



**INTERNATIONAL FEDERATION  
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**Agenda Item**  
**5**

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**DATE:** February 1, 2011  
**MEMO TO:** Members of the IPSASB  
**FROM:** Stephenie Fox  
**SUBJECT:** IPSASB Proposals for Oversight

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**OBJECTIVES OF THIS SESSION**

The objective of this session is to receive an update about the discussions by the IFAC Board of the draft Consultation Paper, *IPSASB, Proposals for Oversight*.

**BACKGROUND**

The IPSASB approved a draft Consultation Paper (CP) on proposals for oversight at the November 2010 meeting. Changes have been made to the November draft based on the IPSASB's directions and these have been reviewed by the TBG as well as the Chair and the Executive Director, Professional Standards.

The revised paper is being provided to the IFAC Board for their review and discussion at their meeting March 3-4, 2011. The Chair and Technical Director will attend that meeting and will report to the IPSASB on the discussions and decisions made.

**AGENDA MATERIALS**

5.1 Draft IFAC Consultation Paper: *IPSASB: Proposals for Oversight*

## **Draft Consultation Paper**

### **International Public Sector Accounting Standards Board (IPSASB)**

#### **Proposals for Oversight**



**International Federation  
of Accountants**

## PROPOSALS FOR OVERSIGHT

### REQUEST FOR COMMENTS

The International Federation of Accountants (IFAC), approved for publication in March 2011 this Consultation Paper, *The International Public Sector Accounting Standards Board (IPSASB), Proposals for Oversight*.

The proposals in this Consultation Paper may be modified in light of comments received before being issued in final form. **Comments are requested by May 31, 2011.**

Respondents are asked to submit any written comments by e-mail to [jimsylph@ifac.org](mailto:jimsylph@ifac.org). Comments can also be faxed to the attention of the Executive Director Professional Standards at +1 (416) 204-3412, or mailed to:

The Executive Director Professional Standards  
International Federation of Accountants  
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### **Request for Comments**

This Consultation Paper has been prepared to assist in soliciting feedback from governments and other stakeholders on potential models of oversight for the IPSASB.

### **Specific Matters for Comment**

IFAC welcomes comments on all the proposals in this Consultation Paper but presents the following specific matters for comment:

1. Which model of oversight do you think is most appropriate? Please discuss this issue in the context of the characteristics of each model and the objectives you think are important. If you do not agree with either model of oversight what alternative suggestions do you have?
2. What characteristics of your preferred model do you think are critical to the model? What characteristics do you think need modifying?
3. With respect to the proposed formation of a Consultative Advisory Group (CAG), what do you think is the best composition of this group?
4. The proposals will result in additional funding requirements for the IPSASB. Some will be a direct result of the oversight structure, while others will result from related changes to governance. What proposals do you have for sourcing additional funding or in-kind services? What conditions would be needed for establishing long-term funding agreements for the IPSASB?

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### IPSASB OVERSIGHT

#### Introduction

The International Public Sector Accounting Standards Board (IPSASB) is an independent standard-setting body established under the auspices of the International Federation of Accountants (IFAC). The IPSASB develops and issues International Public Sector Accounting Standards (IPSASs) which are accounting standards for application by governments and other intergovernmental organizations.

One of IFAC's current strategic goals is an enhanced focus on public sector financial reporting. The increased attention on and adoption of IPSASs demonstrates that IFAC's support of setting reporting standards for the public sector is warranted. To sustain the IPSASB's growing credibility as the international standard setter for the public sector, it is necessary to consider the challenges facing the IPSASB and develop a plan that will address the need for oversight.

The impact of the global financial crisis has been one of the key drivers of financial reporting development in the private sector in the last couple of years. The volume of public sector securities in the capital markets means that this has also been a crucial influence on IPSASB's work. It has also highlighted how high-quality financial reporting by governments and other public sector entities is of the utmost importance and is crucial to Parliaments and citizens, now more than ever.

