IPSASB International Public Sector Accounting Standards Board®

529 Fifth Avenue, New York, NY 10017
T + 1 (212) 286-9344 F +1 (212) 286-9570
www.ipsasb.org

Meeting:	International Public Sector Accounting Standards Board	**Agenda Item 13**	For: ☒ Approval ☒ Discussion ☒ Information
Meeting Location:	Kuala Lumpur, Malaysia		
Meeting Date:	December 4–7, 2018		

Strategy and Work Plan 2019–2023

Project summary	To develop the IPSASB Strategy and Work Plan for the period from 2019– 2023. The project involves significant outreach with IPSASB constituents, governance and advisory bodies, and others involved in work related to accrual accounting and more broadly involved in public financial management reforms. The project will include a consultation document to receive feedback from constituents, as well the IPSASB will look to hold regional roundtables to engage directly with constituents.	
Meeting objectives	***Topic***	***Agenda Item***
Project management	Decisions up to September 2018 Meeting	13.1.1
	Instructions up to September 2018 Meeting	13.1.2
	Project Roadmap	13.1.3
Decisions required at this meeting	Discussions with the CAG and PIC	13.2.1
	Amendments to the Strategy and Work Plan 2019–2023	13.2.2
	Approval of the Strategy and Work Plan 2019–2023	13.2.3
	Implementation of the Strategy and Work Plan 2019- 2023	13.2.4
	Consultation Summary	13.2.5
Other supporting items	Draft Strategy and Work Plan 2019–2023	13.3.1
	Draft Consultation Summary	13.3.2

DECISIONS UP TO SEPTEMBER 2018 MEETING

Date of Decision	Decision
September 2018	The IPSASB approved the revised Strategic Objective.
September 2018	The IPSASB decided to modify Strategic Theme B to "Maintaining IFRS Alignment" and approved the revised five Strategic Themes.
September 2018	The IPSASB approved the revised Project Prioritization Criteria and agreed that these criteria be used to select the proposed projects for the 2020 mid-period Work Plan consultation.
September 2018	The IPSASB agreed to: • Only add two projects to the work plan under Theme A and agreed that these projects should be Natural Resources and the Limited Scope Review of the Conceptual Framework (following a unanimous straw poll). • Make selected projects available to National Standard Setters (NSSs) for research and scoping by multi-national groups of NSSs. • Use the June 2019 Public Sector Standard Setters Forum Agenda as an opportunity for a session on the research and scoping of projects by teams led by NSSs.
September 2018	The IPSASB decided to: • Not add a large-scale specific project to the Work Plan under Theme B. • To use the IPSAS-IFRS Dashboard to identify limited-scope projects to undertake when resources become available under Theme B. • Undertake improvements on an annual basis, while considering the volume and timing of consultations to ensure constituents are not overwhelmed. It was suggested that small improvements may be approved by the IPSASB, but publication of consultations delayed so they can be released in a larger combined Exposure Draft).
September 2018	The IPSASB decided that the following projects would be made available for initial research and scoping by NSSs: • Discount Rates • Differential Reporting • Presentation of Financial Statements in the Public Sector • Tax Expenditures
September 2018	The IPSASB decided to adopt the text in the Strategy related to Themes D and E; including new text inserted related to the regional outreach approach.
September 2018	The IPSASB decided to publish a feedback statement (consultation summary) along with the approved Strategy and Work Plan 2019–2023.
December 2017	All decisions up to the December 2017 meeting were reflected in the Strategy and Work Plan 2019–2023 Consultation Document.

INSTRUCTIONS UP TO SEPTEMBER 2018 MEETING

Meeting	Instruction	Actioned
September 2018	Develop a template and terms of reference for NSSs interested in the initial research and scoping of selected projects for the March 2019 meeting.	To be actioned for March 2019.
September 2018	Consider the involvement of academics in the research and scoping by NSSs, including how the text should reflect this in the document.	See agenda item 13.2.2.
September 2018	The IPSASB instructed that the research projects should be reflected as a separate and distinct stream on the Work Plan to communicate that they are available for research.	To be reflected on the work plan in 2019 after Strategy is approved.
September 2018	• Develop a feedback statement for review during the December 2018 meeting.	See agenda item 13.3.2.
September 2018	• Update the text related to the implementation and interpretations issue. The text should communicate that the IPSASB is setting up a working group to consider this issue. The working group should advise on an appropriate process and structure to address interpretations/implementation in a resource efficient manner.	See agenda item 13.2.2.
September 2018	• Consider options for translation of the Strategy and Work Plan into French, Spanish and Portuguese to help engage with areas of growing IPSAS adoption and implementation.	See agenda item 13.2.2.
September 2018	• Update the text related to Theme D to appropriately reflect the important differences between adoption, implementation and compliance.	See agenda item 13.2.2.
September 2018	• Update the text related to Theme E to ensure the prominence of IPSAS in the context of accrual accounting. • Modify the Theme E text to emphasize the importance of Cost Accounting to effective Public financial Management.	See agenda item 13.2.2.
December 2017	All instructions up to the December 2017 meeting were reflected in the Strategy and Work Plan 2019–2023 Consultation Document.	

Strategy and Work Plan 2019–2023 Project Roadmap

Meeting	Completed Discussions/Planned Discussions:
March 2016	1. Inaugural Public Sector Standard Setters Forum – discussion of issues and projects important to national standard setters around the world. This included round table discussions related to potential future projects.
December 2016	1. Discussion with the IPSASB Consultative Advisory Group at their June 24, 2017 meeting. Specifically the discussions related Public Financial Management—*Needs and Perspectives in the Current Environment* provided very useful input to the IPSASB strategy discussions.
March 2017	1. Discussion of Issues. 2. Discussion of Project Roadmap. 3. IPSASB/IMF/Work Bank – *Harnessing the Power of Accruals*. Broad outreach activity with the public financial management community to feed into the IPSASB process to develop next Strategy and Work Plan that provided very useful information and context for IPSASB consideration. 4. Discussions with the Public Interest Committee at their March 1, 2017 meeting.
June 2017	1. Discussion of issues. 2. Discussion of the proposed 5 Strategic Themes. 3. Discussion of possible projects related the Strategic Themes. 4. Breakout Groups – including IPSASB members, Technical Advisors, Observers, Staff and others. 5. Discussion with the IPSASB Consultative Advisory Group at their June 24, 2017 meeting.
July 2017	1. 2nd Public Sector Standard Setters Forum. Discussion of issues and projects important to national standard setters around the world. This included round table discussions related to potential future projects. Further, several in-depth discussions related to the proposed 5 Strategic Themes and various projects related to those themes were discussed.
September 2017	1. Discussion of issues. 2. Review of Draft Strategy and Work Plan 2019–2023 document.
October 2017	1. Consult with the Public Interest Committee (PIC) at their October 5, 2017 meeting in Washington. 2. Teleconference with the Consultative Advisory Group – October 2017. Continuation of discussion started in June 2017, report back on how comments provided have been incorporated into the draft consultation. 3. TBG discussion of amendments to the draft Strategy document and the comments from the PIC and CAG meetings in October.

