toronto/Bristol	Deputy Director	1.0
Chang	Toronto	Technical Manager	0.5
Davis	Toronto	Technical Manager	1.0
Keenan	Toronto	Senior Technical Manager	1.0
Bohun	New York	Technical Manager	0.5*
Sutcliffe	Melbourne	Senior Advisor	0.5
Total			6.0

* Currently on secondment to IFAC Operations department

It is anticipated that for the next 3 year period staffing will be approximately 6.5-7.0 FTEs. The exact level will depend on secondments from the Peoples' Republic of China, which are currently in process but somewhat uncertain due to visa issues. In addition, the secondment of the New York Technical Manager is a temporary situation to assist the New York operations team.

The number of IPSASB staff is not the only resource in terms of the work program. In addition to the staff team the IPSASB benefits from the resources of various national standard setters on certain projects. For example on the conceptual framework project, staffing is currently being provided by CICA on phase 2 and the UK ASB on phase 3 while the financial instruments project has benefited greatly from staff support from the SAASB. Commitments have also been received from the GASB for staffing the performance reporting project once it is initiated.

Once project priorities are further determined specific staffing allocations will be made.

IPSASB Meeting time

The IPSASB currently meets 3 times per year for four days. In 2009 a fourth meeting was added to meet the IFRS convergence goals. It is anticipated that for 2010-2012 the IPSASB will revert to 3 meetings per year, though consideration of a fourth meeting will be undertaken if the work program demands it.

The meeting agendas have been fully utilized for technical material with any regional seminars being held outside actual meeting days. In addition to the actual meeting time, the time between meetings has been used more extensively over the past 3 years for additional review of materials, approvals off-line and other technical advice. This was identified as an initiative in the previous strategy and operational plan and now that it has been implemented it has proven to be a particularly useful vehicle for advancing the IPSASB's technical agenda. This will continue to be the case over the next 3 years.

Use of Subcommittees and Task Forces

The IPSASB has used subcommittees and task forces effectively over the past 3 years most significantly for service concession arrangements, conceptual framework and the review of the cash basis IPSAS. When planned appropriately and coordinated around existing IPSASB meetings these are effective tools for advancing project goals and outcomes. They have been considered less relevant for the IFRS convergence projects, but, as public sector specific projects gain prominence in the work program, the use of subcommittees and task forces should be augmented.

Structure and format of IPSASs

At the meeting in May 2009 the IPSASB discussed the need for the IPSASB to establish guidelines for the structure and format of IPSASs. As the IFRS convergence strategy nears completion the need for the IPSASB to have a more consistent approach to developing IPSASs has been highlighted. To that end, a review of the existing accrual

IPSASs is currently underway to make the individual IPSASs more consistent in terms of structure and format. Part of being an independent standard setter is the need to have an established approach to the development of standards, including, among others, a prescribed overall structure, a clear understanding of authoritative versus non authoritative guidance and a consistent approach to the basis for conclusions.

Agenda paper 5B.2 sets out guidelines developed by staff as a result of feedback at the May 2009 meeting. As the review of the handbook progresses these guidelines will be applied with the goal of ultimately achieving higher consistency among the IPSASs.

Oversight

Agenda papers 5B provide a summary of certain issues related to public oversight of the IPSASB. The outcome of these discussions may ultimately have an effect on the IPSASB's resources if staff time needs to be allocated to manage the oversight process or any related governance changes. It is too early to determine the effect of this but it should be considered a factor looking forward.

Financial Resources/Funding

The IPSASB's financial resources are currently reasonably stable. However efforts are ongoing to secure additional external funding as well extending existing commitments. The following is a summary of current commitments:

Funder	Amount/Commitment (CDN \$)
Government of Canada	\$200,000 p.a. (\$1,000,000 total)
Canadian Institute of Chartered Accountants	\$180,000 p.a. (\$900,000 total)
World Bank	\$270,000 p.a.
Asian Development Bank	\$87,000 p.a. (\$260,000 total)
United Nations	\$108,000 p.a. (\$216,000 total)
Government of New Zealand	\$37,000 p.a.

Some of these commitments are for specific projects while others are for general operations.

Below is a summary of the IPSASB's expenses for 2008 with budgets for 2009 and 2010 (not yet final). The difference between external funding and the operating costs is funded by IFAC. At this time there are no indications this will change though there is always pressure to enhance external funding sources.

IPSASB OPERATING COSTS

(000's)

OPERATING COSTS			2008	2009	2010
Costs - by input type			US\$'000	US\$'000	US\$'000
Employee Costs			860	1176	1219
Travel and Meeting Costs			360	401	380
Consultants			174	4	4
Printing and Distribution			43	41	49
Other Operating Expenses			77	72	80
Total Direct	Operating		1514	1785	1732
Costs					
External Funding			746	940	1000
Total funding to be provided by IFAC or other external sources			768	845	732

Assumptions inherent in budget:

1. Projected meeting and related costs are based on three IPSASB meetings per year; staff attendance at taskforces and similar meetings (6 meetings in total), the IPSASB chair attending 3 international financial reporting meetings per year and the IPSASB Chair or Technical Director attending 3 IFAC Board/Council meetings per year.
2. Location of IPSASB staff is presumed to be in the Canada (4.5), UK (1) and Australia (½) for the duration of the budget period.
3. 4 full-time and one part-time staff members were in place on July 1, 2009. The Executive Director of Professional Standards also has time allocated to the IPSASB and the secondment from the PRC is currently uncertain. Certain reallocations of staff have been made for a temporary period. It is anticipated that the staffing profile will be increased back to 5 full-time staff members by January 1, 2010.

Questions:

1. How do you see each of these factors affecting the future strategy and workplan?
2. What other factors should be considered?

What are the potential strategic themes to guide the next 3 years?

Discussions with IFAC and IPSASB leadership have resulted in an initial assessment of potential strategic themes that might guide the period 2010-2012. Considering the status of progress for each of the existing themes, the strategic themes going forward should be somewhat similar but with some modifications that reflect progress made.

Theme 1: Public sector conceptual framework

The development of the public sector conceptual framework continues to be critical over the next 3 years. This is in many respects the IPSASB's most important project and the momentum must be maintained. We have made significant progress in the first 3 phases and with sustained resources and efforts this will continue over the next 3 years.

Theme 2: Public sector specific projects

As the standard setter for the public sector internationally the IPSASB needs to address public sector specific projects. There has been a lot of progress over the past 3 years on public sector projects, while balancing the need to address IFRS convergence on a more urgent basis. It is anticipated that over the next 3 years, resources allocated to public sector specific projects will increase on a relative basis. There are a number of projects already initiated that will be completed such as Service Concession Arrangements, Long Term Fiscal Sustainability and the review of the Cash Basis IPSAS. In addition, work will be progressed on narrative reporting and performance reporting, both projects having already been approved.

As a result of work on IFRS convergence projects there is a need to consider public sector specific issues related to financial instruments and to entity combinations. Consideration of whether it is now time to undertake further work on heritage assets will inevitably be needed.

Theme 3: Maintenance of Accrual IPSASs

With the IFRS convergence strategy nearing completion, the IPSASB is on the verge of having a suite of accrual IPSASs that represents a significant body of accounting literature for the public sector. Attention now shifts to maintaining the existing standards to ensure they remain relevant. Changes made by the IASB to its standards will be considered to determine if they are applicable to the related IPSAS. In addition, the potential need for amendments to existing IPSASs based on feedback from constituents as they implement the IPSASs will be an important consideration for ongoing maintenance of the standards.

Theme 4: Adoption and implementation

While communication and promotion efforts need to continue, the IPSASB may want to shift the emphasis of these efforts to adoption and implementation of the IPSASs in order to achieve the goal of these being recognized as the accounting and reporting standards for the public sector globally.

This is also consistent with a new focus by IFAC on adoption and implementation which is currently being gradually resourced.

Communication and promotion activities will need to be handled similarly in terms of seeking out opportunities and targeting regions but the key messages would shift from

emphasis on the importance of public sector accounting to the importance of adopting IPSASs and guidance on implementing the standards. If the IPSASB endorses this approach it may mean a shifting of resources over the 3 years to also developing implementation guidance.

Question: What is your initial reaction to what the strategic themes for the next 3 years should be?

Next Steps

Need for public consultation

As noted, this is the initial discussion of the strategy and workplan for 2010-2012. Subsequent to this meeting staff will draft a strategy and operational plan, similar to that developed for 2007-2009. It is anticipated that this will be circulated to members out of session for their comments and a revised draft discussed in December 2009.

One issue the IPSASB needs to consider is the need to circulate the draft plan for public comment. It should be noted that the PIACs are required under the terms of their oversight to issue their plans for public comment. Given the general sense of the need for oversight of the IPSASB, the view of staff is that any draft plan developed should be issued for public comment prior to finalization. Regardless of the outcome of the discussions on oversight, it seems important that IPSASB's constituents are allowed an opportunity to provide feedback on the draft plan. The IPSASB will benefit from the input it will receive and further refinements to the plan as a result of this consultation must be seen as an improvement to the process.

Question: Do you agree with issuing the draft plan for public comment?

Project Priorities and Proposed Workplan

Appendix 1 to this agenda paper represents the “laundry list” of potential projects that may ultimately be considered by the IPSASB in assessing project priorities over the next 3 years. The list is not exhaustive and members should review this list and consider what projects might need to be added. In addition, an initial discussion of potential project priorities may be appropriate depending on the discussions of the proposed strategic themes. Ultimately project priorities will reflect the strategic themes for the period and must be chosen based on the various factors and their impact.

Some of the projects the IPSASB has identified already as potential priorities include financial instruments (public sector specific, including amendments to IAS 39), financial

statement presentation (statement of financial performance), and entity combinations involving non-exchange transactions.

Appendix 2 to this agenda paper represents the current draft workplan based on commitments made to date. This workplan will need to be modified based on decisions the IPSASB ultimately makes over the next few months.

Question: Are there any projects you think need to be added to the laundry list for future consideration when determining project priorities?