In 2003, IFAC recommended to the Monitoring Group (MG)<sup>1</sup> that the operations of the IPSASB should fall under the same oversight regime as applies to its other standard-setting activities. This recommendation was not embraced at that time. As a result, the IPSASB is not subject to public oversight by the Public Interest Oversight Board (PIOB)<sup>2</sup>. The adoption of IPSASs is gaining momentum globally and there is an increasing sense that the issue of oversight of the IPSASB needs to be reviewed.

An independent oversight regime for the IPSASB may encourage wider adoption of IPSASB standards by providing assurance to those adopting its standards that the IPSASB, as an IFAC Board, is acting in the public interest and that its standards result from widespread and carefully considered comment from interested stakeholders around the world. Creating an oversight regime may also provide assurance that the Board has the long-term capability and capacity to independently and rigorously address public sector financial reporting issues.

This paper explores the options for addressing the need for oversight, and has been prepared as a basis for consultation with a number of governments and other stakeholders to solicit their feedback on proposed models of oversight for the IPSASB. IFAC intends that this consultation process will facilitate the implementation of an appropriate oversight model that will serve the needs of all key stakeholders.

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<sup>1</sup> Appendix E provides an overview of the Monitoring Group

<sup>2</sup> Appendix D provides an overview of the PIOB

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### Background

IFAC established the IPSASB in 1986 (at that time called the Public Sector Committee or PSC). The IPSASB develops and issues IPSASs for application by governments (other than for Government Business Enterprises) and other intergovernmental organizations, for example the United Nations (UN), and the North Atlantic Treaty Organization (NATO).

The IPSASB's current mission is set out as follows in its strategic plan: *"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 reports."*

The use of IPSASs enhances the quality and transparency of public sector financial reporting by providing better information for public sector financial management and decision making. In pursuit of the mission, 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 international convergence to these standards; and
- (c) Publishes other documents that provide guidance on issues and experiences in financial reporting in the public sector.

The IPSASB issues IPSASs dealing with financial reporting under both the accrual and cash bases of accounting. The accrual basis IPSASs deal with public sector specific financial reporting issues. In addition, the exchange transaction standards are based on the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and amended only where necessary to make them appropriate to the public sector. The single cash basis IPSAS is a comprehensive financial reporting framework that includes both 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 on a cash basis. This may serve to facilitate, over time, moving from a cash basis to an accrual basis.

The IPSASB's vision is that the IPSASs it develops in the public interest will be the accounting and reporting benchmark for the public sector globally. This includes governments of all levels as well as intergovernmental organizations.

### Description of the IPSASB

The IFAC Board has developed a process for Board member selection and due process operation that mirrors to the extent possible the same processes used by the public interest activity committees of IFAC that are subject to oversight by the PIOB.

IFAC provides approximately 51% of the funding for the IPSASB's operating budget, with the remaining 49% being received from a limited number of external sources. In addition, a number of national standard-setters and governments provide in-kind services by means of staff support.

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### **Composition and Meetings**

The IPSASB comprises 18 volunteer members from various parts of the world with experience and expertise in public sector financial reporting. Board members (members) bring a wide range of experience from diverse backgrounds including ministries of finance, government audit institutions, and public accounting. Members are appointed by the IFAC Board based on recommendations from the IFAC Nominating Committee. Members contribute about 500 hours per year to this activity with the Chair contributing about 1500 hours per year.

Members are appointed for a term of up to three years, which may be renewed for a further three years. Continuous service on the Board by the same person is limited to two consecutive three-year terms, unless that member is appointed to serve as Chair for a further term.

Of the 18 members, 15 are nominated by IFAC member bodies and 3 are appointed by the IFAC Board as public members. Public members may be nominated by any individual or organization, such as an academic institution or a government Ministry of Finance. There is no difference between members from IFAC member bodies and public members other than the fact that IFAC currently reimburses the out-of-pocket costs of public members to attend meetings.

All members are entitled to appoint a Technical Advisor who assists in preparation for the meetings and is encouraged to attend all meetings.

Appendix A to this paper provides a listing of current IPSASB members and Technical Advisors as well as current staff positions.

The IPSASB meets four times per year and all meetings are open to the public. Agenda papers, including minutes of the meetings, are published on the IPSASB's website.