Meeting	**Completed Discussions/Planned Discussions:**
December 2017	1. Report back on discussion with the Consultative Advisory Group at their December 4, 2017 meeting. 2. Discussion of issues. 3. Approve the Strategy and Work Plan 2019–2023 consultation document.
January 2017	Consultation Period – Publication of Consultation Document.
June 2018	1. Regional Round Tables and additional outreach planned from March – May 2017.
September 2018	1. Review of Responses to Consultation. 2. Discussion on issues raised by respondents. 3. Teleconference – September 26, 2018 with the Consultative Advisory Group
October 2018	4. Discussion with the Public Interest Committee key strategic issues from the consultation and IPSASB decisions related to these.
December 2018	1. Discussion of issues. 2. Approval of Strategy and Work Plan 2019–2023, including Consultation Summary.

Discussions with the CAG and PIC

Purpose

1. To provide the IPSASB with feedback on discussions with the CAG and PIC since the September 2018 meeting.

Detail

1. Subsequent to the September 2018 IPSASB meeting, the PIC and CAG both held meetings to discuss the IPSASB Strategy and Work Plan 2019–2023.

2. Key discussions since the September 2018 IPSASB meeting are as follows:

   (a) **September 26, 2018 CAG teleconference.** See paragraph 3 below for a summary of the key points noted by CAG members.

   (b) **October 17, 2018 video conference with Public Interest Committee (PIC).** See paragraph 4 below for a summary of the key points noted by the PIC.

   (c) **December 3, 2018 CAG Meeting.** The IPSASB to provide the CAG a Report Back on the September 26, 2018 CAG teleconference. Staff to provide a verbal update at the December 2018 meeting, on points related to the Strategy, if any.

CAG conference call on September 26

3. The following is a summary of key points from September 26 CAG teleconference (note agenda item 13.2.1–Appendix–A includes a copy of the September 26 CAG teleconference–Report Back):

   (a) Overall CAG members noted support for how the IPSASB addressed constituent comments and agreed to finalize the IPSASB Strategy and Work Plan 2019–2023.

   (b) CAG members supported the IPSASB's decision to add only two projects under Theme A, and that the two projects should be Natural Resources and the Limited Scope Review of the Conceptual Framework.

   (c) However, some CAG members did note strong continued support for the Discount Rates and Differential Reporting projects and highlighted the importance of these topics.

PIC video conference on October 17

4. The following is a summary of key points raised on the October 17 PIC videoconference (note agenda item 13.2.1–Appendix–B includes the summary record prepared by the PIC):

   (a) The PIC noted the increase in responses as positive and appreciated that the IPSASB had taken on board the PICs previous recommendations.

   (b) The PIC requested the IPSASB provide a breakdown on the roundtable participants by functional background.

      (i) Staff has included this breakdown in the Consultation Summary in Appendix 13.3.2 (figure 1 and table 2). The Consultation Summary will be publicly published along with the Strategy and Work Plan 2019–2023. Staff will highlight this analysis when it provides the approved Strategy and Work Plan 2019–2023 to the PIC as part of the due process reporting to close off this request.

   (c) The PIC noted it important to be clear on the meaning of "alignment" as used in the context of Theme B, to avoid misinterpretation when translating into foreign languages.

(i) Staff highlights that the IPSASB is clear on the meaning of "alignment" when used in Theme B on page 6 of the Strategy and Work Plan 2019–2023, when referring to both IFRS and GFS as follows: "*The term 'alignment' refers to the formal processes the IPSASB follows to assess the applicability of IFRS and / or GFS requirements when developing pronouncements which faithfully represent the economic substance of transactions in the public sector. Through these processes the IPSASB aims to reduce unnecessary differences with these sources of guidance when they can also be applied in the public sector context."*

(d) The PIC highlighted the importance of harmonizing IPSAS and GFS, and suggested highlighting the alignment in the strategy as it is done with IFRS.

(i) Staff highlights that both Theme A and Theme B note the importance of harmonizing IPSAS and GFS. Further, the IPSASB policy on harmonization with GFS is cited with a link to the IPSASB's published policy paper on page 6 of the Strategy and Work Plan 2019–2023.

(ii) Staff further highlights that starting with IPSAS 42, *Social Benefits* the IPSASB will now include a box at the end of the standard "Comparison with GFS" that highlights similarities and differences with GFS (similar to the Comparison boxes that currently exist for those standards related to a comparable IFRS Standard). Over time the plan is to add a similar box at the end of each IPSAS.

(e) The PIC suggested the IPSASB use the CAG as a resource to help with implementation and interpretation issues.

(i) Staff highlights that the CAG has a standing agenda item on implementation issues, which is planned to continue. The views of constituents highlight the need to consider application issues with IPSAS as adoption and implementation of the standards continues to increase. Therefore, the IPSASB has agreed to set up a working group to consider what an appropriate mechanism for IPSAS interpretations and implementation might look like.

5. Staff notes that the points raised by both the PIC and the CAG, were broadly consistent with those raised by IPSASB members at the September meeting.

6. Staff has considered the points raised by the IPSASB, PIC and CAG in revising the Strategy and Work Plan 2019–2023.

Decisions required

Does the IPSASB agree with how the comments of the PIC and CAG have been addressed?

13.2.1–Appendix–A: September 26 CAG Teleconference Report Back

Note: This is a copy of the Report Back provided to the CAG for its December 3, 2018 meeting, included for IPSASB information purposes.