APPENDIX 1: LAUNDRY LIST OF POTENTIAL PROJECTS

Project Title	Existing IPSAS	Comments
IASB Workplan		
Government grants	No	Not applicable
Joint ventures	IPSAS 8	Potential updating project; <i>assessment needed</i>
Impairment	IPSASs 21 and 26	Recently issued; IASB tracking
Income tax	No	Low relevance to public sector
Consolidation	IPSAS 6	DP Q3 2008; incomplete at stable platform date; <i>timing post 2009</i>
Fair value	No	ED 2009; but consider opportunity to participate early in process; <i>timing post 2009</i>
Financial statement presentation	IPSAS 1	DP Q2 2008; incomplete at stable platform date; <i>timing post 2009</i>
Revenue recognition	IPSAS 9	DP Q2 2008; incomplete at stable platform date; <i>timing post 2009</i>
Post-retirement benefits	IPSAS 25	ED planned 2009; new pension accounting standards 2011; IPSAS 25 recently issued; monitor project for future amendments post implementation date; <i>timing post 2009</i>
Leases	IPSAS 13	DP 2009; incomplete at stable platform date; consider relationship to SCAs project; <i>timing post 2009</i>
SME	No	IFRS planned Q4 2008; public sector issues would need significant consideration; Some pressures to address; an issue with respect to public accountable criterion to distinguish these entities and differentiated reporting requirements. <i>IASB tracking</i> .
Insurance contracts	No	Incomplete at stable platform date; <i>IASB tracking</i>
Liabilities (IAS 37)	IPSAS 19	IFRS 2009; incomplete at stable platform date; <i>IASB tracking</i>
Emission trading schemes	No	Timing TBD; incomplete at stable platform date; consider tracking/monitoring for early involvement ; <i>IASB tracking</i>
Common control transactions	No	Related to Business Combinations (IFRS 3); no related IPSAS; to be considered in project on Entity Combinations; <i>on workplan(Entity Combinations)</i>
Management commentary	No	On workplan post CF
Annual improvements	No	IPSASB tracked first Annual Improvements project 2006; <i>on workplan</i>
Cost of an investment (IFRS 1 & IAS 27)	IPSASs 6 & 7	Updating project
EPS	No	Low relevance to public sector
FI:	In process	<i>Timing post 2009</i>
IASB Project	Existing IPSAS	Comments

FI puttable instruments IAS 32	No	<i>Timing post 2009</i>
Related party disclosures	IPSAS 20	Updating project; <i>may not be needed</i>
Share based payments	No	Low relevance to public sector
Other IAS/IFRS		
Accounting and reporting by retirement benefit plans	No	Little interest currently demonstrated
Agriculture	In process	<i>On workplan</i>
Entity combinations	In process	Large gap in the body of IPSASs; <i>on workplan</i>
Exploration for and evaluation of mineral resources	No	Some call for work; less important relative to other projects; <i>IASB tracking</i>
Financial instruments – R&M	No	<i>On workplan</i>
Intangible assets	In process	High applicability to public sector; nature of assets may be unique; large gap in body of IPSASs; <i>on workplan</i>
Interim financial reporting	No	Little demonstrated call for work
Non-current assets held for sale and discontinued operations	No	Little call
Public sector specific		
Heritage assets	No	On workplan for analysis
Performance reporting	No	On workplan; resources being provided by GASB/CICA
GBEs	No	Raised in the context of conceptual framework; considered in October 2008; not urgent
FI public sector specific	No	Post 2009
Entity combinations – non-exchange	No	Post 2009

APPENDIX 2: IPSASB INDICATIVE WORKPLAN 2008-2010

	Feb 09	May 09	Sept 09	Dec 09	April 10	June 10	Nov 10	Feb 11	May 11	Oct 11
Conceptual Framework Group 1		RR		DI				ED		RR
Conceptual Framework Group 2		DI				RR		ED		RR
Conceptual Framework Group 3		DI	DI			RR		ED		RR
Conceptual Framework Group 4					DI	CP				
Social Benefits- pres & disc										
Social Benefits- rec & meas										
Service Concessions/PPPs	DI	DI	DI	ED		RR	IPSAS			
Heritage Assets						Analysis				
Review Cash Basis IPSAS		DI		DI	DI	ED	RR	IPSAS		
Long-term Fiscal Sustainability		DI	CP			RR	DI	ED		
Performance Reporting				DI			CP	RR	ED	
Narrative Reporting				DI			CP	RR	ED	
Financial Instruments –32/39/IFRS7	ED		RR	IPSAS						
Financial Instruments public sector					CP		RR		ED	
Rules of the Road				DI			DI			DI
Annual Improvements		ED		RR	IPSAS					
Updating IPSASs-Borrowing Costs	RR	DI								
Updating IPSASs										
Entity Combinations- IFRS 3	ED		RR	IPSAS						
Entity Combinations – public sector		DI			DI	CP		RR	ED	
Intangible Assets	ED		RR	IPSAS						
Agriculture	ED		RR	IPSAS						
Fair Value										
GBEs										
IASB Tracking (Parallel Run)		DI	DI	DI	DI	DI	DI	DI	DI	DI
Communications	X	X	X	X	X	X	X	X	X	X
Annual project plan	X				X			X		
Strategic plan			X	X						

Key: IPSAS Final Standard, ED Exposure Draft, PB Project Brief, DI Discussion of Issues. RR Review of Responses, CP Consultation Paper ; RofR Rules of the Road

**International
Public Sector
Accounting
Standards
Board**

International Public Sector Accounting Standards Board

**Strategy and Operational Plan
2007-2009**

April 2007



**International Federation
of Accountants**

TABLE OF CONTENTS

	page
INTRODUCTION/BACKGROUND	3
<i>International Federation of Accountants (IFAC)</i>	3
<i>International Public Sector Accounting Standards Board (IPSASB)</i>	3
<i>IPSASB's Mission and Objectives</i>	4
<i>Environment Facing the Public Sector and IPSASB</i>	4
STRATEGY AND OPERATIONAL PLAN	5
<i>IPSASB's Strategic Themes</i>	5
<i>The Standard-Setting Activities</i>	5
Establishing an IFRS Convergence Strategy	6
<i>Where we've been</i>	6
<i>Where we are now</i>	7
<i>Where we're going</i>	8
<i>Underlying assumptions</i>	8
<i>Elements of a convergence strategy</i>	8
<i>What is the IPSASB proposing as an appropriate IFRS Convergence Strategy?</i>	10
Developing a Work Plan	12
<i>1. Strategic Theme -Conceptual Framework</i>	12
<i>2. Strategic Theme - Public Sector Specific Projects</i>	13
<i>3. Strategic Theme IFRS Convergence</i>	14
<i>Which projects should be undertaken?</i>	14
COMMUNICATIONS STRATEGY	18
<i>Promotion and Communications Strategies</i>	18
RESOURCES	20
<i>Technical Staff Resources to Support Strategic Priorities</i>	20
<i>Financial Resources</i>	21
<i>Volunteer Resources</i>	22
Appendix 1 IFAC's Strategic Themes and Strategic Objectives	25
Appendix 2 Outcomes and Outputs	26
Appendix 3 Public Sector Conceptual Framework Development Schedule 2006-2012	27
Appendix 4 IASB Work Plan – projected timetable as at 31 March 2007	29
Appendix 5 Proposed Work Plan	32
Appendix 6 2007 IPSASB Promotions and Communications Strategy	35

INTRODUCTION/BACKGROUND

The purpose of this plan is to set the direction and priorities for activities of the International Public Sector Accounting Standards Board (IPSASB) for the three year period from January 2007 to December 2009.

International Federation of Accountants (IFAC)

IFAC is the global organization for the accountancy profession. The mission statement of IFAC, as set out in its constitution, is:

To serve the public interest, IFAC will continue to strengthen the worldwide accountancy profession and contribute to the development of strong international economies by establishing and promoting adherence to high-quality professional standards, furthering the international convergence of such standards and speaking out on public interest issues where the profession's expertise is most relevant.

In carrying out its mission, IFAC reinforces the values of integrity, expertise and transparency.

International Public Sector Accounting Standards Board (IPSASB)

In pursuing its mission IFAC has established the International Public Sector Accounting Standards Board (IPSASB) to function as an independent standard-setting body under the auspices of IFAC. The IPSASB develops and issues International Public Sector Accounting Standards (IPSASs) which are financial reporting standards for application by governments (other than for Government Business Enterprises) and other international public sector entities, for example the UN, NATO and others.

The IPSASB issues IPSASs dealing with financial reporting under the accrual basis of accounting and the cash basis of accounting. The accrual basis IPSASs are based on the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) where the requirements of those Standards are applicable to the public sector. They also deal with public sector specific financial reporting issues that are not dealt with in IFRSs. The IPSASB will ensure that its requirements are consistent with those of IASB to the extent the requirements of IFRSs are appropriate to the public sector.

The Cash Basis IPSAS is comprehensive and includes mandatory and encouraged disclosures sections. The Cash Basis IPSAS encourages an entity to voluntarily disclose accrual based information regardless of the fact that the core financial statements will be

prepared under a cash basis. This may serve to facilitate moving over time from a cash basis to an accrual basis.

IPSASB's Mission and Objectives

The IPSASB's mission is:

“To serve the public interest by developing high-quality accounting standards for use by public sector entities around the world in the preparation of general purpose financial statements.”

This will enhance the quality and transparency of public sector financial reporting by providing better information for public sector financial management and decision making. In pursuit of this objective, the IPSASB supports the convergence of international and national public sector accounting standards and the convergence of accounting and statistical bases of financial reporting where appropriate.

In achieving its objectives, the IPSASB

- a) Issues International Public Sector Accounting Standards (IPSASs);
- b) Promotes their acceptance and the international convergence to these standards; and
- c) Publishes other documents which provide guidance on issues and experiences in financial reporting in the public sector.

Environment Facing the Public Sector & IPSASB

As leaders in the international accounting standard-setting community, the IPSASB plays a key role related to government financial reporting as well as to the financial reporting of international public sector not-for-profit organizations. Environmental factors have implications for the IPSASB in terms of the strategies it adopts.

Environmental factors may be general, such as trends towards globalization, regionalization, and technological advances. Other factors, like the credibility of financial reporting or the trend towards convergence in accounting standards internationally, are specific to the accounting profession as a whole. Finally, some environmental factors are specific to the public sector and to the IPSASB, for example, the growing emphasis internationally on improved governmental financial reporting and increased demand for government accountability as well as growing concerns on sustainability of key government programs.

To develop and maintain a leadership role, the IPSASB needs to monitor the environment in which it operates and try to shape that environment through its strategic direction, the way it operates and the services it delivers.

STRATEGY AND OPERATIONAL PLAN

IPSASB's Strategic Themes

In a previous work program planning session the IPSASB identified the strategic themes that would form the framework for a work program for the next three years. These were:

- Public sector conceptual framework
- Public sector specific projects including convergence with statistical bases where appropriate
- IFRS convergence
- Promotion and communication

In establishing these strategic areas the IPSASB did not assign a priority to each. Rather the IPSASB plans to address all of these themes, allocating resources to each as needed to address the key issues specific to the theme. Over the long run the IPSASB is committed to all four of these strategic themes.

The allocation of resources in any given year to a particular strategic theme should not be taken as an indication of the IPSASB's prioritization of that theme. Rather, it should be understood that in developing any plan there will be a balance of factors considered that may result in one theme using more resources in a given period than another. For example, the receipt of funding specific to a particular theme might be a reason to allocate additional resources in the short run. Likewise, the commencement of some projects may be delayed in the short term pending the outcome of the work of other projects. In the intervening time another theme might therefore be allocated resources in order to use staff time efficiently.