### **Observers**

There are a number of non-voting observers to the IPSASB. They have the privilege of the floor at Board meetings and contribute to the IPSASB discussions. These observers are expected to support and promote the work of the IPSASB at relevant meetings and public forums. Although attendance at meetings and contributions during the meetings are valuable, the engagement of observers with the IPSASB beyond the meetings is even more critical in promoting the IPSASB's work.

The current observers are identified in Appendix B to this paper.

### **Due Process**

The IPSASB follows an established due process in developing IPSASs. This process is consistent in most respects with that of the other IFAC standard-setting boards, a process that was developed in consultation with international regulatory bodies such as the Basel Committee on Banking Supervision, IOSCO, the European Commission, and the World Bank. It provides an opportunity for those interested in financial reporting in the public sector, including preparers and users directly affected by the IPSASs, to make their views known to the IPSASB and considered in the standards development process.

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Normally, but not necessarily, the IPSASB's due process for projects includes the following major components:

- Consideration of pronouncements issued by: The International Accounting Standards Board (IASB); national standard-setters, regulatory authorities and other authoritative bodies; professional accounting bodies; and other organizations interested in financial reporting in the public sector. When considering the applicability of International Financial Reporting Standards (IFRSs) to the public sector, the IPSASB analyses the IFRS to determine whether there are public sector specific issues that warrant departing from the accounting standards. This is used to determine the shape and direction of the project, including the extent of interpretation or adaptation needed for the public sector context.
- Exposure for public comment — Exposure Drafts of all proposed IPSASs are developed, usually with input from a task force or task-based group (TBG). The Exposure Draft will include a Basis for Conclusions, which summarizes the considerations the IPSASB thought relevant in coming to a position. In addition, alternative views (if any) are outlined in the Basis for Conclusions. In some cases, depending on the nature and extent of public sector issues involved, the development of an Exposure Draft is preceded by the issuance of an information paper or consultation paper.
- Consideration of comments received on exposure — The comments received are considered by the IPSASB and the Exposure Draft is revised as appropriate. The comments are publicly available on the IPSASB website. If the IPSASB views the changes made after exposure to be substantive, it re-exposes the document for comment.
- Affirmative approval — Approval of Exposure Drafts, Re-Exposure Drafts and IPSASs requires the affirmative vote of at least two-thirds of the members. All published IPSASs include a Basis for Conclusions that explains how the IPSASB reached its conclusions.

## Considering IPSASB Oversight

### Objectives of Oversight

The objective of oversight is to increase the confidence of governments and other stakeholders that standard setting by the IPSASB responds to the public interest. The goal is to ensure accountability, transparency, and responsiveness to stakeholder (including users) needs throughout the entire standard-setting process.

In considering whether the public interest is being served it is necessary to assess:

- Whether the due processes are appropriate;
- Whether the right people are developing the standards; and
- Whether the processes are being implemented properly.

### Consideration to Date

In 2004 an external review was carried out to consider a number of aspects of the IPSASB. One recommendation was to bring the IPSASB within the scope of the PIOB, and that the



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composition of the PIOB should be modified to include members with expertise in the public sector.

Both IFAC and the IPSASB support this recommendation. However, to date it has not been implemented. Given its strong public interest mandate, oversight over the IPSASB's activities must be established to ensure that the IPSASB's credibility is maintained and that the standard-setting process is independent and robust.

The MG has completed its review of the IFAC 2003 reforms that were intended to increase confidence that the standard-setting boards were properly responsive to the public interest and would lead to the establishment of high-quality standards and practices. The review was completed in November 2010. The report has not made any decision about extending the mandate of the PIOB to oversight of the IPSASB. We believe that the MG will be open to detailed proposals on how oversight of IPSASB might be managed and how costs would be met, although any final decision will rest with the MG in regard to oversight by the PIOB. The PIOB has expressed support in principle for assuming oversight of the IPSASB.

IFAC, the IPSASB, and the PIOB are exploring oversight models with a view to developing a proposed model of oversight that would be appropriate for the IPSASB. In that context it is important first to understand the objectives of oversight in the context of the IPSASB.

### **Developing a Model for Oversight for the Public Sector**

Oversight that is independent and comprehensive during the development of international accounting standards for the public sector provides a safeguard to ensure that the competent and well-balanced standard-setting board is complying with rigorous and transparent due process requirements, while effectively responding to public interest needs.

