



**INTERNATIONAL FEDERATION
OF ACCOUNTANTS**

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Agenda Item
2.0

Date: June 8, 2010
Memo to: Members of the IPSASB
From: John Stanford
Subject: Conceptual Framework

Objectives of Sessions

The objectives of the sessions on the Conceptual Framework are:

- to provide the outline timetable for the project and highlight other developments;
- to consider a draft Exposure Draft addressing Group One topics: Objectives, Scope, Qualitative Characteristics and the Reporting Entity and provide directions for further development;
- to consider a draft Consultation Paper on Elements and Recognition and provide directions for further development;
- to consider a draft Consultation Paper On Measurement and provide directions for further development; and
- to consider a paper highlighting the literature of other standard setters and highlighting some key issues on Presentation and Disclosure

Agenda Materials

- 2.1 Conceptual Framework: Overall Arrangements
 - 2.1.1 Conceptual Framework Revised Project Plan
 - 2.1.2 Standard Setters Advisory Panel (SSAP) for Public Sector Conceptual Framework Draft Terms of Reference
 - 2.1.3 ASB letter re: Conceptual Frameworks
- 2A Group One: Draft Exposure Draft
- 2B Group Two: Elements: Draft Consultation Paper
- 2C Group Three: Measurement: Draft Consultation Paper
- 2D Group Three: Presentation and Disclosure: Issues paper



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Agenda Item
2.1

Date: June 8, 2010
Memo to: Members of the IPSASB
From: John Stanford
Subject: Conceptual Framework: Overall Arrangements

Objectives

1. The objectives of this session are:
 - to highlight issues related to the project timetable;
 - to note progress in the formation of the Standard Setters Advisory Panel; and
 - to note the composition of the Task Based Groups for the Conceptual Framework project

Project Timetable

2. The project timetable is attached at paper 2.1.2. This is the same version that was posted on the intranet on April 28th following the Toronto meeting. Attention is particularly directed at the assumptions relating to issuance of an umbrella Exposure Draft (ED) and the length of consultation periods for forthcoming Consultation Papers. Decisions do not need to be taken on these issues at this meeting, but they are extremely important in the overall timelines for completion of the project and decisions may need to be made at the November meeting. The issue of an umbrella ED issue is considered in more detail in Agenda Item 2A0.
3. The Project Coordinator considers that approval of the Group One ED and Group Two: Elements and Recognition and Group Three: Measurement Consultation Papers at the November meeting is feasible. However, approval is more likely if revised versions of some or all of these documents are circulated to all Members and Technical Advisors for comments out-of-session. The project timetable will be re-circulated following this meeting.

Standard Setters Advisory Panel

4. At the Toronto meeting it was agreed to convert the Subcommittee into an Advisory Panel. Following the meeting Staff and the Chair developed terms of reference (ToR) for the Standard Setters Advisory Panel for the IPSASB Conceptual Framework (SSAP). The Chair will be the Chair of the SSAP. While it is expected that the SSAP will have occasional meetings around meetings of the IPSASB and the National Standard Setters (NSS) it is intended that the SSAP will primarily operate electronically. The ToR are attached at paper 2.1.2.