Appendix 1 summarizes the alignment of the IPSASB strategic themes with the IFAC strategic themes. Appendix 2 represents a result chain or logic model that demonstrates that the IPSASB's outputs will influence certain outcomes or consequences over time.

The first three strategic themes above relate directly to standard-setting activities while the fourth focuses on the communications and promotions activities that support the IPSASB's work. This plan includes a workplan for the IPSASB for the next 3 years. In addition, a communications plan specific to IPSASB has been developed to address the desired focus on communications and promotion.

The Standard-Setting Activities

The table below sets out the current projects that the IPSASB has on its technical agenda or has committed to and categorizes these by the three standard-setting themes.

Table 1: Current projects by standard-setting theme

Strategic theme	Active; Complete 2007	Active; complete 2008	Active; complete 2009 or later	Commence 2007
<i>Public Sector Conceptual Framework</i>			Public sector conceptual framework	
<i>Public sector specific standards</i>	External assistance	<ul style="list-style-type: none"> • Social policy obligations • Service concessions 		<ul style="list-style-type: none"> • Heritage assets • Review Cash Basis IPSAS
<i>IFRS convergence</i>	<ul style="list-style-type: none"> • Impairment cash generating assets • Employee benefits 			IFRS convergence program

These projects outlined in the table are already committed to by the IPSASB and approved for inclusion in the work plan. However, the IFRS convergence program is a broad title for a program that will, in reality, consist of multiple projects. Before a full work plan that addresses all 3 of these themes could be developed, it was necessary to consider an appropriate strategy to be employed by the IPSASB in advancing the IFRS convergence program. Therefore, one of the key components of this operational plan is to outline an approach for the IFRS convergence program.

Establishing An IFRS Convergence Strategy

This is arguably one of the most fundamental parts of this proposed plan. The approach determines staff resources allocated to the project and flows into the final workplan.

The IPSASB has considered various approaches for progressing the IFRS Convergence work program. The IPSASB considered the issues at its March 2007 meeting in order to develop this final plan. The following analysis is provided to help understand how the IPSASB developed an IFRS convergence strategy that will best meet their goals and objectives over the next 3 years.

Where we've been

The Public Sector Committee (PSC) of the International Federation of Accountants (IFAC) was established in late 1986. In August 1997, the PSC embarked on a Standards Program directed at developing International Public Sector Accounting Standards (IPSASs) for financial reporting by public sector entities at the local, state and national government levels. The initial phase of the Standards Program included developing IPSASs based on International Accounting Standards (IASs) promulgated by the former IASC (International Accounting Standards Committee) on issue at August 1997, or their subsequently revised versions, to the extent appropriate for the public sector. This phase of the program was funded by the Asian Development Bank, IFAC, the International Monetary Fund (IMF), the United Nations Development Programme (UNDP) and the World Bank and was completed in 2002.

In November 2004, IFAC approved a name change and new terms of reference for the PSC. The PSC's name was changed to the International Public Sector Accounting Standards Board (IPSASB) and its terms of reference updated to reflect that the IPSASB would focus on issuing IPSASs.

In 2005 the IPSASB reaffirmed its commitment to the objective of converging IPSASs with IFRSs, unless there is a public sector specific reason for a departure. However, resource constraints at the time meant deferring a large portion of the IFRS convergence project. The main resources dedicated to IFRS convergence related to the General Improvements project and the initiation of the projects on employee benefits and impairment of cash generating assets.

The General Improvements project was initiated with the objective of updating 11 IPSASs to converge with improved IASs issued by the IASB in December 2003 in its General Improvements project. These improved IPSASs were approved by the IPSASB in November 2006. As part of this project the Preface was updated and the authority of national and international standards when an IPSAS has not been issued on the topic was clarified. The employee benefits project is underway. An exposure draft was released October 26, 2006 and a final IPSAS is anticipated late in 2007. In addition impairment of cash generating assets has been approved as an ED and is scheduled for a final IPSAS in 2007.

Where we are now

The IASB is moving rapidly ahead with an extensive work program that includes issuing new IFRSs (including interpretations) as well as revising and updating existing IASs. Given the rapid progress of the IASB and the lack of resources of the IPSASB, a significant gap has developed between the standards. The link between the IPSASs and IFRSs has been eroded and the IPSASB is now in a position of playing "catch up".

At this juncture, the IPSASB has secured funding and its commitment to IFRS convergence as a strategic area of focus has been confirmed. Therefore the IPSASB is in a position to be able to recommence a more extensive IFRS convergence program.

To date, the IPSASB has issued 25 IPSASs. They consist of 24 accrual basis IPSASs, the majority of which are based on International Financial Reporting Standards (IFRSs). There are also IPSASs which are public sector specific, notably revenue from non-exchange transactions, general government sector disclosures and budget reporting. In addition, the IPSASB has issued a comprehensive Cash Basis IPSAS. For those IPSASs that are based on IFRSs, the text of the IFRS is retained unless there is a public sector specific reason for a departure, or additional examples are included to illustrate certain requirements in the public sector context.

Where we're going

With strategic themes identified and committed to and resources now in place, the IPSASB considered a strategy for the IFRS convergence program that would assist in moving the entire work plan forward.

Underlying assumptions

In order to assess options for proceeding with the IFRS convergence program, a number of underlying assumptions that inform this strategy were considered to ensure that members were working from a consistent basis.

These are identified as:

- a) **“Commitment to convergence unless...”** - The IPSASB remains committed to the objective of converging IPSASs with IFRSs, unless there is a public sector specific reason for a departure.
- b) **Desire to develop high-quality accounting standards** - IPSASB's mission is “*to serve the public interest by developing high-quality accounting standards for use by public sector entities around the world in the preparation of general purpose financial statements*”. This means that the IPSASB will develop high quality IPSASs, each consisting of the standard, a basis for conclusions and examples or implementation guidance.
- c) **Desire to add value** - The IPSASB has a desire to add value to the standard setting process in order to enhance the quality and transparency of public sector financial reporting. In addition, the commitment to the due process will add value to the IFRSs in a public sector context and will ultimately contribute to strengthening public confidence in public sector financial management.

Elements of a Convergence Strategy

Under any convergence strategy there are a number of elements that must be addressed and included.

i) Need for analysis of public sector differences

The most critical aspect of a convergence strategy is the need to establish parameters or “rules of the road” for identifying public sector differences and when these differences warrant a departure from a relevant IFRS.

The IPSASB's commitment to convergence, unless there is a public sector specific reason for departure, leads logically to the conclusion that the starting point of any approach is a presumption that the need for any public sector specific departures would have to be explained. In analyzing the relevant IFRS the case would have to be made for a public sector departure. Otherwise, the default position is that full convergence occurs.

In reality the process is rarely so simple. Even in those jurisdictions where convergence with IFRS has been endorsed there are a number of key public sector differences that are accommodated.

In adopting this approach, the IPSASB will need to establish some criteria for identifying when a public sector difference warrants departure. Having these “rules of the road” will help to delineate discussions and should serve to focus debate to those issues which are truly public sector specific and to enhance consistency in application. The fact that the due process continues to exist and that any IPSAS developed would be issued as an Exposure Draft provides a fail safe in the process in the event that public sector specific issues have not been identified appropriately. Even where a decision is made that there are no public sector specific differences, an Exposure Draft would be issued to ensure feedback is received.

ii) Hierarchy

The hierarchy of authoritative guidance is included in IPSAS 3. As part of the General Improvements project the hierarchy was updated and directs users, in the absence of a specific IPSAS, to develop an accounting policy that is consistent with the qualitative characteristics set out, considering IPSASs dealing with similar and related issues and the definitions of elements described in other IPSASs. Also considered would be the most recent pronouncements of other standard-setting bodies such as the IASB including IFRICs and SICs. This clarification of the hierarchy recognizes the authority of IFRSs and means that in the absence of a specific IPSAS or a similar IPSAS, users would be directed to the IASB standards, framework and guidance or to national standards. However, while the hierarchy provides a “fallback” position when no equivalent IPSAS exists, it should not be relied upon to fill the gap in standards. The IPSASB should move quickly on the convergence program to ensure that high quality IPSASs are developed where needed.

iii) Monitoring and liaising with the IASB

Regardless of the strategy employed, there needs to be a process in place to ensure that IASB activities and outputs are monitored on an ongoing basis and assessed in the context of convergence work that might need to be done by the IPSASB. While staff track the IASB’s activity and report to the IPSASB, there needs to be a more proactive and structured approach to this. The IPSASB is working to establish a process for keeping this up to date, including responding to IASB exposure drafts. In addition, efforts to have the views of the IPSASB represented in the development of the IFRSs need to be considered.

As part of any convergence strategy, it is also pivotal that a strong relationship between the IPSASB and the IASB be developed and fostered. This needs to happen at the level of the Boards as well as at the staff level. This has been incorporated into the communications plan in terms of specific actions.

iv) Stable platform date

Given the issues that some constituents have with implementing IPSASs for the first time, it is valuable to establish a stable platform of authoritative requirements that will not change for reporting periods before a specified date. The 24 existing accrual IPSASs on issue by December 31, 2006 would be the starting point. A stable platform does not preclude the IPSASB from continuing to update IPSASs or from developing and issuing new IPSASs during the period. However, the requirements of the updated or new IPSASs would not be required to be adopted for periods commencing before the selected date. Earlier adoption of IPSASs would of course be allowed and, in fact, encouraged. The proposal would be that the stable platform date for all second generation IPSASs would be January 1, 2010 (to take effect for periods commencing January 1, 2011).

What is the IPSASB proposing as an appropriate IFRS Convergence Strategy?

Ultimately the IPSASB has considered all of this information and reviewed a number of potential approaches along with a variety of materials. Of primary concern is that the quality of the accounting standards developed not be compromised.

As noted, in the first stage of the standards program completed in 2002, and in the IPSASs and EDs based on IFRSs issued subsequently, the convergence approach has been to base the accrual IPSASs on the requirements of IFRSs and to maintain the structure and text of the IFRSs, unless there was a public sector specific reason for departure. As a matter of process each IFRS has been reviewed in detail in order to prepare an Exposure Draft for an IPSAS.

If this approach is to continue, an analysis of the IFRSs not yet addressed would be needed to determine if there are public sector specific reasons for departure. Even in those cases where no departure is deemed necessary, the IFRS would be adapted to be “public sectorized” i.e. amending terminology and examples. To date, IPSASs based on this approach have been positively viewed and are garnering acceptance. Some argue that the acceptance of the 24 accrual basis IPSASs can be attributed directly to the approach that was used in developing them.

The IPSASB considered other options, particularly for those IFRSs where no public sector specific reason for departure is identified. In such cases there was consideration of whether the relevant IFRS might be copied and a statement of endorsement developed which would explain the context of the IFRS to the public sector. This could help ensure that no unintended consequences of rewriting the standards occur and is arguably more time efficient. It is also more expedient with regards to translation.