Members of the oversight body provide oversight of due process only; responsibility for the technical content of the standards rests with the IPSASB. As such, members of the oversight body are not technical specialists or subject matter experts.

A range of options might ultimately be developed for potential oversight models. A number of factors are relevant and need to be considered and addressed before decisions can be made. While the form and structure of a model for oversight might vary, a number of other aspects of oversight are likely to be common among models.

The mandate of an IPSASB oversight body needs to be developed. As a starting point this paper proposes that an IPSASB oversight body would:

- Review and approve terms of reference and scope for the IPSASB and any changes to them;
- Evaluate the IPSASB's due process procedures and recommend any appropriate changes;
- Review the work of IFAC's Nominating Committee in relation to IPSASB and approve the IFAC Board's nominations to the IPSASB;
- Approve the appointment of member organizations to an IPSASB Consultative Advisory Group (CAG);

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- Oversee the work of the IPSASB, to be satisfied that the public interest is fully recognized in all its activities; and
- Approve or comment on the IPSASB's strategic and work programs with the right to recommend items that should be added to the work program if it believes that the IPSASB has not responded to public advice on its priorities.

The oversight body's responsibility to consider whether the due process has been effectively applied and with proper regard for the public interest would rely on three inputs: (a) the results of direct and comprehensive monitoring; (b) reports from and dialogue with the IPSASB and CAG chairs; and (c) independent reviews by its staff.

### **I Possible Form and Structure of Oversight of the IPSASB**

As noted, in developing potential models of oversight, there are a range of options that might ultimately be developed. This paper sets out the proposed form and structure of two potential models of oversight.

A number of aspects of oversight might be common between the two models. For example there needs to be debate about the formation of a Consultative Advisory Group (CAG) and this is likely to be required regardless of the model. In addition the impact on staffing is likely to be the same under both models.

#### *Model 1 □ Oversight of the IPSASB by the PIOB*

Although the MG Report recognized that the MG had a discussion with the Chair of the IPSASB, the MG has not taken onto its agenda the matter of revisiting the scope of the 2003 Reforms which excluded the IPSASB from oversight. Initial discussions with the PIOB have indicated that it agrees on the need for public interest oversight of the IPSASB and that the PIOB could, in principle, conduct that oversight. This could be a cost-effective way of implementing oversight within existing structures.

However, it is also acknowledged that a number of areas need to be clarified before PIOB oversight could be implemented.

Currently there are ten members of the PIOB. We propose the appointment of two additional members who would be selected from organizations with specific public sector interests. Examples of organizations from which members may be appropriately drawn from will be considered during the consultation phase associated with this paper. Geographical balance would be important.

Such an option would have a number of benefits:

- Existing structures can be accessed to implement oversight in a reasonably efficient manner. It would mean that the IPSASB's operations and processes would evolve to be consistent with IFAC's other standard-setting boards;
- IFAC would be able to focus on responding on oversight issues to one body;

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- The PIOB members would need little additional time to understand the processes of the IPSASB, because they are very much in line with those of the other standard setters they oversee; and
- Costs of meeting with the oversight body would be incremental to those already being incurred.

The costs of this approach would include the costs of attendance of the two additional members at four PIOB meetings annually, as well as attendance by a PIOB member at the IPSASB and CAG meetings (see below). Additional costs for some public sector specific outreach and for the PIOB staff secretariat would need to be funded. The cost of this is estimated at one-third of the cost of a full-time staff member. In addition, the Chair of the IPSASB would be expected to attend two PIOB meetings per year.

It should be noted that this option, while meriting consideration, may not be supportable, depending on the PIOB's ultimate assessment of its ability to accept additional responsibilities. In indicating its support of oversight for the IPSASB, the PIOB also identified areas of conceptual and practical clarification that would need to be addressed, including (a) the definition of "public interest" for the public sector, (b) determining stakeholders, (c) the meaning of independence in standard setting for the public sector, and (d) replicating the CAG structure.