1. Summary points from the September 26, 2018 Teleconference on Strategy and how the IPSASB responded to Representatives' and Observers' are included in the table below.

Representatives' and Observers' Comments	IPSASB Response
September 2018 CAG Teleconference Comments	
IPSASB Deputy Director Ross Smith presented the CAG with an overview of the current status of the Strategy and Work Plan project, highlighting: - The timeline and process for the project through to completion; - The feedback received by respondents to the Strategy and Work Plan consultation which closed in June 2018; and - The direction the IPSASB provided to staff in order to address issues raised by respondents. Members of the CAG raised the following comments:	
1. Ms. Busquets commented that she supports the proposed strategy and work plan. Mrs. Busquets stressed the importance of focusing on the work of public sector specific projects while at the same time maintaining alignment with IFRS. Ms. Busquets supports a proposal of adding natural resources and a limited scope review of the conceptual framework as the current work plan has significant resources committed. In addition, the work on aligning with IFRS and the work on reducing unnecessary differences in the context of annual improvements is important.	*Point Noted. No further action necessary.*
2. Ms. Cearns commented that she only disagrees with the proposal not to proceed with the project on discount rates. This is a difficult area and getting some rational consistency across standards would be beneficial. Users struggle to understand discounting, including both the underlying logic and how it affects financial reporting. This project provides the IPSASB with an opportunity to run ahead of the IASB on a topic that often has more impact in public sector reporting.	*Point Noted*. In general the IPSASB views were consistent with those raised by Ms. Cearns. Discount rates is an important project and the IPSASB had originally proposed as one of four projects it would undertake in the 2019–2023 period. However, the IPSASB noted the comments from respondents that significant resources were already committed under the current work plan. Therefore the IPSASB agreed that only two projects should be added to the agenda at this time. Staff highlights that that excluding discount rates from it's the current projects on the 2019–2023 work plan, does not preclude it from being added at a future date.

	Representatives' and Observers' Comments	IPSASB Response
3.	Mr. Boutin commented differential reporting is a high priority for his group. He is happy to see it is staying on the radar through the research by national standard setters. Updating Study 14 to make it more user friendly is important. This can be done by presenting the document in a way that is easier for entities to follow when they are first embarking on adoption IPSAS.	*Point Noted. No further action necessary.*
4.	Mr. Gisby commented supports the revisions to the document and dropping two projects. Mr. Gisby suggested amending the document to reflect the current committed projects and those being added, showing the point raised by constituents more clearly, that the IPSASB show more clearly that the current work plan with the two additional projects provides an ambitious 2019-2023 work plan.	*Yes.* The document has been updated to reflect this suggestion.
5.	Ms. Colignon commented she supported the document. Ms. Colignon suggested amending the document to emphasize a focus on a stable suite of IPSAS standards.	*Yes.* Changes have been proposed to the document to reflect this point.
6.	Mr. Ndiaye commented a process to better monitor adoption and implementation should be developed by the IPSASB. He suggested using the PEFA framework as it was rich in source information and it could strengthen diagnostics.	*Yes.* The IFAC and CIPFA initiative to create the Public Sector Accountability Index and the related Status Report which was recently issued, is a good start on better tracking and monitoring of the adoption and implementation of accrual accounting and use of IPSAS.
7.	Ms. Sanderson commented her support for the overall document. Consistent with others, she expressed her disappointment that the discount rates project had fallen to the second tier. Ms. Sanderson suggested considering the range of jurisdictions adopting accrual accounting for constituents in future work plans to develop a more wide spread plan.	See comment 2.

Representatives' and Observers' Comments	IPSASB Response
8. Mr. van Schaik commented he continues to support the discount rate project and was disappointed it was no longer an active project. Comparability is jeopardized when different discount rates are used and this can have an enormous impact on liabilities. Mr. van Schaik questioned whether the project was a resource intensive as constituents indicated. In many cases amending a few paragraphs in each standard is sufficient.	See comment 2. Staff note that although the guidance in various standards related to discount rates was limited to a line or two. However, the issue related to addressing discount rates is a challenging one, that would require significant resources. If the IPSASB were to appropriately address the issue, it needs to consider the scope of the issue, how to address it and ensure it has the resources to do so. Constituents questioned if given the current projects on the work plan, if it should undertake a project on discount rates at this time. Based on respondents views, the IPSASB decided not to add the project at this time.
9. Mr. Yousef commented he supported the document. He suggested a further improvement by applying the four evaluation criteria to the list of proposed projects listed in the work plan (i.e., apply the criteria to discount rates so the evaluation goes beyond only constituent responses).	Yes. The IPSASB agreed this information should be included in the feedback statement that will accompany the final work plan.

Matters for CAG Consideration

2. Representatives and Observers are asked to note the Report Back above.

13.2.1–Appendix–B: October 17 PIC Videoconference Summary Record

See following document.

Summary record of the Video Conference with Public Interest Committee - preapred by the Public Interest Committee Staff.

Public Interest Committee

7th Meeting, 17 October 2018

1. The Public Interest Committee ("the Committee''), the oversight body for the International Public Sector Standards Board (IPSASB), held a video conference on 17 October 2018.

2. The meeting was attended by all members of the Committee. In addition, the Chair and Technical Director of the IPSASB attended the meeting. See Appendix 1 for a complete list of participants.

3. This Summary Record is organized around the meeting agenda and reflects the ensuing discussions.

IPSASB Strategy 2019-2023

4. The IPSASB Chair summarized the strategy development process. He highlighted that:

- The IPSASB held four regional roundtables with broad attendance of regional stakeholders. These roundtables were complemented by multilateral development banks, other international organizations, governments, non-government organizations, accountancy bodies, and audit institutions. The responses on the consultation document increased significantly in terms of both quantity and breadth compared with the 2014 strategy consultation.

- There was very strong support for the strategic objective, strategic themes, project prioritization criteria, theme D promoting IPSAS adoption and implementation, and theme E advocating the benefits of accrual in strengthening public financial management.

5. The Committee noted the increase in the responses as a positive indicator and congratulated the IPSASB for a successful consultation process. It also appreciated that IPSASB had taken on board the committee's previous recommendations on this process.