In coming to a position on how best to approach the IFRS convergence program the IPSASB held a detailed and extensive strategy session at its March 2007 meeting. There

was discussion and debate of the concerns and issues related to this strategy including the elements of a convergence program, overlaid with other factors such as staff resources, credibility of the IPSASB, commitment to quality and the needs of constituents.

As an independent standard setter, the IPSASB has a mandate to develop standards that have value for its public sector constituents. The IPSASB's reputation for developing high-quality standards was built on an approach that sought to converge with IFRSs where possible and yet ensured that public sector specific issues were considered in the debate. Constituents are satisfied that, while they may not always agree with IPSASs issued, there has been consideration of public sector issues.

There was also some consideration of the question of whether convergence is, in itself, the objective or whether it is a tool to assist in developing high quality reporting standards. When convergence is an objective, financial reporting is fundamentally the same among private and public sectors, resulting in a sector neutral approach. Public sector standards would be converged with private sector standards unless there is justification for a difference, i.e., a public sector specific reason.

When convergence is a tool, it is used to develop a set of high quality standards for the public sector that builds on the investment already made in the private sector and seeks to ensure that we are not "reinventing the wheel" each time. In this case, public sector reporting may differ because of the differences in objectives and users' needs.

The IPSASB's commitment to developing a conceptual framework specific to the public sector, which is not automatically locked into the IASB project but rather has the flexibility to diverge where necessary, ensures that public sector differences in terms of objectives and users' needs will be respected.

It is important to recognize that IFRS convergence and public sector specific are not mutually exclusive approaches. They are both necessary components of a comprehensive plan that respects the IPSASB's mandate to develop accrual based standards that are converged where possible with the IFRSs but that also reflect public sector specific issues.

Based on consideration of these issues and the discussions held throughout the March 2007 meeting, the IPSASB came to the conclusion that the most appropriate IFRS convergence strategy is one that reflects a "review and adapt" approach. The IPSASB's obligation to its constituents is best met through an IFRS strategy that identifies projects based on the IASB workplan and standards and which specifically considers whether there are public sector specific reasons for departing from those standards. The standards are then adapted to reflect public sector differences where appropriate.

Fundamental to this approach is the need to consider the "rules of the road" that would contribute to the discussion of when an IFRS would be adapted for the public sector. There is a belief that a more rigorous process needs to be established to help the IPSASB assess when a departure is necessary. To this end, while the IPSASB generally agreed on

this “review and adapt” approach, they saw it as inextricably linked to a project that would set out the criteria or “rules of the road” for IFRS convergence. This has been added to the workplan as a specific project to be initiated and undertaken immediately.

Ultimately what this means is that this is not a “one size fits all” approach to standard-setting. Nor does the IPSASB think that departures from IFRSs should be routine.

Rather, each IFRS would be analyzed on a case by case basis to determine what amendments, if any, are necessary. Consideration of wording changes to “public sectorize” the standards would be undertaken for all IFRSs. A technical evaluation would be required that considers issues in the context of both the private sector and the public sector. This will help to identify any public sector specific reasons for departing as well as any particular interpretations that might be needed to add value for the public sector constituents. The rules of the road project will establish the parameters to identify those situations that might result in a decision to develop a different standard. These guidelines will help in narrowing the debate and ensuring consistency in application.

The IPSASB believes that this approach is the approach that will result in quality standards for the public sector that build on the technical expertise already embedded in the IFRSs. In this regard, it is the approach that best reflects the IPSASB’s mandate and obligation to its constituents using the resources available. This approach will achieve IPSASB’s mission to serve the public interest by developing high-quality accounting standards.

Developing a Work Plan

Having determined an approach to the IFRS convergence program, it is now possible to review the 3 strategic themes that relate directly to standard-setting and consider the current status of each. This will assist in developing a work plan that addresses all of these areas.

1. Strategic Theme – Public Sector Conceptual Framework

Status: Project brief approved and work plan underway

The IPSASB has approved a project brief on a conceptual framework for the public sector and has developed a detailed plan to address the project in collaboration with National Standard Setters and other interested parties (NSSs). This project brief and plan are posted on the website for information purposes. The detailed plan for the project is attached to this document as Appendix 3.

The approval of this project demonstrates the IPSASB’s commitment to providing leadership in an area where there is currently a dearth of guidance for public sector entities. The project will draw on the work of the IASB framework project particularly since many of the components of that framework are likely to be relevant. However, the objective of the project is not to simply interpret the IASB framework for the public

sector but rather to develop a stand alone framework using the work of the IASB and other national standard setters as appropriate.

This final document will draw together and make explicit the concepts, definitions, and principles already embedded in the IPSASs and will identify explain and test their interrelationships. A conceptual framework is an important component in the literature of standards setters and will reinforce the credibility of the IPSASB and will support efficient and consistent decision making by the IPSASB since it adds an element of discipline to the standard setting process.

What is fundamental to the success of this project is the technical support being provided internationally by the NSSs for various components of the project. This collaboration will result in significant technical input into the project and is a significant resource to the IPSASB.

The IPSASB will take the overall leadership role in the project in several respects. A subcommittee has been established and will be chaired by the IPSASB Chair. The IPSASB project coordinator will be the Senior Advisor and the Technical Director will provide overall leadership from a staff perspective. The project plan demonstrates the IPSASB's commitment to thought leadership on this project as well as highlighting the importance of liaison and communication in developing a final product that addresses the issues.

2. Strategic Theme - Public Sector Specific Projects including convergence with statistical bases where appropriate

Status: 1 ED; 1 ED to be approved in 2007; 1 project approved and work plan underway;

The IPSASB approved an ED on external assistance in 2006 which is anticipated to be approved as a final IPSAS in Q4 2007. The project on Social Policy Obligations has been controversial and approval has been a challenge. The IPSASB discussed this project at its March 2007 meeting and progress is being made with a view to approving an ED in July 2007. A project on service concessions has been approved by the IPSASB. This will be a collaborative project with the NSSs. The GASB are providing key staff resources and the IPSASB's Subcommittee and staff will monitor the work done. All of these projects are currently committed and are reflected in the work plan.

3. Strategic Theme - IFRS Convergence

Status: 2 EDs; final IPSAS anticipated in Q4 2007 for both; recommitted to full IFRS convergence program to commence in 2007.

In identifying this as a strategic theme, the IPSASB reconfirmed its interest in delivering the work program for IFRS convergence, a program which had been delayed due to resource constraints.

As highlighted, the IFRS convergence program will be undertaken in a fashion that is substantially consistent with IPSASB's standard-setting activities to date. An IFRS work program has been developed based on that approach and is incorporated into the workplan.

Which projects should be undertaken?

As part of the process to developing the workplan, the IPSASB considered a long "laundry list" of potential projects at its March 2007 meeting and worked to prioritize these over the next three years.

The project listing was identified through a number of tasks. The first was to review and update the list of IFRSs for which there is no equivalent IPSAS or for which no project is in process. As a second step, the IASB workplan (as of September 30, 2006 – see Appendix 4) was reviewed to consider those projects on the IASB workplan that might have relevance to the IPSASB's work program. Projects on the IASB workplan include IFRSs for which there is an equivalent IPSAS but for which an updated version exists or which will be amended in the next 3 years.

The next step was to consider those IPSASs already issued and not addressed in the list of projects on the current IASB workplan, but which are now out of date with existing IFRSs, for example, those IPSASs that converged with IFRSs as at December 31, 2003 but for which the related IFRSs have been improved or amended as of December 31, 2006. This is an important component of this phase of the standards program in order to ensure that the link between existing IPSASs and related IFRSs is not eroded. In effect, this is a continuous general improvements project which will keep the suite of IPSASs current and of high quality.

Finally, there are a number of public sector specific projects to be considered. These were identified based on input from constituents and members.

The full listing of potential projects the IPSASB worked from in prioritizing a work plan for the next 3 years is set out in the table below, including some commentary.

Table 2: Potential Projects

Project	
Accounting and reporting by retirement benefit plans	Some interest based on work on social policy obligations and may also complement employee benefits; could consider commencing earlier
Agriculture	Some call for work; less important relative to other projects; consider whether to initiate.
Entity combinations	Last project from phase 1 listing; IASB project nearing completion; time to address since this is a large gap in the body of IPSASs
Earnings per share	Applicability to public sector low; for those entities where it may be relevant (number expected to be low), the hierarchy would direct towards other standards
Exploration for and evaluation of mineral resources	Some call for work; less important relative to other projects; consider whether to initiate.
Fair value measurement	Some interest expressed by members; some indication of public sector specific issues. Consider initiating
Financial instruments	time intensive; evidence indicates some public sector entities already applying; at a minimum the inconsistency of IPSAS 15 with IASB standards needs to be addressed
Heritage assets	Public sector specific; some initial work commenced; perceived as high importance to some
Income taxes	Applicability to public sector low; for those entities where it may be relevant (number expected to be low), the hierarchy would direct towards other standards
Insurance contracts	May have some relevance but IASB has recently commenced work to amend; ED scheduled 2008 and completion projected to mid 2009. Therefore delay until IASB project is further along.
Intangible assets	High applicability to public sector; nature of assets may be unique; concern re timing of potential IASB project to revise IAS 38; may be appropriate to delay until IASB decision made.
Interim financial reporting	Little demonstrated call for work; less important relative to other projects; delay at this stage
Long-term fiscal sustainability	Public sector specific; strong link to social benefits project and identified as high priority by many
MD&A	Public sector specific; public sector context seen as important
Non-current assets held for sale and discontinued operations	Has been on the list; could be delayed but seen by some as needing to be done.
Performance reporting	Public sector specific; seen as high value in public sector context
Review cash basis IPSAS	Public sector specific; previously committed to reviewing; high value for developing nations and emerging economies
Share-based payment	Applicability to public sector low; for those entities where it may be relevant (number expected to be low), the hierarchy would direct towards other standards
Small and medium size entities	Some concern about pressures to address; there is an issue with respect to public accountable criterion to distinguish these entities and differentiated reporting requirements. Monitor IASB project at this stage.
Updating existing IPSASs (recently revised or on IASB workplan)	Need to consider in order to reduce the gap between IPSASs and IFRSs where appropriate; serves to update to a more recent stable platform; will keep standards current and of high quality

In developing the actual work plan and selecting specific projects, it is important to have a balance of projects at any point in time to be able to allow staff to address divergent needs. In other words, not all high priority projects may be actioned at once – it may be appropriate to commence a medium priority project that is less technical in order to achieve outputs along the way. There may be other reasons for initiating or delaying a project, for example the stage of completion in the IASB workplan. Selecting projects is a judgmental process that attempts to balance diverging needs and factors to establish a balanced workplan that is sustainable over the short, medium and longer term.

It is important to recognize that the plan sets out a guideline for project completion. The nature of standard-setting is such that any work plan is indicative only and would encompass a degree of flexibility to ensure that the due process is adhered to. For this reason the IPSASB underscored the importance of revisiting the work plan on an annual basis.