### *Model 2 □ Oversight of the IPSASB by a Public Sector Exclusive Oversight Body*

Another oversight model is a dedicated oversight body for the IPSASB, comparable to the PIOB but with a much narrower scope, focusing only on the public sector.

At the IPSASB meeting in June 2010, members discussed what a dedicated public sector oversight model might look like. The IPSASB explored options that would raise the visibility of such a public sector oversight body. This would help garner attention internationally for the IPSASB and, in the process, build support for adoption and implementation of IPSASs.

One potential model discussed was a small oversight body of three to four members. Although the PIOB has 10 members, the smaller scope of activities of this alternative body would support a smaller composition. Members also discussed having members with a reasonably high profile in the public sector to enhance the visibility of this public sector oversight.

If such a model were endorsed, the level of activity would need to reflect the fact that high-level public sector representatives would likely be available for no more than two meetings per year, with some activity potentially conducted through conference calls.

The composition of a dedicated public sector oversight body would need to be carefully considered, including identification of appropriate global organizations with an interest in membership and credibility if selected. The planned consultation process is expected to initiate this consideration. The oversight body must be, and be perceived to be, independent of governments. Geographical and cultural balance would need to be considered in determining an appropriate composition. All of these elements might require a larger group than three to four members, but any increase in size will have a direct impact on costs.

The estimate of the costs of a dedicated public sector oversight body assumes that four members would attend two meetings per year. In addition, the Chair or designate of the oversight body

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would attend all IPSASB meetings and related CAG meetings (see below) as well as observing meetings of IFAC's Nominations Committee. Additional costs for the IPSASB Chair, as well as IFAC officers and staff, to attend meetings of the oversight body would also be incurred. Finally, with the desire for high visibility, additional costs for outreach would be required.

In addition, if a dedicated IPSASB oversight body is established, there would be a cost for the staff secretariat. A part-time staff member would be required, estimated at 50% of the costs of a full-time staff member. Additional costs for space requirements may be incurred depending on the specific arrangements that are made. These have not been reflected in the summary of costs.

The advantage to this approach is that it results in oversight that is exclusive to the public sector. As outlined, it comes at a higher cost than the PIOB-adapted model.

## **II Consultative Advisory Group (CAG)**

Currently, the IPSASB does not have a CAG comparable to IFAC's other standard-setting boards. While a Consultative Group (CG) was established a number of years ago, its composition and operating procedures bear little resemblance to the other CAGs and it has been inactive for an extended period of time. As noted previously, in establishing a model for oversight it is also necessary to consider the establishment of a CAG for the IPSASB, similar to other IFAC standard-setting boards and the IFRS Advisory Council established by the IFRS Foundation. In considering how this structure might work in the IPSASB context, it is important to establish what the mandate of the CAG should be and, based on this, to make recommendations about its size and composition. It is assumed that size and composition would be the same regardless of the model of oversight body determined to be most appropriate.

The oversight body does not provide feedback on the technical content of the IPSASB's work. In contrast, the CAG has a direct role in providing that feedback. The objective of the CAG would be to provide:

- Advice on the IPSASB's agenda and project timetable (work program), including project priorities;
- Technical advice on projects; and
- Advice on other matters of relevance to the activities of the IPSASB.

It is envisaged that the CAG would meet for two days, twice per year and its agenda would include discussions of (a) emerging issues and practices, (b) project timetable and priorities, (c) current projects at key stages of their development, and (d) other matters of relevance to the IPSASB's activities. Terms of reference will need to be established for an IPSASB CAG. Given that one of the IPSASB's strategic focuses is promoting adoption and implementation of IPSASs, it is important that this be included as a secondary objective of the CAG. CAG members would be expected to meet their own out-of-pocket costs to attend meetings.

Although details will need to be established, preliminary areas to be addressed include:

- Number of meetings – estimated at two per year;

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- Size of the CAG –the CAG should have a manageable number of interested organizations. The IFRS Advisory Council has about 50 members. The CAGs of other IFAC standard-setting boards have between 15 and 40 members;
- Appointment of an independent Chair for the CAG;
- Nomination/appointment of members;
- Term of membership;
- Expenses of the CAG and travel costs of the CAG Chair and members; and
- Composition of the CAG.