5. It is intended to limit membership of the SSAP to a small group of Standard Setters, which have been supportive of the project or other key activities of the IPSASB. Invitations have therefore been sent to the following standard setters:
 - International Accounting Standards Board
 - Australian Accounting Standards Board (AASB)
 - Conseil de Normalisation des Comptes Publics: France (CNCF)
 - Federal Accounting Standards Advisory Board (USA)
 - Financial Reporting Standards Board of New Zealand (FRSB)
 - Accounting Standard Review Board of New Zealand (ASRB)
 - Governmental Accounting Standards Board (USA)
 - Public Sector Accounting Board of Canada (PSAB)
 - South African Accounting Standards Board (SAASB)
 - United Kingdom Accounting Standards Board (UK ASB)
6. At the suggestion of the Member from New Zealand, invitations have been sent to both the FRSB and ASRB in New Zealand with a request that the bodies make one nomination. Rick Cottrell, Kevin Stevenson and John Wiersema, the Chairs of the SAASB, the AASB and PSAB have accepted invitations. The UK ASB has nominated Andrew Lennard, the Director of Research, as its representative. The CNCF has nominated Ms Delphine Moretti, a Project Manager. Responses are awaited from the other invitees and an update will be provided at the meeting. However, the lead authors of the Measurement and Presentation and Disclosure components of Group Three have already been in contact with their counterparts in the IASB-FASB Conceptual Framework project. The representative of the Spanish Ministry of Finance who attended meetings of the subcommittee very regularly was also asked if he wanted to become a member of the SSAP but declined.
7. The Chair provided an update on the Conceptual Framework to the meeting of the NSS at Seoul in April. Some reservations were expressed at that meeting that the projects of the IASB-FASB and IPSASB might result in two incompatible frameworks. These reservations were particularly pronounced from the representatives of standard setters that have a sector neutral approach. Subsequently the Chair of the NSS wrote to the Chair of the IPSASB with these concerns and encouraged IASB and IPSASB to work together to eliminate differences between the frameworks that they are developing and to ensure that any remaining differences are only those necessary as a result of the differing economic environments of the two sectors. The letter suggested that this would most effectively be achieved by close dialogue as documents are developed rather than by one Board reacting to positions adopted by the other. It is hoped that the creation of the SSAP will lead to closer working, so that the concerns in the letter are addressed. A copy of the letter is at paper 2.1.3.

Task Based Groups

8. At the Toronto meeting the Chair outlined his intention to use small Task Based Groups (TBGs) to support staff in developing project material. It was agreed that TBGs would be established for the four accrual groups of Conceptual Framework topics. A number of Members indicated a preference for membership of a particular TBG and the composition of the TBGs was agreed in-session and off-line as follows:
 - TBG One (Objectives, Scope, Qualitative Characteristics and the Reporting Entity): Sheila Fraser and Frans van Schaik)
 - TBG Two (Elements and Recognition): David Bean, Ian Carruthers, Ron Salole and Ken Warren
 - TBG Three (Measurement): Marie-Pierre Cordier, Tadashi Sekikawa and Erna Swart
 - TBG Four (Presentation and Disclosure): Thomas Muller-Marques Berger, Mariano D'Amore and Tim Youngberry
9. A number of the TBGs have already engaged with lead authors. TBG Two has conducted 2 teleconferences on the substance and structure of the draft Consultation Paper on Elements and Recognition.

Conceptual Framework Schedule 2010–2012

	April 2010	June 2010	Nov 2010	Mar 2011	June 2011	Sept 2011	Dec 2011	March 2012	Jun 2012	Sep 2012	Dec 2012	First Half 2013	Second Half 2013
Group One: Objectives	RR	ED <i>discuss</i>	ED <i>approve</i>							RR	RR	A	
Group One: Qualitative Characteristics	RR	ED <i>discuss</i>	ED <i>approve</i>							RR	RR	P	
Group One Scope	RR	ED <i>discuss</i>	ED <i>approve</i>							RR	RR	P	
Group One: Reporting entity	RR	ED <i>discuss</i>	ED <i>approve</i>							RR	RR	R	
Group Two: Elements	DI	CP <i>discuss</i>	CP <i>approve</i>		RR	ED <i>discuss</i>	ED <i>approve</i>			RR	RR	O	
Group Three: Measurement:	DI	CP <i>discuss</i>	CP <i>approve</i>		RR	ED <i>discuss</i>	ED <i>approve</i>			RR	RR	V	
Group Three: Presentation and Disclosure		DI	CP <i>discuss</i>	CP <i>approve</i>		RR	ED <i>approve</i>			RR	RR	A	
							Full ED Final review					L	