While each of these projects was considered, there were some other projects that were raised and considered. Of these, it became evident that a project specifically identified as “Rules of the Road” consistent with the discussion previously in this paper, needed to be undertaken. While this had been identified as a required action the IPSASB took the view that adding it as a specific project serves to highlight the significance and importance of the work.

The discussions about financial instruments resulted in this being split into 2 projects – the first addressing presentation and the second addressing recognition and measurement.

In addition, a number of projects will not be addressed at all under this stage of the standards program, either because their relevance to the public sector is minimal (e.g. income taxes, earnings per share and share-based payment) or because they were assessed as lower priority (e.g. agriculture, mineral resources, non-current assets held for sale). In the absence of specific public sector guidance the default would be the IPSASB hierarchy.

The projects the IPSASB prioritized for the next 3 years are:

Commence 2007

- Review cash basis IPSAS
- Updating existing IPSASs
- “Rules of the Road” – criteria for modifying IFRSs for public sector specific issues
- Financial instruments – presentation
- Heritage assets
- Fiscal sustainability

Commence 2008

- Entity combinations
- Fair value
- MD&A
- Performance reporting

Commence 2009

- Intangible assets
- Financial instruments – recognition and measurement

The work plan set out in Appendix 5 reflects these priorities and sets out a proposed process for completion.

COMMUNICATIONS STRATEGY

A major component of the IPSASB's planning includes a detailed communications plan specific to IPSASB. This necessarily includes consideration of IFAC's strategic and operational plans to determine that the planned outputs and activities related to communications of IPSASB are linked with the broader goals of IFAC. This communications plan has been considered in that context and links into these broader goals. This communications plan applies to 2007 and sets out the strategies identified and planned actions to achieve desired outcomes.

Promotion and Communications Strategies

There are four main strategies that have been identified in relation to promotion and communications. These are identified and described as follows:

a) *Address promotion and communications activities proactively*

Now that the IPSASB has a more expansive staff complement it is possible to address promotions and communications more proactively than in the past. Given the IPSASB's focus on this as a key strategic area it is important to develop a focused approach that seeks out opportunities and promotes IPSASB on an ongoing basis, including identifying key strategic partnerships.

b) *Effectively leverage existing communications vehicles to determine additional communications needs*

A more focused approach to communications leads to the need to identify priorities that will meet the IPSASB's objectives in the short term and on a longer term basis. In this regard it is important to identify and leverage the existing communications vehicles and methods, including e-news, and newsletters, that will be most effective in meeting the needs of stakeholders. This will facilitate two-way dialogue with potential partners and others.

c) *Tell the IPSASB story – identify key forums, conferences, events, speaking engagements, opportunities to tell the story*

From a public interest perspective it is important to get the message out as to the importance of public sector accounting standards and why the work of the IPSASB is therefore so important. We need to tell the IPSASB story persistently and consistently at key conferences and events and we should target these arenas at every opportunity.

d) *Maximize the use of the internet, website, other communication vehicles*

As the use of technology continues to increase we must be proactive in enhancing the usefulness of our website in terms of content and functionality. While not all constituents have internet access, the use of the internet is a key vehicle for communicating and we must ensure that we use it to maximum advantage to enhance the public face of the IPSASB.

Based on these strategies, a communications plan has been developed outlining planned actions and activities, responsibilities and expected timelines for completion over the next year. The plan is set out at a reasonably high level and the specific details will be further developed by staff and the IPSASB. As the plan is further refined and operational details filled in there are a number of elements that will be considered. Firstly, the chair and staff will be reviewing communications activities to adopt a targeted approach by region. Over a period of 18 months to 2 years it would be expected that all regions would be targeted at some level by the IPSASB. However, it is important to identify those regions that should be emphasized first and to work on activities in those regions. Areas of focus seen as important include China, Latin America, and Africa among others. Conferences and seminars in these regions need to be identified and planned for the next year to three years.

There is also a need to focus on developing nations and emerging economies specifically. The importance of the public sector in developing nations has been highlighted and the DNC at IFAC has expressed interest in providing any assistance where possible. The feedback from the IPSASB's meeting in Accra Ghana further emphasized this point. There are also possible funding sources that may be able to be accessed specifically for developing nations. Therefore as the plan is refined there should be some specific activities identified to address this. Staff is working closely with staff of the DNC to determine possible approaches and strategies for success.

The plan set out in Appendix 6 encompasses the strategies identified above and includes a number of actions to be taken in order to achieve these. On an ongoing basis there are likely to be other actions that will be needed and there is flexibility within the work program for staff to undertake such activities on an as needed basis. As an example, staff are frequently requested to write speeches and presentations for the IFAC CEO, IPSASB Chair and other members and this will continue on an ongoing basis.

In addition, the IPSASB has undertaken some streamlining of communications efforts, including the process for writing and issuing press releases and posting documents to the website. The goal is to coordinate communications activities closely with IFAC's communications department to maximize the use of their expertise and the consistency with IFAC's other Boards and Committees. At the same time this respects the IPSASB's specific goals and objectives and ensures that its interests are represented at IFAC consistently.

RESOURCES

The IPSASB must manage its activities in the context of constraints relating to:

- Staff resources
- Financial resources
- Volunteers capacity

Technical Staff Resources to Support Strategic Priorities

The current staff complement is reasonably complete and stable, pending hiring of a Technical Manager to be provided by the CICA. The following staff resources exist:

Name	Location	Position	FTE 2007
Fox	Toronto	Technical Director	1.0
Naik	Toronto	Technical Manager	1.0
Zhang	Toronto	Technical Manager	1.0
Song	Toronto	Technical Manager	0.5
CICA secondee (not yet hired)	Toronto	Technical Manager	1.0
Stanford	London	Senior Technical Manager	1.0
Bohun	New York	Technical Manager	1.0
Sutcliffe	Melbourne	Senior Advisor	0.5
			7.0

Over the three-year period, the staff resources allocated to individual strategic themes will vary depending on the points of emphasis and project priorities. It is important to note that the chart above is not indicative of the full resources being allocated to various projects. For example, on the public sector conceptual framework project, the NSSs will be providing significant technical staff resources on various components of the project with the IPSASB staff providing the leadership and coordinating role. Likewise, primary resources for the Service Concessions project are being provided by GASB, with monitoring by IPSASB staff.

In addition to standard setting and communications activities, all staff perform a number of other functions which serve to support the work of the IPSASB. Some are administrative in nature while others focus on liaison activities which tie directly to the IPSASB's strategic priorities. Staff have been reviewing these functions with a view to streamlining many and creating areas of responsibility among staff for various functions with a goal of improving efficiencies. These are assessed on an ongoing basis as they change or as new responsibilities arise and as new staff come on board. Of course IPSASB members and TAs are also involved in many of these activities, including speeches and presentation, liaison and communications.

Table 3: Other staff activities

Activity	Staff member
Press releases/e-news	Naik
Meeting arrangements	Bohun
XBRL taxonomy	Bohun
New member orientation	Naik
IASB liaison	Fox/Stanford
IFAC liaison	Fox
NSS liaison	Fox/Stanford/Sutcliffe
Observer liaison	Naik
Budget	Fox
Speeches/presentations	Fox/Stanford

Financial Resources

Financial resources for the IPSASB are currently reasonably stable after a period of some uncertainty. Funding commitments, including ongoing support from IFAC, are in place from a variety of sources and this has provided stability for planning purposes over the period from 2007-2010. The funding amounts to be received are summarized as follows:

Table 4: Summary of External Funding (\$USD)

Funder	2007 (000s)	2008 (000s)	Comments
Government of Canada	\$175	\$175	\$1,000,000 \$CDN spread over 5 years
Asian Development Bank	83	83	250,000 (US\$) over 3 years, with the first tranche of \$82,500 already received
World Bank	130	130	reduced from \$250K) over 3 years
EC	165	0	expense recovery Employee Benefits project –\$66K US received
SECO	190	0	External Assistance; potential future involvement
Government of New Zealand	34	0	To be finalized once plan is approved; future years will also be reviewed

Other funding sources are non-cash but are nonetheless significant. These include:

- CICA -\$150,000 (USD) per year (5 years) for a Technical Manager and premises in Toronto.
- People's Republic of China – 1.5 Technical managers for 2007 (equivalent to approximately \$140K US)

Further commitments from other sources are being pursued, including \$400,000 US from the UN specifically for IFRS convergence. Current expectations are that \$200K will be received in 2007 with \$100K being received in each of 2008 and 2009. In addition, the

NSS are providing staff resources for the public sector conceptual framework project as well as for the service concessions project.

The following table provides a basis for understanding of IPSASB's financial resources.

Table 5: Summary of financial information (\$ US)

	Actual 2006 (000's)	Budget 2007 (000's)
EXTERNAL FUNDING	\$516	\$777
Other operating revenue	6	6
Total Revenue- external sources	\$522	\$783
EXPENSES		
Staff & consultants	\$666	\$977
Travel & meeting	190	420
Other	75	170
Total expenses	\$931	\$1,567
DEFICIT (funded by IFAC)	\$(409)	\$(784)

Other operating revenue relates to items such as sales of handbooks. Other expenses includes items such as rent for the Melbourne office, printing and distribution costs.

Volunteer resources

The members of the IPSASB are appointed by the Board of IFAC. All members are appointed for their expertise and experience. Members participate as individuals and are expected to represent their individual views based on their expertise and experience, not the views of their country or jurisdiction.

Appointment as an IPSASB member is a significant responsibility. In accepting such appointment, the individual assumes the duties and responsibilities of active involvement, specifically:

- Acting with integrity and in the public interest in discharging their role within IFAC. This also requires that they act in the common interest of the worldwide accountancy profession. This may result in taking a position on a matter which is not in accord with current practice of the member's own member body, firm, or other sponsoring organization;
- Acting as an ambassador in the member's country in explaining and promoting the work of IFAC;
- Attendance at, and preparation and active participation in, all meetings; and
- Completing tasks in a timely manner.

The capacity of volunteers is the most significant resource constraint in the IPSASB's process. The staff complement has doubled and financial resources are now more secure for the period covered by this plan than they have been over the past few years. This

means that the IPSASB has a real opportunity to make progress on its objectives and to reach its desired outcomes.

However, with the increase in staff comes a related increase in output of material. Given that the demands on the members' time is already high and that meeting time is already fully used, the best strategy for addressing this needs to be considered.

The IPSASB discussed a number of strategies that could be implemented to address these issues. Overall there is a commitment to improving the IPSASB's process and efficiency in order to maximize meeting time. It is acknowledged that the status quo is not an option.

Strategies considered included:

1) *Increase number of meeting days from 3 per year to 4 per year*

There are two ways to increase the number of meeting days per year. The first is to extend the meetings to 5 days, thereby adding 3 meeting days per year. The second option is to add a fourth meeting per year which would add 4 meeting days per year.