6. The Committee requested IPSASB to provide an analytical breakdown of responses to better understand the spectrum of respondents (for example, users, parliamentarians, policy makers, etc). IPSASB agreed to provide such information after the meeting.

7. The IPSASB Chair briefed the Committee the key decisions on the strategy made in the September 2018 board meeting. These key decisions cover the adoption of Strategic Objective and Strategic Themes, project prioritization criteria, projects under the theme A (setting standards on public sector specific issues) and the project under the theme B (maintaining alignment with IFRS).

8. The Committee questioned the management of work plan and the application of the project prioritization criteria. IPSASB confirmed that while the Board will make the proposal for projects based on the project prioritization criteria, the selection will be finalized based on feedback and degree of public interest. IPSASB will bring other organizations such as standard setters and national agencies to conduct research on the pipeline projects to build knowledge which could be then embedded in the next work plan.

9. The Committee questioned the meaning of the term “alignment” with IFRS and requested IPSASB to define it clearer to avoid misinterpretation in other languages.

10. The Committee emphasized the importance of harmonizing IPSAS and GFS, the two sets of fiscal reporting standards applied in the public sector, and suggested to highlight the alignment of IPSAS with GFS in the strategy as it is done with IFRS.

11. The Committee noted IPSASB’s outreach activities to collect feedback on problems encountered in the implementation of IPSAS. The Committee suggested that IPSASB to best use the CAG in achieving that objective and recommended to the IPSASB to focus its resources on standard setting. The committee also welcomed the IPSASB’s efforts of increasing interpretation of existing IPSAS.

Next Step

12. The next meeting of the Committee will take place in March 2019, at OECD Headquarters, Paris.

Annex 1: List of participants

Committee members

Jon Blondál, Head of Budgeting and Public Expenditures Division, Organization for Economic Cooperation and Development (OECD)

Manal Fouad, Chief of the Public Financial Management Division II, Fiscal Affairs Department, International Monetary Fund (IMF)

Jennifer K. Thomson, Director of Operational Policy and Country Services, Chief Financial Management Officer, World Bank.

Dominique Pannier, INTOSAI's representative, and Principal Auditor of the Government Financial Statements, Court of Accounts (France)[1].

IPSASB

James Gunn, Managing Director, Professional Standards

Ian Carruthers, IPSASB Chair

John Stanford, Technical Director

Ross Smith, Deputy Technical Director

Committee's Secretariat

Nooryar Zohra Farooq, Senior Financial Management Specialist, Governance Global Practice, World Bank

Guohua Huang, Senior Economist, Public Financial Management Division, Fiscal Affairs Department, International Monetary Fund (IMF)

[1] Rapporteur général de la certification des comptes de l'État, Cour des comptes (France).

Amendments to the Strategy and Work Plan 2019–2023

Purpose

1. Whether the Board agrees with the amendments to the Strategy and Work Plan 2019–2023.

Detail

2. At the September 2018 meeting the IPSASB provided direction on several areas for further amendments to the Strategy and Work Plan 2019–2023.

3. Subsequent to the IPSASB meeting, the Public Interest Committee and the Consultative Advisory Groups also provided views and recommendations to improve the document. Agenda Item 13.2.1 provides an overview of those comments received and how they have been considered and dealt with in the Strategy and Work Plan 2019–2023.

4. Staff considered the guidance provided by the IPSASB (see Agenda Item 13.1.1 and 13.1.2 for a summary of IPSASB instructions and decisions), PIC and CAG, which has resulted in the following proposed changes to the Strategy Consultation:

5. IPSASB instructed the following at the September 2018 meeting. These instructions have been addressed as follows:

   (a) Decision—Consider the involvement of academics in the research and scoping by NSSs, including how the text should reflect this in the document.

      (i) The text has been updated on page 12 footnote 9 for this decision.

   (b) Decision—Develop a feedback statement for review during the December 2018 meeting.

      (i) A Consultation Summary (feedback statement) has been developed and is included in agenda item 13.3.2. Agenda item 13.2.5 highlights staff approach followed in developing the Consultation Summary.

   (c) Decision—Update the text related to the implementation and interpretations issue. The text should communicate that the IPSASB is setting up a working group to consider this issue. The working group should advise on an appropriate process and structure to address interpretations/implementation in a resource efficient manner.

      (i) The text has been updated on page 18 of the Strategy for this decision.

   (d) Decision—Consider options for translation of the Strategy and Work Plan into French, Spanish and Portuguese to help engage with areas of growing IPSAS adoption and implementation.

      (i) Staff continues to work on plans for translating the Strategy and Work Plan and will provide an update at the December 2018 meeting. The translation of the Strategy will occur after it is published.

   (e) Decision—Update the text related to Theme D to appropriately reflect the important differences between adoption, implementation and compliance.

      (i) The text has been updated on page 4 and Theme D Table for this decision.

   (f) Decisions—Update the text related to Theme E to ensure the prominence of IPSAS in the context of accrual accounting and modify the text to emphasize the importance of Cost Accounting to effective Public financial Management.

      (i) The text has been updated on page 19 for this decision.

(ii) The importance of Cost Accounting related to effective Public Financial Management has been emphasized in the Consultation Summary, see page 16 of agenda item 13.3.2.

6. A number of more minor changes and edits have also been made throughout the Strategy and Work Plan 2019–2023 based on the various points received from the IPSASB, PIC and CAG.

Decisions required

Does the IPSASB agree with the proposed changes to address the instructions?

Approval of Strategy and Work Plan 2019–2023

Question

1. Whether the IPSASB approves the Strategy and Work Plan 2019–2023.

Detail

2. The Strategy has been amended to reflect the comments from the IPSASB in September, and the comments from the CAG and PIC in September and October respectively, as noted in agenda papers 13.2.1 and 13.2.2.

3. After approval of the Strategy and Work Plan 2019–2023 time will be needed to finalize the publication and the accompanying material. The target publication date is end of January 2019.