Key: ED Exposure Draft, DI Discussion of Issues, RR Review of Responses, CP Consultation Paper, FF Finalized Framework

Assumptions

1. The plan continues to be based on the assumption that the IPSASB will issue an umbrella ED covering all three Groups in Q1 2012. If it is decided to issue an ED covering the four Group One subjects in Q1 2011, either together with the Consultation Paper on Elements or independently, there will be a major impact on the plan with the Review of Responses commencing in September 2011 and approval of the Group One sections in March 2012.
2. The timeline for the Group Two (Elements) and Group Three (Measurement and Presentation & Disclosure) Consultation Papers assumes a consultation period of four months. If a six month consultation period is adopted the timeline will move out by one meeting (i.e., the Review of Responses for Elements and Measurement would commence in September 2011 not June 2011).

Projection is to issue finalized Framework in first half of 2013.

INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS BOARD

Standard Setters Advisory Panel (SSAP) for Public Sector Conceptual Framework Draft Terms of Reference-April 2010

OBJECTIVE AND SCOPE OF ACTIVITIES

1. The objective of the Standard Setters Advisory Panel (SSAP) for the IPSASB Public Sector Conceptual Framework (the Framework) is to provide advice to the IPSASB on the project and to bring to the attention of the IPSASB areas of concern in the development of the Framework.

COMPOSITION AND MEMBERSHIP

2. The SSAP comprises a number of standard setters who have usually been previously involved in the Public Sector Conceptual Framework Subcommittee. These include the International Accounting Standards Board (IASB), various National Standard-Setters (NSS) and some Ministries of Finance where they are the Standard Setter in their jurisdiction (MoF).
3. The Chair of the IPSASB will also act as the Chair of the SSAP.
4. Each Standard Setter has one representative. Individual standard setters should nominate individual members and it is expected that the member will participate in all activities to ensure continuity. Members are appointed for the length of the IPSASB's Public Sector Conceptual Framework project.

OPERATING PROCEDURES

5. It is expected that most of the communication with the SSAP will be undertaken electronically and by conference call.
6. Members of the SSAP will be provided with agenda papers when they are distributed for IPSASB meetings. The SSAP may then provide feedback to the IPSASB as to the views on any issues or areas of concern.
7. The Conceptual Framework Project Coordinator in consultation with the lead authors of individual phases of the project may consult members of the SSAP on particular issues. Such consultation is likely to be electronic.
8. The SSAP may decide to meet in person and, in such cases, meetings of the SSAP will normally be scheduled immediately before or after IPSASB meetings or meetings of the NSS. Meetings of the SSAP will not be open to the public. Members of the SSAP are responsible for their own travel and accommodation costs.
9. Members of the IPSASB (or in their absence Technical Advisors) have the right to attend any meetings of the SSAP.



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CANADA

21 May 2010

Dear Andreas

Conceptual Frameworks

We were very pleased to welcome you to the National Standard-Setters (NSS) meeting in Seoul. I am writing as Chairman of the Group to formally record the group's views on certain points that were made in the course of that meeting in connection with the conceptual framework.

The group views the joint IASB/FASB project on the conceptual framework as of critical importance and would urge the IASB and the FASB to make progress on the project as expeditiously as possible. The group also noted that IPSASB is developing its own conceptual framework as a high priority.

The group would be concerned if the current work resulted in two incompatible frameworks – one for business enterprises and one for the public sector. It would encourage IASB and IPSASB to work together to eliminate differences between the frameworks that they are developing and to ensure that any remaining differences are only those necessary as a result of the differing economic environments of the two sectors. This would most effectively be achieved by close dialogue as documents are developed rather than by one Board reacting to positions adopted by the other.

As you are aware, I am also writing to Sir David Tweedie and Bob Herz suggesting ways in which NSS might become more directly involved in their work on this subject.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ian Mackintosh'.

Ian Mackintosh

Chairman

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cc: Sir David Tweedie