Depending on the option, this would generate 21- 28 hours of additional time at meetings for considering material. However it will also result in a commensurate increase in preparation time for both members and TAs, many of whom have indicated they are already investing heavily of their time. In addition there would be some additional time required by staff to administer the extra meeting days, though this would be less if the length of meetings was extended. The current workplan is based on 3 meetings of 4 days each for 2007. However, the IPSASB will re-evaluate this for future periods.

2) *Evaluate IPSASB process*

There is a view that existing meeting time is not being used as efficiently as it could be. Adjustments to be considered include eliminating certain administrative elements from the agenda. Focusing discussions on principles rather than comments of an editorial nature will also be re-emphasized.

Staff and the Chair have been reviewing the process by which meetings are conducted, along with agenda items and will be working to streamline meeting agendas as much as possible. The strategic themes of the IPSASB are clearly focused on standard-setting priorities and communications and all agenda items should be closely linked with these priorities.

3) *Enhance the use of volunteer resources between meetings*

Given the lengthy time lines between meetings, providing material to IPSASB members and TAs between meetings for feedback purposes is considered an ideal way to enhance efficiency. This will help accelerate the debate on various issues or projects by giving members an additional opportunity to provide input between meetings. This approach was used with the strategic planning material for the Accra

meeting and was deemed to have been extremely worthwhile and time efficient. The IPSASB has committed to this approach and staff will schedule these consultation periods into the formal workplan in order to assist members in planning.

Staff will need to monitor this closely so as not to overload members. Otherwise there is a risk that some members will respond consistently while others will be unable to make the time and the result will be that certain views will dominate the responses. As much as possible we are aiming for full response from members and TAs.

4) *Increase use of TAs and other potential volunteer resources*

Some observation has been made that the IPSASB may not be taking full advantage of the breadth of resources it has at its disposal. Specifically, there is a wealth of knowledge among the Technical Advisors and this is not being maximized. In addition, there are a number of other public sector constituents internationally who may be able to add value in the context of specific projects.

Many of the other IFAC Boards and Committees use alternate approaches for maximizing these volunteer resources. For example, the IAASB uses task forces to complete its projects. These task forces are chaired by an IAASB member but no other task force members are IAASB members. Instead, members are drawn from a wide community of constituents who have particular interest and expertise. There are some factors that would need to be considered in implementing such an approach.

The IPSASB has used steering committees in a similar fashion in the past. One of the most difficult issues to resolve, however, relates to the need to delineate the responsibilities of the steering committee or task force vis a vis the IPSASB. Past experience was that there were redundancies in the process since substantially the same discussions and debate were repeated at the IPSASB meetings as had occurred in the steering committee meetings. If this type of process is to be considered, there needs to be clarification of the steering committee's role in developing the material and providing the technical leadership role compared to the IPSASB's role in providing the necessary leadership challenge.

Without this clarification there is a significant risk of impeding efficiency. This is a strategy already being used successfully by other Boards and Committees and therefore the IPSASB believes it is worth pursuing. It will be considered for some of the projects to be initiated on the workplan.

Appendix 1: IFAC's Strategic Themes and Strategic Objectives

IFAC's most recent strategic plan for 2007-2010 identifies five strategic themes reflecting the strategic direction of IFAC for the period 2007-2010. The first three themes reflect the key strategies of the organization while the remaining two are the approaches IFAC will implement to ensure the fulfillment of these key strategies.

- 1) Be recognized as the international standard setter in the areas of auditing and assurance, education, ethics and governmental financial reporting;
- 2) Sustainability of the profession;
- 3) Be the international voice of the accountancy profession;
- 4) Achieve greater value for the public through enhancing collaborative efforts; and
- 5) Continue to enhance IFAC's governance

The IPSASB is an important contributor to the work of IFAC and the accomplishment of its strategic priorities has a direct impact on the overall goals for IFAC.

Alignment of IFAC Strategic Themes and IPSASB Strategic priorities

IFAC Strategic Theme	IPSASB Strategic Priority			
	<i>Develop a public sector conceptual framework</i>	<i>Develop other public sector specific projects</i>	<i>IFRS convergence</i>	<i>Promotion and communication</i>
<i>Recognition as the international standard setter (auditing and assurance, education, ethics and governmental financial reporting)</i>	Direct impact	Direct impact	Direct impact	Direct impact
<i>Sustainability of the profession</i>	Influence	Influence	Influence	Influence
<i>Be the international voice of the accountancy profession</i>	Influence	Influence	Influence	Direct impact
<i>Enhancing collaborative efforts</i>	Direct impact	Direct impact	Direct impact	Direct impact
<i>Continue to enhance IFAC's governance</i>	n/a	Influence	Influence	Influence

Appendix 2: Outcomes and Outputs

IPSASB seeks to deliver on its mission in an effort to influence various results. Results may be outputs (the products and services produced to support the strategies) or outcomes (the consequences attributed to outputs). Outputs are controlled by the IPSASB. Outcomes may not be directly controlled but the IPSASB seeks to influence these or directly impact these through its work. Outcomes can be immediate, intermediate or long-term.

It follows that the IPSASB's outputs will influence certain outcomes or consequences. This can be demonstrated in a results chain or logic model demonstrated in the figure below:

IPSASB's 2007 – 2010 Results Chain

IPSASB Influences	Vision	The public sector produces high-quality financial reports		
	Ultimate Outcome	IPSASs are considered the benchmark of good financial reporting for the public sector internationally.		
	Long term outcomes	Comprehensive, high quality financial reports in the public sector	Convergence of international and national public sector accounting standards	Acceptance of IPSAB as the standard setter for the public sector
	Inter-mediate outcomes	IPSASs are being used as the basis of reporting by the public sector	National standard setters and other interested parties endorse IPSASs for the public sector	Constituents understand benefits of standards & guidance
	Immediate outcomes	IPSASB produces high-quality standards and guidance	Collaboration with national standard setters and IASB occurs regularly	Constituents are aware of and support standards and guidance
IPSASB controls	Outputs	Public Sector Conceptual Framework Public sector specific standards IFRS convergence		Communication & promotion activities
	Activities	Research, due process, standard setting and recommended practices, board meetings, consultation with other standard setters		See detailed communications plan
	Inputs	Volunteers, professional staff, and related financial resources		

Appendix 3 Public Sector Conceptual Framework Development Schedule 2006-2012

Proposed Actions/timing – all projects	
2006	<p><i>IPSASB and NSS agree:</i></p> <ul style="list-style-type: none"> • to action a collaborative project; • project brief and key milestones; • project resourcing and operating procedures; • subcommittee and monitoring group; and • NSSs responsible for leading group 1 tasks.
2007	<p><u>Group 1 Consultation Papers</u> First group of Consultation papers developed:</p> <ul style="list-style-type: none"> • Objectives of financial reporting (United Kingdom ASB) • Scope of Financial reporting (South Africa - ASB) • Qualitative Characteristics (Norway - NIPA) • Reporting Entity (Australia - AASB) <p>User needs focus groups provide input to draft objectives paper (and other group 1 papers as appropriate).</p> <p>Consultation Papers issued for comment late 2007/early 2008.</p> <p><u>Group 2 Consultation Papers</u> October/November 2007: IPSASB and NSSs agree NSS responsibilities for leading group 2 Consultation Papers:</p> <ul style="list-style-type: none"> • Definition and recognition of elements of financial statements • Other elements of general purpose financial reports
2008	<p><u>Group 1 Consultation Papers</u> Subcommittee reviews responses to group 1 Consultation Papers and makes recommendations to IPSASB for material for inclusion in ED. IPSASB considers responses to group 1 Consultative Papers and subcommittee recommendations thereon. IPSASB provides directions for first draft of these components of the ED. IPSASB staff prepare first draft of these components of ED for subcommittee review.</p> <p>IPSASB staff prepare paper on applicability/implications of group 1 projects for cash basis framework for review by subcommittee and IPSASB. IPSASB considers if paper should be issued for comment.</p> <p><u>Group 2 Consultation Papers</u> Group 2 consultation papers developed and agreed for issue (late 2008/early 2009):</p> <ul style="list-style-type: none"> • Definition and recognition of elements of financial statements (NSS to be determined) • Other elements of general purpose financial reports (NSS to be determined). <p><u>Group 3 Consultation Papers</u> July 2008: IPSASB and NSSs agree NSS responsible for leading group 3 consultation papers:</p> <ul style="list-style-type: none"> • Measurement • Presentation and disclosure.

Proposed Actions/timing – all projects	
	<p>November 2008: Brief outline of measurement and presentation and disclosure papers and strategy for their development provided to subcommittee and IPSASB for comments.</p>
2009	<p><u>Group 2 Consultation Papers</u> Subcommittee reviews responses to group 2 Consultation Papers and makes recommendations to IPSASB on materials for inclusion in ED.</p> <p>IPSASB reviews responses to group 2 papers and subcommittee recommendations thereon. Provides directions on these matters for first draft of the ED. IPSASB staff prepare first draft of these components of ED for subcommittee review.</p> <p>IPSASB staff prepare paper on applicability/implications of group 2 projects for cash basis framework for review by subcommittee and IPSASB.</p> <p><u>Group 3 Consultation Papers</u> Group 3 Consultation Papers developed and issued late 2009:</p> <ul style="list-style-type: none"> • Measurement (NSS to be determined) • Presentation and disclosure (NSS to be determined).
2010	<p><u>Group 3 Consultation Papers</u> Subcommittee reviews responses to group 3 Consultation Papers and makes recommendations to IPSASB on materials for inclusion in ED.</p> <p>IPSASB reviews responses to group 3 papers and subcommittee recommendations thereon. Provides directions on these matters for first draft of the ED. IPSASB staff prepare first draft of full accrual ED for subcommittee and IPSASB review late 2010.</p> <p><u>Group 4 Consultation Papers/Cash Basis ED</u> IPSASB staff prepare paper on applicability/implications of group 3 projects for cash basis framework for review by subcommittee and IPSASB.</p> <p>Subject to previous decisions made re issue of consultation papers on cash basis implications (see above) IPSASB determines if separate cash basis consultation paper or ED should be issued.</p>
2011-2012	<p><u>Exposure Draft of Accrual Framework</u> IPSASB approves ED for issue in 2011.</p> <p>Following exposure, subcommittee reviews responses to ED and makes recommendations to IPSASB on materials for inclusion in framework.</p> <p>IPSASB reviews responses to ED and subcommittee recommendations thereon</p> <p>Final accrual framework developed and agreed 2012.</p> <p><u>Cash Basis ED and Framework</u> Consequences of previous decisions re implications for cash basis and strategy for process of developing/confirming cash basis framework implemented – that is, as appropriate responses to cash basis ED, consultation papers considered and cash basis framework (or implications of accrual framework for cash basis) agreed.</p>

Appendix 4 IASB Work Plan - projected timetable as at 31 March 2007

The timetable shows the current best estimate of document publication dates. The effective date of amendments and new standards is usually 6-18 months after publication date. However, except for the items listed in the section 'Amendments to standards', the effective date of IFRSs resulting from the current work plan will be no earlier than financial periods beginning 1 January 2009. In appropriate circumstances, early adoption of new standards will be allowed.