Due Process

4. When approving the Strategy and Work Plan 2019–2023, the IPSASB will need to satisfy itself that due process has been followed. Staff considers that due process has been followed effectively, noting that:

   - The Strategy and Work Plan 2019–2023, was issued for public consultation;
   - Responses to the consultation were received and made publicly available on the IPSASB website;
   - The IPSASB has deliberated significant matters raised in the feedback[1] at its June 2018 and September 2018 meetings, and decisions taken have been minuted;
   - The IPSASB will further deliberate significant matters raised in the comment letters at this meeting, and decisions taken will be minuted;
   - The IPSASB will be asked to consider whether there are any issues raised by respondents, in addition to those summarized by staff, that it considers should be discussed by the IPSASB, and agree there are none.
   - The IPSASB has consulted with the CAG in the development of the consultation on the Strategy and Work Plan 2019–2023 and in its finalization;
   - The IPSASB has discussed and taken advice from the PIC the development of consultation on the Strategy and Work Plan 2019–2023 and in its finalization.

5. The Technical Director will formally advise the IPSASB on whether due process has been followed effectively at the meeting.

Decision required

Does the IPSASB:

- Vote to approve the Strategy Consultation?
- Agree with the Technical Directors assertion that due process has been followed effectively?
- Agree with a target publication date of end of January 2019?

---

[1] The IPSASB considered feedback from the formal IPSASB roundtables and response letters in finalizing the IPSASB Strategy and Work Plan 2019–2023.

Strategy Implementation and Rollout Approach

Question

1. Whether the Board agrees with the proposed IPSASB Strategy and Work Plan 2019–2023 implementation approach.

Detail

2. Similar to when the Strategy Consultation was out for comment, it will be important for IPSASB staff, members, technical advisors, observers and others to communicate the approval of the new Strategy and Work Plan 2019–2023.

3. To help with the communication and dissemination of the new Strategy and Work Plan 2019–2023, staff proposes the following activities.

   (a) **Letter Writing Campaign.** A letter writing campaign that targets a broader group of decision makers than just accountants. It is thought that some constituents involved in the IPSAS adoption/implementation decision process, are not technical accountants. It is therefore important that personalized high level letters be mailed out to create awareness of the new Strategy and Work Plan 2019–2023[2]. This letter writing campaign is part of the other activities supporting the launch of the Strategy and Work Plan 2019–2023, such the At-a-Glance document, webcast and a Strategy presentation for use by IPSASB members, technical advisors and observers. Please share with staff contact information of any key individuals or organizations you would like a letter sent to in your jurisdiction or region.

   (b) **Local/National Events.** IPSASB members and technical advisors are encouraged to seek opportunities to hold discussions and attend events in their local jurisdictions to promote awareness of the IPSASB's Strategy and Work Plan 2019–2023. Please ensure to share the detail of such opportunities when identified with the IPSASB staff and be sure to include these in your representation activities with any key messages and/or takeaways.

   (c) **Strategic Engagement Opportunities.** In line with IPSASB Strategic Themes D and E, the IPSASB should engage with key international and regional organizations to disseminate the new Strategy and Work Plan 2019–2023. Some currently planned events for the first half of 2019 are as follows:

      (i) **March 11, 2019 event in Washington D.C.** Prior to the IPSASB meeting hosted by the World Bank an event similar to the joint March 6, 2017 event: *Transparency and Beyond: Harnessing the Power of Accrual in Managing Public Finances*, will be held. This event links well with IPSASB Theme E, in particular, however, is a good chance to raise awareness of the new Strategy and the Board priorities for the 2019–2023 period.

      (ii) **March 26–28, 2019 annual meeting of the Financial Audit and Accounting Subcommittee (FAAS) of INTOSAI**. IPSASB staff will attend this meeting and share an overview of the IPSASB Strategy and Work Plan 2019–2023. This is a great opportunity to share information on the new Strategy with the INTOSAI community

---

[2] Staff plans to translate the Strategy and Work Plan 2019-2023 into French, Spanish and Portuguese to communicate the new Strategy and Work Plan 2019-2023 in areas of growing IPSASB adoption and implementation.

and a chance to build on the communication and relationships developed with the support of the INTOSA FAAS during the Strategy Consultation.

(iii) **June 24–25, 2019–the 3rd Public Sector Standard Setters Forum (PSSSF), hosted by CPA Canada, will be held in Niagara-on-the-lake, Ontario, Canada.** The PSSSF forum will be focused around the main Themes in the Strategy. It will also provide an important opportunity to discuss with the approach of using groups of national standard setters for the initial research and scoping phase.

Decision required

Does the IPSASB:

- Agree with proposed implementation and rollout approach;
- Propose any other activities or ideas for the implementation and roll out of the Strategy?

Consultation Summary

Question

1. Whether the Board agrees with approach taken in the Consultation Summary.

Detail

2. The IPSASB decided at the September 2018 meeting that a feedback statement should be developed to be published along with the Strategy and Work Plan 2019–2023. The purpose was to link the proposals in the Strategy Consultation and capture at a high level the IPSASB's consideration of constituent feedback in shaping the final Strategy and Work Plan.

3. Based on the direction received in September 2018, staff has developed a draft of the feedback statement, which is included in Agenda Item 13.3.2 – Consultation Summary.

4. In executing the IPSASB's decision to develop the document, staff has a number of recommendations for the IPSASB to consider:

   (a) The feedback statement should be called a *Consultation Summary*. The staff view is that this title better represents the documents approach to not only highlighting the feedback received, but to present in plain accessible language the IPSASB's thinking in developing the Strategy Consultation, the process followed to engage with constituents during the consultation period, and finally the consultative process undertaken in responding to the feedback received and how it is reflected in the final Strategy and Work Plan 2019–2023. In doing this, staff has ensured that the key decisions in agenda item 13.1.1 have been appropriately highlighted and explained in the document.

   (b) Given the limited time since September to develop the Consultation Summary, the document has not yet been professionally designed. However, the staff recommendation and plan is to have one professionally developed consistent with the styling of the Strategy and Work Plan 2019–2023 to be ready for publication in January 2019.

   (c) Use of a drafting group, if needed, to review the final text. There will be limited time from the end of the December meeting until publication. If there are a lot of edits needed, a drafting group to review the revised document in a timely manner may be useful. However, if the IPSASB is generally happy with the current draft and only minor edits are needed, staff is happy to proceed without one.

Decision required

Does the IPSASB agree with the staff recommendations to:

- Call the document a Consultation Summary;
- To professionally design the document consistent with the Strategy;
- To use a drafting group, if needed, to review the final text?