### *Composition of the CAG*

Currently, the IPSASB has ten non-voting observers at its meetings, appointed by a number of organizations. Observers are expected to possess the technical skills to participate fully in the IPSASB discussions, and to attend IPSASB meetings regularly to maintain an understanding of current issues.

At this stage, it is proposed to invite the current observers to serve as members of the initial CAG. This would continue to give them a forum for providing feedback to the IPSASB, but in a more formal way, which would benefit the IPSASB. Member organizations would be appointed for a set term (e.g., three years) and then reappointments or replacements would be made based on terms of reference and operating procedures to be developed. Full details of the maximum length of service for any individual representing an organization will need to be considered. Rotation rules will also be necessary to ensure that the CAG does not lose significant institutional knowledge at any point in time.

In addition to the existing observers, it is proposed that a number of CAG memberships be offered to ministries of finance around the world. This would be a direct way for governments to participate in the IPSASB's processes and project priorities. Selection factors would include IPSAS adopters and planned adopters, both large and small governments, and different levels of government. Potential CAG members from other interested stakeholder groups would also need to be considered.

### *Projected Costs of the CAG*

It is proposed that the travel costs of the CAG Chair would be reimbursed by IFAC, while member organizations pay the costs of their representatives. No remuneration would be paid to the Chair of the CAG. The CAG Chair would normally attend IPSASB meetings, and these costs would be borne by the IPSASB. It is assumed that the CAG would meet twice per year and that the Chair of the CAG would attend the four IPSASB meetings each year as well as meetings of the oversight body. The time commitment for a CAG Chair is in the region of 350 hours per year. Additional travel costs for the Chair of the IPSASB and staff to attend the CAG meetings would also be incurred. The projected costs of the CAG would be the same under either model of oversight.

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### Summary of Estimated Costs of Oversight

The preliminary estimated costs directly related to the oversight models are summarized below. The estimates assume that costs would be incurred for attendance at meetings under both models. The major difference between the two models in terms of costs relates to the assumption that a public sector exclusive oversight body would have a slightly higher staff need in comparison to the PIOB, which has structures already in place. In addition, the public sector exclusive oversight model envisions the Chair of the oversight body undertaking significant outreach to enhance its visibility as well as additional costs for oversight body staff to travel to meetings of the oversight body.

	<b>PIOB adapted for public sector (000's USD)</b>	<b>Public sector exclusive oversight (000's USD)</b>
<b>Attendance of members at oversight body meetings</b>	\$64	\$64
<b>Additional outreach by oversight body Chair</b>	\$15	\$50
<b>Attendance by oversight body Chair at IFAC Nominating Committee and Board meetings</b>	\$0	\$53
<b>Oversight observation at IPSASB &amp; CAG meetings</b>	\$56	\$56
<b>CAG Chair &amp; staff travel</b>	\$62	\$62
<b>IPSASB Chair &amp; staff travel to oversight body meetings</b>	\$15	\$36
<b>Oversight Body staff secretariat</b>	\$68	\$100
<b>Contingency</b>	\$70	\$79
<b>Total projected costs (annual)</b>	\$350	\$500

### Consulting with Stakeholders

This paper sets out two possible models for oversight of the IPSASB and summarizes the estimated costs of each. IFAC is interested in your views on these models of oversight in order to develop an approach to oversight that is most appropriate for the IPSASB within reasonable resource constraints. The process that IFAC intends to follow is set out below:

- This Consultation Paper (CP) is the basis for consultation to be carried out with a limited number of governments and intergovernmental organizations. Appendix F to this paper provides a listing of those governments and organizations identified for preliminary consultation with IFAC.
- Based on the feedback received to this CP, changes will be considered and a revised CP will be discussed by the IFAC Board for approval in September 2011. This revised CP will be in the form of an Exposure Draft (ED) targeted at the widest possible audience. Replies to the ED are expected to be requested by the end of December 2011.
- Based on the feedback received to the ED, changes will be considered and final proposals for oversight will be discussed by the IFAC Board for approval in June 2012. Timing of

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implementation of the proposals will depend on the final format of oversight model approved.