	MoU milestone by 2008	2007			2008	2008	Timing yet to be determined
		Q2	Q3	Q4	H1	H2	

ACTIVE AGENDA

Projects in Memorandum of Understanding (MoU) with the FASB [Note 1]

Short-term convergence projects

Government grants [Note 2]	(IASB)	Determine whether major differences should be eliminated and substantially complete work						Pending work on Liabilities
Joint ventures	(IASB)		ED			IFRS		
Impairment	(Joint)							Staff work in progress
Income tax	(Joint)				ED		IFRS	
Investment properties	(FASB)							
Research and development	(FASB)							
Subsequent events	(FASB)							

Other convergence projects

Business combinations	Converged standards		IFRS					
Consolidations	Work towards converged standards		DP				ED	IFRS
Fair value measurement guidance	Converged guidance		RT				ED	IFRS
Financial statement presentation [Note 3]								
Phase A		IFRS						
Phase B	One or more due process documents			DP			ED	IFRS
Revenue recognition	One or more due process documents			DP				ED, IFRS

Post-retirement benefits (including pensions)				DP			ED, IFRS
Leases	Agenda decision				DP		
Conceptual Framework							
Phase A: Objectives and qualitative characteristics			ED				
Phase B: Elements and recognition					DP		
Phase C: Measurement							DP
Phase D: Reporting entity	DP						
Phase E: Presentation and disclosure							DP
Phase F: Purpose and status							DP
Phase G: Application to not-for-profit entities							DP
Phase H: Remaining Issues [Note 4]							TBD
Other projects							
Small and medium-sized entities					IFRS		
Insurance contracts	DP					ED	IFRS
Liabilities [Note 5]						IFRS	
Emission trading schemes [Note 2]							
Amendments to standards							
Financial instruments: puttable instruments (IAS 32)			IFRS				
Earnings per share: treasury stock method (IAS 33)			ED			IFRS	
First-time adoption: cost of investment in subsidiary (IFRS 1)				IFRS			
Share-based payment: vesting conditions and cancellations (IFRS 2)	IFRS						
Related party disclosures (IAS 24)					IFRS		
RESEARCH AGENDA							
Projects yet to be added to the ACTIVE AGENDA but included in the MoU with the FASB (except as shown)							
MOU milestone by 2008							

Derecognition	Consider staff research			RR		
Financial instruments (replacement of existing standards)	One or more due process documents			DP		
Intangible assets	Consider staff research and make agenda decision			AD		
Liabilities and Equity [Note 6]	One or more due process documents		DP			
Management commentary	Not in MoU					TBD
Extractive activities	Not in MoU				DP	

Abbreviations used in the IASB Work Plan:

DP Discussion Paper

ED Exposure Draft **RR** Research report

RT Round-table discussion

IFRS International Financial Reporting Standard

TBD The type of initial document (DP or ED) is yet to be determined

RR Research report

AD Agenda decision

Notes:

1 The Memorandum of Understanding (MoU) sets out the milestones that the FASB and the IASB have agreed to achieve in order to demonstrate standard-setting convergence, which is one part of the process towards removal of the requirement imposed on foreign registrants with the SEC to reconcile their financial statements to US GAAP.

2 Work on government grants and emission rights has been deferred pending the conclusion of work on other relevant projects.

3 The Financial Statement Presentation project was formerly known as the Performance Reporting project.

4 The IASB and the FASB have agreed that each Board within the context of its own GAAP hierarchy, will finalise the framework as parts (chapters) are completed.

5 The Liabilities project is the amendments to IAS 37. It was formerly known as the Non-financial Liabilities project.

6 Project is being conducted as a 'modified joint' project, ie the IASB expects to make a formal agenda decision and begin work when the FASB has completed work on an initial discussion document.

Strategic & Operational Plan

Appendix 5 Proposed Work Plan

IFAC-INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS BOARD (IPSASB) WORK PLAN 2007 (by Strategic Themes)							
	Q1 2007		Q2 2007		Q4 2007		2008-2009
	Interim Feedback February '07	Meeting Accra March 20-23	Interim Feedback May 11	Meeting Montreal July 3-6	Interim Feedback Aug/Sept	Meeting Beijing November 27-30	
Public Sector Conceptual Framework							
Group 1				Discuss issues		Approve CP	
Group 2							CP 2008
Group 3							CP 2009
Group 4							
Public sector specific							
Social benefits	X	Discuss issues	X	Approve ED			IPSAS July 2008
External assistance				Review responses & discuss issues		Approve IPSAS	
Service concessions - PPPs				Discuss issues	X	Approve CP	ED 2008; IPSAS 2009
Heritage assets							CP 2008
Cash basis IPSAS review						Project brief	ED; IPSAS 2009
Long-term fiscal sustainability						Project brief	CP 2008
Performance reporting							PB; CP 2008; ED 2009
MD&A							PB; ED2008; IPSAS 2009
IFRS convergence							
Employee benefits IAS 19				Review responses & discuss issues		Approve IPSAS	
Impairment of assets – cash – gen'g				Review responses & discuss issues		Approve IPSAS	
Financial instruments- presentation		Project brief		Discuss issues	X	Approve ED	IPSAS 2008
Rules of the Road				Discuss issues	X (?)	FINALIZE	
Updating existing IPSASs		Project brief		Discuss issues		Approve ED	IPSAS 2009
Entity combinations							PB; CP 2008; ED 2009
Fair value							PB
FI- recog & meas							2009
Intangible assets							2009
Other, promotion & communication							
Survey of Adoption						FINAL	Update annually
IPSASB Strategy	X	FINAL					
IPSASB communications plan		ongoing		ongoing		ongoing	
Liaison – IASB, IFAC, NSS		ongoing		ongoing		ongoing	
Seminars/presentations		ongoing		ongoing		ongoing	

Strategic & Operational Plan

Appendix 5 Proposed Work Plan

IFAC – INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS BOARD (IPSASB) DRAFT WORK PLAN 2007 – 2009 (by Strategic Themes)				
	2007	2008	2009	2010+
STRATEGIC THEMES				
Public Sector Conceptual Framework				
Group 1	Approve CP	Review responses to CP July	develop ED material	ED 2011; IPSAS 2012
Group 2		CP approve July	develop ED material	ED 2011; IPSAS 2012
Group 3			CP approve October	ED 2011; IPSAS 2012
Group 4				Cash basis ED 2011
Public sector specific				
Social benefits	Approve ED	IPSAS July		
External assistance	Approve IPSAS			
Service concessions - PPPs	Approve CP	ED July;	IPSAS March	
Heritage assets	Approve project brief	ED November	IPSAS June	
Cash basis IPSAS review	Approve project brief	ED	IPSAS February	
Long-term fiscal sustainability	Consider in CF grp1/ Approve project brief	CP October	ED October	IPSAS 2011
Performance reporting	Consider in CF grp1	Project brief; CP October	ED October	IPSAS 2010
MD&A	Approve project brief	ED March	IPSAS February	
IFRS convergence				
Employee benefits IAS 19	Approve IPSAS			
Impairment of assets – cash – gen'g	Approve IPSAS			
Financial instruments- presentation	Approve project brief/ED	IPSAS		
Rules of the Road	Approve			
Updating existing IPSASs	Approve project brief; ED		IPSAS February	
Entity combinations		Approve project brief; CP October	ED October	IPSAS 2010
Fair value		Approve project brief	CP February	ED 2010+
FI - recog & meas			Approve project brief	ED 2010+
Intangible assets			Approve project brief	ED 2010+
Other, promotion & communication				
IPSASB Strategy	Approve plan		Approve plan 2010-2012	
IPSASB communications plan	Approve plan	Approve plan	Approve plan	Ongoing
Liaison – IASB, IFAC, NSS	ongoing	ongoing	ongoing	Ongoing
Seminars/presentations	ongoing	ongoing	ongoing	Ongoing

Strategic & Operational Plan

Appendix 5 Proposed Work Plan

IPSASB Agenda Schedule 2007-2010

	Staff	Mar 07	Jul 07	Nov 07	Mar 08	July 08	Oct 08	Feb 09	Jun 09	Oct 09
Employee Benefits	JS		RR	IPSAS						
Impairment of Cash-generating Assets	JS		RR	IPSAS						
External Assistance	PS		RR	IPSAS						
Social Benefits	JS	DI	ED		RR	IPSAS				
Conceptual Framework Group 1	PS/SF		DI	CP		RR	DI			
Conceptual Framework Group 2	PS/SF				DI	CP		RR		
Conceptual Framework Group 3	PS/SF						DI		DI	CP
Conceptual Framework Group 4	PS/SF							DI		
Service Concessions/PPPs	GASB/BN		DI	CP		ED		RR	IPSAS	
Rules of the Road	MB/SF		DI	final						
Heritage Assets	JS/BN				DI		CP		RR	ED
Updating IPSASs	JZ	PB	DI	ED		RR	IPSAS			
Financial Instruments -disclosure	MB	PB	DI	ED	RR	IPSAS				
Review Cash Basis IPSAS	MB			PB/DI	ED		RR	IPSAS		
Long-term Fiscal Sustainability	JS			PB	DI		CP		RR	
Entity Combinations	BN				PB	DI	CP		RR	ED
Fair Value	MB				PB	DI		CP		RR
MD&A	CICA			PB/DI	CP/ED		RR	IPSAS		
Performance Reporting	CICA				PB	DI	CP		RR	ED
Financial Instruments–recognition and measurement	MB							PB		
Intangible Assets	BN							PB		
Survey of Adoption	QS			X						
Communications	All	X	X	X	X	X	X	X	X	X
Annual project plan	SF	X			X			X		
Strategic plan	SF	X							X	X

Key: IPSAS Final Standard, ED Exposure Draft, PB Project Brief, DI Discussion of Issues. RR Review of Responses, CP Consultation Paper