Draft Strategy and Work Plan 2019–2023

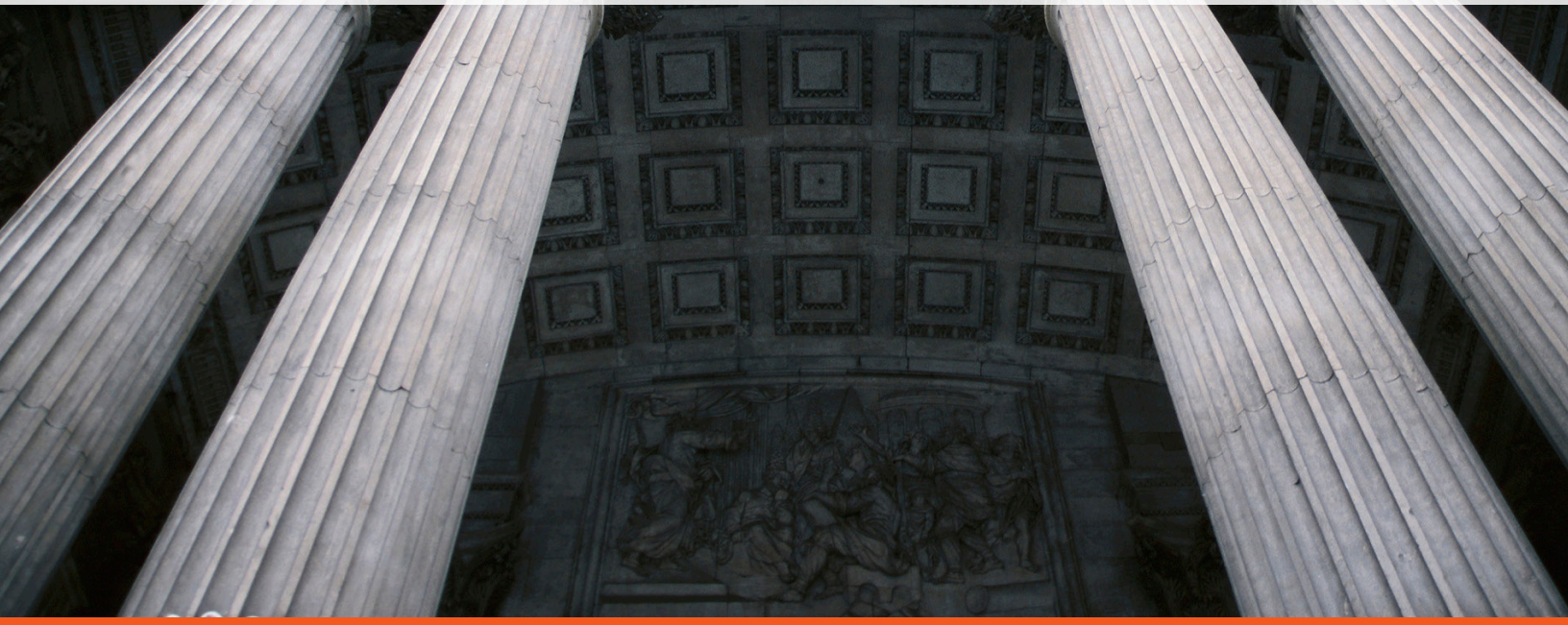
See following document.

IPSASB International Public Sector Accounting Standards Board®

Strategy and Work Plan™

Strategy and Work Plan 2019–2023

Delivering Global Standards. Inspiring Implementation.



IPSASB International Public Sector Accounting Standards Board®

Mission	The International Public Sector Accounting Standards Board® (IPSASB®) serves the public interest by developing high-quality accounting standards and other publications for use by public sector entities around the world in the preparation of general purpose financial reports (GPFRs).
Outputs	The IPSASB's authoritative standards include: • International Public Sector Accounting Standards (IPSAS) which set out requirements for financial reporting in General Purpose Financial Statements (GPFSs); and • Cash Basis IPSAS. The IPSASB's non-authoritative guidance and other publications include: • The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities; • Recommended Practice Guidelines (RPGs) applicable to the preparation and presentation of GPFRs; and • Staff papers and other documents.
Inputs	The use of IPSAS: • Enhances transparency through comparability and quality of financial information, enabling users to assess the financial status of public sector entities; • Increases accountability by communicating the nature and amount resources controlled by public sector entities and how they are used, allowing users' to hold governments to account. • Contributes to better information for decision makers of public sector entities to use in making judgements and delivering goods and services to users efficiently.
Strategic Input	The IPSASB Consultative Advisory Group (CAG) is a forum composed of 22 representatives from public and private sector organizations and individuals that are interested in, or affected by, the IPSASB's work, including those engaged in the preparation, audit, or evaluation of public sector financial reports. Interaction with the CAG is a key element of the IPSASB's due process.
Oversight	The IPSASB sets its standards in accordance with a transparent due process. The IPSASB's governance and standard-setting activities are overseen by the Public Interest Committee (PIC).
Structures and Processes	The structures and processes that support the IPSASB are facilitated by the International Federation of Accountants (IFAC).
Funding	The IPSASB receives financial support from IFAC, the Asian Development Bank, the Chartered Professional Accountants of Canada, the New Zealand External Reporting Board, and the governments of Canada and New Zealand.

Copyright © [Month and Year] by the International Federation of Accountants (IFAC). For copyright, trademark, and permissions information, please see page [xx].

IPSASB Strategy
and Work Plan 2019–2023

Contents

Contents

- Strategy and Work Plan 2019–2023 1
- Delivering Global Standards. Inspiring Implementation..... 1
- IPSASB Strategy and Work Plan 2019–2023..... 3
- Contents..... 3
- Foreword 1
- Strategic Considerations—IPSAS and PFM 3
- The IPSASB's Strategic Objective and Strategic Themes 2019–2023... 5
- Work Plan 2019-2023 8
- Managing Delivery of Strategy and Work Plan 2019–2023 21

DRAFT

Foreword

By Ian Carruthers, IPSASB Chair

2018 marks the twenty-first year of the International Public Sector Accounting Standards (IPSAS) development program. During that period, the International Public Sector Accounting Standards Board (IPSASB) and its predecessor—the International Federation of Accountants (IFAC) Public Sector Committee—developed 42 IPSAS, as well as three Recommended Practice Guidelines (RPGs), an IPSAS on reporting under the cash basis of accounting and, The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities (Conceptual Framework). These, together with the introduction of a governance framework and an immense amount of outreach work by Members, and others associated with its activities, have progressively allowed the IPSASB to mature into the global standard setter for public sector financial reporting.