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## Appendix A

### IPSASB Members and Technical Advisors as at January 1, 2011

Member	Employer and Position	Country	Technical Advisor
Andreas Bergmann Chair (public member)	Zurich University of Applied Sciences, Institute of Public Management	Switzerland	Stefan Berger Federal Department of Finance
David Bean Deputy Chair	Director of Research & Technical Activities Governmental Accounting Standards Board	United States	Mary Foelster AICPA
Ian Carruthers	Policy and Technical Director, The Chartered Institute of Public Finance and Accountancy	United Kingdom	Chris Wobschall HM Treasury
Marie-Pierre Cordier	Cour des Comptes	France	Baudoin Griton KPMG Audit
Mariano D'Amore (public member)	University of Naples	Italy	Fabrizio Mocavini Ministry of Finance
Sheila Fraser (public member)	Auditor General of Canada	Canada	Stuart Barr Office of the Auditor General
Yossi Izkovich	Chief Accountant Ministry of Finance	Israel	Michael Arad Partner , Deloitte
Hong Lou	Deputy Director-General Ministry of Finance	People's Republic of China	Yangchun Lu Ministry of Finance
Thomas Müller-Marqués Berger	Partner, Ernst & Young	Germany	Gillian Waldbauer Institut der Wirtschaftsprüfer in Deutschland e.V
Anne Owuor	Manager of Debt Control and Management Kenya Power & Lighting Co.	Kenya	
Jeanine Poggiolini	Project Manager Accounting Standards Board	South Africa	Lindy Bodewig Office of the Accountant General National Treasury
Bharti Prasad	Director Finance & Administration Population Foundation of India	India	Preeti Jha Principal Director (GASAB) Comptroller and Auditor General of India
Ron Salole	Vice President, Standards Canadian Institute of Chartered Accountants	Canada	Tim Beauchamp Director, Public Sector Accounting Board Canadian Institute of Chartered Accountants



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<b>Member</b>	<b>Employer and Position</b>	<b>Country</b>	<b>Technical Advisor</b>
Frans van Schaik	Partner, Deloitte and Touche	Netherlands	Thomas van Tiel Ministry of Finance
Tadashi Sekikawa	Partner, Deloitte Touche Tohmatsu	Japan	Kenji Izawa Ernst & Young ShinNihon
Isaac Umansky	Consultant	Uruguay	Marta Abilleira Budget Advisor Ministry of Economics
Ken Warren	Chief Accounting Advisor Treasury, Government of New Zealand	New Zealand	Joanne Scott New Zealand Institute of Chartered Accountants
Tim Youngberry	Acting Deputy Secretary Department of Finance and Deregulation	Australia	Clark Anstis Senior Project Manager Australian Accounting Standards Board

As noted, 15 members are nominated by IFAC member bodies and 3 are public members. The members for 2011 are categorized as follows:

<b>Category of member</b>	<b>Number</b>
Government	6
Standard setters	4
Public sector auditor	2
Academics	2
Practitioners – Big 4	3
Consultant	1
<b>Total</b>	<b>18</b>

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**IPSASB Staff Positions as at January 1, 2011**

Position <sup>3</sup>
Technical Director
Deputy Director
2 Senior Technical Managers
Technical Manager
Senior Advisor
Executive Assistant

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<sup>3</sup> The addition of a second Technical Manager effective April 1, 2011 has been included in budget plans.

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## Appendix B

### Observers to the IPSASB

- Asian Development Bank (ADB);
- European Commission (EC);
- Eurostat (Eurostat);
- International Accounting Standards Board (IASB);
- International Monetary Fund (IMF);
- International Organization of Supreme Audit Institutions – Committee on Accounting Standards (INTOSAI CAS);
- Organisation for Economic Co-operation and Development (OECD);
- United Nations (UN);
- United Nations Development Programme (UNDP); and
- World Bank.

## PROPOSALS FOR OVERSIGHT

### Appendix C

#### Overview of IFAC

IFAC ([www.ifac.org](http://www.ifac.org)) is the global organization for the accountancy profession dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies. Founded in 1977, it is comprised of 164 members and associates in 125 countries and jurisdictions, representing approximately 2.5 million accountants in public practice, education, government service, industry, and commerce.