Appendix 6: 2007 IPSASB Promotion and Communications Strategy

Strategy #1: Address promotion and communications activities proactively			
Planned outputs/activities	Actions	Responsibility	Timeframe
1. Identify regional communications leaders among Board members	i) Identify and engage Board members and TAs on a regional basis willing to be proactive in seeking out promotion opportunities ii) Identify 1-2 specific opportunities in each identified region– focus on those regions that are strategically important e.g. Latin America; India; China	MH/SF	Q1 Q1
2. Enhance collaborative efforts with the IASB	i) Correspond directly with Sir David Tweedie re the relationship between IPSASB and IASB ii) Engage IASB/IFRIC participation on the service concessions subcommittee iii) Liaise regularly with the IASB (Board and staff level) iv) Work collaboratively on the public sector conceptual framework project to ensure divergence between the IASB framework and the IPSASB framework only occurs where it is necessary to reflect the differences between the private and public sector v) Work collaboratively with the IASB on the IFRS convergence project to maximize project efficiency	MH BN/SF MH/SF/JS PS/SF/MH MH/SF/others	Q1 Q1 Ongoing Ongoing Ongoing
3. Enhance collaborative efforts/liaison with others e.g. NSS, IFAC Boards & Committees (e.g. DNC, CAP)	i) Attend semi-annual meetings of NSS ii) Liaise with NSS on an ongoing basis especially those where collaborative projects are being undertaken. iii) Enhance attendance at IFAC meetings – provide annual presentation on IPSASB	MH/SF All MH/SF	Q1, Q3 Ongoing Q1, Q2

Strategic & Operational Plan

Strategy #1: Address promotion and communications activities proactively			
Planned outputs/activities	Actions	Responsibility	Timeframe
	iv) Include presentation from DNC on IPSASB agenda; request opportunity to provide IPSASB update at a DNC meetings	SF	Q2
	v) Participate with DNC and World Bank in Latin American regional Conference	MH/SF	Q2
4. Develop enhanced relationships with observer group (IMF, World Bank, UN, UNDB, ADB, INTOSAI, OECD, EC/Eurostat)	i) undertake annual observer review	All	Q4
	ii) liaise with observers outside of meetings, seeking opportunities to attend conferences, provide presentations etc	MH/SF	Ongoing
	iii) consider methods to encourage observers to become advocates of IPSASB adoption	All	Ongoing

Strategy #2: <i>Effectively leverage existing communications vehicles to determine additional communications needs</i>			
Planned outputs/activities	Action	Responsibility	Timeframe
1. Approve a communication plan	Review draft plan at March meeting and approve	SF	Q1
2. Develop collateral materials that effectively explain IPSASB	With the communications department, develop collateral materials that take a public interest perspective in making the case for public sector standards	BN/SF	Q2
3. Consider use of forums, round tables, groups	Look for opportunities in context of IPSASB meetings and other conferences/seminars to seek input	All	
4. Work with Compliance Advisory Panel and Member Body Relations to highlight importance of public sector accounting standards	i) liaise with staff of member relations to increase public sector component of the toolkit for establishing a professional accountancy body	SF	Q2
	ii) provide input to CAP on public sector issues for member bodies	SF	Ongoing

Strategy #3: Tell the IPSASB story – identify key forums, conferences, events, speaking engagements, opportunities to tell the story			
Planned outputs/activities	Action	Responsibility	Timeframe
1. Enhance regional relationships through presentations at IPSASB meetings/consultative group	i) at each IPSASB meeting identify key groups to meet and to provide seminars and presentations re IPSASB ii) work with consultative group prior to each IPSASB meeting to enhance promotion efforts	MH/SF	Q1, Q3, Q4 Q1, Q3, Q4
2. target presentations and opportunities that increase awareness of IPSASB	i) attend FEE ii) International Colloquium (Canada/U.S. Colloquium for Financial Management) iii)OECD iv)CIGAR v) regional conference Latin America vi) Beijing vii) Canadian Conference of Legislative Auditors (COLA) and Canadian Conference of Comptrollers (CCC) viii)Others as required	MH/JS MH MH/JS MH/JS SF MH/SF SF/BN All	Q3 Q4 Q1 Q2 Q2 Q4 Q1 Ongoing

Strategy #4: *Maximize the use of the internet, website, other communication vehicles*

Planned outputs/activities	Action	Responsibility	Timeframe
1. Assess website content and enhance to meet users' needs	i) In conjunction with communications department review content of website	BN	Q2
	ii) enhance consistency of website content with other IFAC committees and Boards considering users' needs	BN	Q2
	iii) Develop project pages about all current projects that are updated regularly	All	Q1
2. consider web based survey re content and users' needs	Develop a web based survey to solicit feedback about existing content and desired content to determine if website is satisfying the needs of stakeholders and determine what amendments would add value	BN	Q2
3. improve effectiveness of meeting highlights, e-news and other documents as communications tools	i) Develop e-news as a tool for communicating with constituents	BN	Q1
	ii) Develop consistent format for meeting highlights and post promptly after each IPSASB meeting	BN	Q1
	iii) work with communications department to provide input on the content and structure of new IFAC communications tools	All	Q1

International
Public Sector
Accounting
Standards
Board

*International Public Sector Accounting Standards
Board*

Guidelines for Structure and Format of IPSASs

July 2009



International Federation
of Accountants

These guidelines are to be used in the development of International Public Sector Accounting Standards (IPSASs). Staff should follow these guidelines in developing Exposure Drafts (EDs) and in finalizing Standards following the ED phase. The Board has full discretion to depart from the guidelines. The reason for such a departure should be identified and explained in the minutes of the meeting at which such a decision is made.

The Guidelines deal with the following areas:

- Overall Structure of IPSASs
- Indicating Material that is Authoritative
- Introduction
- Objective
- Definitions
- Basis for Conclusions

OVERALL STRUCTURE OF IPSASs

IPSASs are likely to include the following main sections and may include further authoritative and non-authoritative material:

Introduction (non-authoritative)
<i>Core of the Standard (structure will vary according to subject, but will normally include)</i>
<ul style="list-style-type: none"> • Objective • Scope • Definitions • Accounting Requirements • Disclosure • Transitional Provisions (<i>where additional to IPSAS 3</i>) • Effective Date
<i>Authoritative Appendices (where appropriate)</i>
<ul style="list-style-type: none"> • A: Application Guidance • B: Amendments to Other IPSASs
<ul style="list-style-type: none"> • Basis for Conclusions (non-authoritative) (<i>in all EDs and IPSASs</i>)
<i>Non-Authoritative Appendices (where appropriate)</i>
<ul style="list-style-type: none"> • C: Implementation Guidance • D: Illustrative Examples
Comparison with IAS/IFRS (<i>in all EDs and IPSASs that are primarily drawn from IFRSs</i>)

Authoritative material precedes the Basis for Conclusions. Non-authoritative material is located after the Basis for Conclusions.

Application Guidance is authoritative and therefore must be followed in applying a Standard. Application Guidance shows how the principles in the core of a Standard are to be effected in dealing with specific items and transactions, for example, IPSAS 25, “Employee Benefits” provides detailed examples of how benefits should be attributed to

years of service and accounting periods In determining whether guidance is authoritative or non-authoritative consideration needs to be given as to whether alternative approaches would result in the requirements of the Standard being met. Implementation Guidance and Illustrative Examples are persuasive, but not authoritative. A decision by a preparer not to follow Implementation Guidance or not to use the same presentational format provided in an Illustrative Example would not, of itself, lead to non-compliance with a Standard.

INDICATING MATERIAL THAT IS AUTHORITATIVE

All Standards should contain boxed text after the Contents page that details the paragraphs that comprise the Standard and identifies those Appendices which contain authoritative material. This box also includes a statement on how the Standard should be read with cross-references to the “Preface to International Public Sector Accounting Standards. IPSAS 3, “Accounting Policies, Changes in Accounting Estimates and Errors”. The standard form of wording is provided below.

IPSAS XX, “(Title)” (IPSAS XX) is set out in paragraphs X-XX and Appendices A and B (where necessary). All the paragraphs have equal authority. IPSAS XX should be read in the context of its objective, the Basis for Conclusions, and the “Preface to International Public Sector Accounting Standards.” IPSAS 3, “Accounting Policies, Changes in Accounting Estimates and Errors” provides a basis for selecting and applying accounting policies in the absence of explicit guidance.

INTRODUCTION

Each IPSAS should include an Introduction. The Introduction is located after the Contents page and boxed text indicating the material that is authoritative. The Introduction is not authoritative. The Introduction includes sections on

- Reasons for Issuing the IPSAS
- Main features of the IPSAS (summarizing the main requirements)

Where the IPSAS is a replacement for an earlier IPSAS, the Introduction contains a further section: “Changes from Previous Requirements”. This section identifies the areas where changes have been effected and summarizes those changes.

OBJECTIVE

The core text of all Standards begins with an “Objective” section that briefly summarizes the purpose of the Standard. This is normally in one grey letter numbered paragraph. This paragraph is part of the core Standard and is therefore authoritative. The Objective paragraph will often take the format “The objective of this Standard is to prescribe the (main requirement)...”. The Objective section is not intended to summarize the primary requirement or other requirements of the standard and their impact on reporting entities.

DEFINITIONS

A term is defined in the first IPSAS in which it appears and is also included in the “Glossary of Defined Terms”, which contains all terms defined in accrual based IPSASs. The Glossary does not contain terms defined in the Cash Basis IPSAS, “Financial Reporting under the Cash Basis of Accounting”. A term should be defined if its meaning is central to the principles in the IPSAS.

Defined terms should be included in a separate “Definitions” section in the body of the Standard rather than in an appendix. The Definitions section will normally be after the Scope section. Defined terms are arranged alphabetically in a single comprehensive black letter paragraph, ignoring the definite and indefinite article (“a” and “the”). Where guidance is needed to explain a defined term this is in grey letter paragraphs immediately following the black letter paragraph. The sequence in which defined terms are addressed in the grey letter paragraphs should normally follow the sequence in which the terms appear in the black letter paragraph. The grey letter material should be divided into sections with sub-headings that mirror the terms used in the black letter paragraph. There is no assumption that all defined terms need further explanatory material and grey letter material should not simply replicate wording already included in the black letter paragraph.

BASIS FOR CONCLUSIONS

All IPSASs must include a “Basis for Conclusions”. The Basis for Conclusions provides very brief background information on the project that has culminated in the issuance of an IPSAS. The main purpose of the Basis for Conclusions is to explain the rationale for the IPSASB adopting a particular approach in a Standard in material areas where alternative options have been discussed. The Basis for Conclusions should clearly identify the options, analyze the advantages and disadvantages of those options and state the factors that led to the determination of a particular approach. The Basis for Conclusions should avoid bald statements that a conclusion was reached, without providing a rationale why that conclusion was reached and the alternatives rejected. The Basis for Conclusions also summarizes the main comments received from respondents on Exposure Drafts and how the IPSASB has dealt with these comments. The Basis for Conclusions will normally address issues in the same sequence as in the body of the Standard.

Where a Standard is primarily drawn from an IFRS the “Basis for Conclusions” should be linked to the tabular “Comparison with IAS/IFRS” that is located after the non-authoritative material in a Standard, so that, all items highlighted in the “Comparison with IAS” are discussed in the “Basis for Conclusions”, apart from differences in terminology e.g., use of statement of financial position rather than balance sheet. Where a potential departure from an IFRS has generated considerable discussion during the development phase, but has not led to a departure from IFRS, consideration should be given to including an explanation of the decision not to depart from an IFRS in the Basis for Conclusions.