The IPSASB's first-ever Strategy and Work Plan consultation during 2014, together with the completion of the Conceptual Framework in the second half of 2014, were landmark achievements for the IPSASB. Both have fundamentally shaped its current activities. Our work is also increasingly being influenced by the implementation in the past couple of years of our new governance and advisory framework enhancements, comprising the Public Interest Committee (PIC) and the Consultative Advisory Group (CAG). Both of these have a public interest focus that impacts the IPSASB's work.

This is a critical time for the IPSASB, as the pace and scale of IPSAS adoption and implementation have increased significantly in recent years. This is a trend that looks likely to continue, with the number of governments around the world adopting accrual accounting estimated to increase from 25% in 2018 to 65% by the end of 2023 . Our standards and guidance will therefore increasingly need to meet the practical requirements of a significantly expanding user group.

The 2015 Strategy positioned our work for the first time in the context of the drive to strengthen Public Financial Management (PFM) globally. As a result of the feedback from our constituents, the majority of our work since then has focused on IPSAS development and maintenance. In selecting and scoping the projects in our current Work Plan, the IPSASB has attempted to strike a balance between addressing key public sector issues, and

1 Source: International Public Sector Financial Accountability Index, 2018 Status Report a joint initiative of the International Federation of Accountants and the Chartered Institute of Public Finance & Accountancy. The status report can be found here: www.ifac.org/ipsfai-2018-status?utm_source=IFAC+Main+List&utm_campaign=8cb562bfc4-EMAIL_CAMPAIGN_2018_11_02_03_28&utm_medium=email&utm_term=0_cc08d67019-8cb562bfc4-80411197.

maintaining alignment with the new standards issued by the International Accounting Standards Board (IASB). As the IPSASB has progressed the projects approved in 2015, with a number completed during 2018, such as IPSAS 41, *Financial Instruments* and IPSAS 42, *Social Benefits*, it has also considered the direction it should take in the five-year period 2019–2023, and discussed this with a broad range of constituents.

Based on the feedback obtained through the many outreach events that the IPSASB, Technical Advisors and its alumni collectively undertake, as well as the input from formal strategic engagement such as the Public Sector Standard Setters Forum meetings held in 2016 and 2017, the four IPSASB roundtables held to discuss the Strategy and Work Plan 2019-2023 together with the 53 formal responses received, the IPSASB has confirmed that it should continue to focus its work on developing and maintaining high-quality financial reporting standards for the public sector. In addition, the IPSASB has confirmed that it should continue to promote IPSAS adoption and implementation to raise awareness of the benefits of accrual in strengthening PFM. It plans to do this in various ways, including by working with global and regional bodies to raise the profile of IPSAS with financial regulators and markets; all of whom are key advocates needed as consistent supporters of the adoption, implementation and monitoring of compliance with IPSAS. However, the IPSASB also received constituent feedback to be cautious in terms of committing now to new projects given its existing heavy and challenging Work Plan and to continue to the important work on public sector specific projects including revenue, non-exchange expenses and measurement, ensuring it does not overcommit.

The feedback from the roundtables and responses to Strategy and Work Plan 2019-2023 consultation provided valuable input that have helped shape the way IPSASB will work and its priorities during the 5-year period from 2019, as well as play a key role in strengthening PFM globally going forward. Your continued input and support, as well as that of our funders and other stakeholders, is vital in helping us shape the future of global public sector financial reporting standards during this critical period.

Ian Carruthers,
IPSASB Chair ■

DRAFT

Strategic Considerations—IPSAS and PFM

Public Financial Management (PFM), in its broadest sense, is the system by which financial resources are planned, directed, and controlled, both externally to and internally within the public sector entity, to enable and influence the efficient and effective delivery of public service outcomes.

Citizens are affected by the financial management decisions of governments and public sector entities. In many jurisdictions, the lack of complete and audited information about government finances continues to be a major cause of concern, which impacts government accountability and informed decision-making. Moreover, concerns about the sustainability of key government programs are widespread. The longer-term impacts of the sovereign debt crisis and other challenges faced by governments (particularly around demographics and aging populations) emphasize the ongoing urgent need to strengthen the quality of financial management in governments around the world.

Accounting standards help improve the quality of financial reporting, which has the potential to improve decision making in the public sector. The increasing complexity of public sector finances, together with a greater focus on the quality of public financial management, has increased demand for high-quality standards and guidance on how to adopt and implement such standards. Adoption and implementation of IPSAS are fundamental steps that governments can take to improve financial reporting and PFM because IPSAS-based information provides a comprehensive picture of their financial performance and position. Such information can also enable progress on key government development initiatives such as those related to the United Nations sustainable development goals .

The IPSASB is therefore committed to delivering high-quality public sector accounting standards to strengthen financial reporting. In doing this, the IPSASB's standard setting program helps increase confidence from citizens and financial markets in public institutions, which is key to economic and social stability. The application of IPSAS also facilitates governments and other public sector entities being more accountable to their citizens, and so enhances global fiscal stability, sustainability and accountability.

2 Accountability and transparency by governments and public sector entities on the use of their resources, enables through high-quality financial reporting, such as IPSAS can lead to improved decision making. Further, this can be seen as an important step in achieving improvements on the United Nations sustainable development goals; a key initiative to better society for future generations around the world.