IFAC serves the public interest 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.

IFAC's role is threefold: to establish and promote adherence to high-quality international standards, to facilitate collaboration and cooperation with member bodies, and to serve as spokesperson for the international profession on relevant public policy issues.

IFAC has recognized that a fundamental way to protect the public interest is to develop, promote, and enforce internationally recognized standards as a means of ensuring the credibility of information upon which investors and other stakeholders depend. IFAC's boards set the following standards:

- International Standards on Auditing, Assurance Engagements and Related Services
- International Standards on Quality Control
- International Code of Ethics for Professional Accountants
- International Accounting Education Standards
- International Public Sector Accounting Standards

In addition, IFAC develops benchmark guidance and promotes the sharing of resources to serve professional accountants in business. It has also established groups to address issues pertaining to small and medium practices and enterprises and developing nations, all of which play a critical role in the global economy.

## PROPOSALS FOR OVERSIGHT

### Appendix D

#### Overview of the PIOB

The PIOB was formally established in February 2005. The establishment of the PIOB was the result of a collaborative effort by the international financial regulatory community, working with IFAC, to ensure that auditing and assurance, ethics, and educational standards for the accounting profession are set in a transparent manner that reflects the public interest. It was mutually recognized that high-quality, transparent standard-setting processes with public and regulatory input, together with regulatory monitoring and public interest oversight, are necessary to enhance the quality of external audits of entities. For this reason, the PIOB also maintains active liaison with both the Monitoring Group (MG) and independent audit regulators around the world.

The objective of the PIOB is to increase investor and other stakeholder confidence that IFAC's public interest activities – including standard setting by IFAC's independent boards – properly respond to the public interest. The PIOB oversees IFAC's Public Interest Activity Committees (PIACs): the International Auditing and Assurance Standards Board (IAASB), the International Accounting Education Standards Board (IAESB), the International Ethics Standards Board for Accountants (IESBA), their respective Consultative Advisory Groups (CAGs), and the Compliance Advisory Panel (CAP).

The PIOB provides oversight of due process only. It does not oversee the technical content of the standard-setting process. As such, members of the PIOB are not technical specialists or experts in the subject matter. The PIOB:

- Reviews and approves Terms of Reference;
- Evaluates the boards' due process procedures;
- Oversees the work of IFAC's Nominating Committee and approves the Committee's nominations to the standard-setting boards and the CAP; and
- Suggests projects to be added to the boards' work programs.

Further information can be found at [www.ipiob.org](http://www.ipiob.org).

## PROPOSALS FOR OVERSIGHT

### Appendix E

#### Overview of the Monitoring Group (MG)

The MG is a group of international regulatory bodies and related organizations committed to advancing the public interest in areas related to international audit quality. The MG meets its public interest objective by (a) supporting the development of high-quality international standards for auditing, assurance, ethics and education for professional accountants, and (b) exchanging views relating to international audit quality and to regulatory and market developments that impact auditing. Another important role of the MG, through its Nominating Committee, is appointing the members of the Public Interest Oversight Board (PIOB).

The MG's mission is to:

- Cooperate in promoting high-quality international auditing and assurance, ethical and education standards for accountants;
- Monitor the implementation and effectiveness of the IFAC Reforms, and, in that connection, to undertake an effectiveness assessment of the IFAC Reforms and other aspects of IFAC's operations that involve the public interest;
- Through its Nominating Committee, appoint the members of the Public Interest Oversight Board (PIOB);
- Monitor the execution by the PIOB of its mandate;
- Consult and advise the PIOB with respect to regulatory, legal and policy developments that are pertinent to the PIOB's public interest oversight; and
- Convene to discuss issues and share views relating to international audit quality, as well as to regulatory and market developments having an impact on auditing.

PROPOSALS FOR OVERSIGHT

**Appendix F**

**Preliminary Consultation with Stakeholders**

<b>Governments</b>	<b>Intergovernmental Organizations</b>
Australia	European Commission
Brazil	IMF
Canada	INTOSAI
China	OECD
France	UN
Germany	World Bank
India	
Italy	
Japan	
New Zealand	
South Africa	
Switzerland	
UK	
USA	