These strategic considerations raise a number of challenges for the IPSASB to address during the period 2019–2023:

- The key gaps remaining in its our public sector-specific standards and literature;
- Certain IPSAS are not up to date with the latest version of the equivalent IFRS® Standards;
- The accessibility of financial statements for non-specialist users, and civil society in general, needs improvement;
- Capacity constraints impact on the ability of many jurisdictions to undertake accrual transition projects which limits the pace of adoption, implementation and compliance with IPSAS. Promotion of, and support for, accrual adoption and IPSAS implementation, both in individual jurisdictions and globally, needs to be enhanced;
- The vision and guidance for using accrual information to strengthen PFM needs further development, as does the evidence base for such reforms; and
- Consideration of how the IPSASB can further help constituents actively contribute to its standard setting and other work going forward

These challenges have all shaped the IPSASB's Strategy and Work Plan for the period 2019–2023. ■

DRAFT

The IPSASB's Strategic Objective and Strategic Themes 2019–2023

The overarching Strategic Objective that the IPSASB adopted for 2019–2023 refines the one currently in use in order to provide a sharper focus for its future work. The overarching Objective is:

> *Strengthening Public Financial Management (PFM) globally through increasing adoption of accrual-based IPSAS.*

Delivered through two main areas of activity, both of which have a public interest focus:

- Developing and maintaining high-quality IPSAS and other financial reporting guidance for the public sector; and
- Raising awareness of IPSAS and the benefits of accrual adoption.

In order to focus its work across these main areas of activity, the IPSASB will base its work on five Strategic Themes:

- Strategic Themes A through C address the development and maintenance of standards and other forms of guidance; and
- Strategic Themes D and E focus on raising IPSAS awareness and promoting their adoption and implementation, as well highlighting the use of accrual information and providing greater clarity over how the IPSASB plans to influence the works of others in strengthening PFM.

DRAFT

Developing and Maintaining IPSAS and Other Financial Reporting Guidance for the Public Sector

Theme A: Setting standards on public sector specific issues	As the global public sector accounting standard setter acting in the public interest, the IPSASB will focus the majority of its efforts on this Theme in order to address key public sector specific reporting issues not already addressed by IPSAS. The Conceptual Framework will be used as a basis for addressing these challenging public sector reporting issues. In addition, the IPSASB's policy to reduce unnecessary differences with Government Finance Statistics (GFS)[3] will also be integral to its work. The IPSASB believes this is the main area where it can add value, as the issues under this theme have not been addressed by other standards setters and are important to users of financial statements in the public sector.
Theme B: Maintaining IFRS alignment[4]	IFRS alignment has been a key pillar of IPSAS development since the inception of the standards program in 1997. In many instances, government activities are the same as corporate activities and so there are advantages for citizens and constituents in reporting such activities using common global financial reporting approaches where this is appropriate. The IPSASB's approach to using IASB literature where relevant[5] allows it, as a volunteer board with a small staff team, to develop standards efficiently that address the needs of public sector users. Its policy on reducing unnecessary GFS differences is also relevant to work under this theme.

DRAFT

3 The IPSASB considers opportunities to reduce unnecessary differences with GFS in all projects to develop standards and guidance. For further details please see the IPSASB's *Process for Considering GFS Reporting Guidelines during the Development of IPSASs*.

4 The term 'alignment' refers to the formal processes the IPSASB follows to assess the applicability of IFRS and / or GFS requirements when developing pronouncements which faithfully represent the economic substance of transactions in the public sector. Through these processes the IPSASB aims to reduce unnecessary differences with these sources of guidance when they can also be applied in the public sector context.

5 The IPSASB also considers relevant IASB literature as part of its projects. For further details please see the IPSASB's Process for Reviewing and *Modifying IASB Documents*.

Theme C: Developing guidance to meet users' broader financial reporting needs	The IPSASB recognizes that the characteristics of the public sector mean that user needs may not always be satisfied by the financial statements alone. Therefore, the IPSASB has developed guidance on broader financial reporting (Recommended Practice Guidelines 1–3[6]), when specific public interest needs have been identified. The IPSASB will continue to monitor user needs and emerging issues in this broader financial reporting space.

Raising awareness of IPSAS and the benefits of accrual adoption

Theme D: Promoting IPSAS adoption and implementation	Promoting and encouraging the adoption and implementation of IPSAS is in the public interest as it can lead to improvements in public sector financial reporting globally, which benefits users by providing greater transparency and provides information to inform better decision making. The IPSASB therefore has a very active approach to outreach[7] enabling us to engage in a global dialogue with constituents on the adoption and implementation of IPSAS.
Theme E: Advocating the benefits of accrual in strengthening PFM	The IPSASB's view is that the use of accrual information provides the foundation for strong PFM. In furthering its Strategic Objective, the IPSASB works with other professional groups and sponsoring organizations to help develop the understanding of the PFM benefits of IPSAS adoption in improving transparency, accountability and decision making.

DRAFT

6 The IPSASB has developed three Recommended Practice Guidelines (RPGs), which are pronouncements that provide guidance on good practice in preparing general purpose financial reports (broader financial reporting) that are not financial statements. The following RPGs have been developed: RPG 1, *Reporting on the Long-Term Sustainability of an Entity's Finances*, RPG 2, *Financial Statement Discussion and Analysis* and RPG 3, *Reporting Service Performance Information.*

7 IPSASB Members and staff undertake a considered and active constituent engagement strategy, including personal appearances, participation in discussion groups and forums, as well as using webinars and other methods of electronic communication, to inform and engage on various technical topics.

Work Plan 2019-2023

Developing and maintaining high-quality IPSAS and other financial reporting guidance for the public sector

- Themes A, B and C relate to the IPSASB's central role as a standard setter, and are therefore where it has prioritized projects on to the Work Plan 2019–2023.

Criteria for project prioritization

In selecting the projects under each Theme, the IPSASB has evaluated a long list of potential projects against the following criteria, in order to help it assess which projects would provide the greatest public interest benefits to users:

1. ***Prevalence.*** Whether the financial reporting issue is widespread globally amongst public sector entities.
2. ***Consequences.*** Whether the issue impairs the ability of the financial statements to provide useful information for accountability and decision making.
3. ***Urgency.*** Whether the emerging issue has recently gained prominence and therefore requires consideration in the near term.
4. ***Feasibility.*** Whether a technically sound solution to the issue can be developed within a reasonable time period and current resource constraints without impacting adversely on the completion of other projects.

The above criteria are used by the IPSASB to evaluate potential new projects. The IPSASB consults with constituents before adding new projects to the Work Plan. The feedback received from constituents is considered in the context of the resources available to the IPSASB, and the need for a balanced Work Plan which includes projects with a mix of complexities.

DRAFT

Work Plan Status at December 2018

Figure 1: Projected timelines for the IPSASB's ongoing projects at 31 December 2018

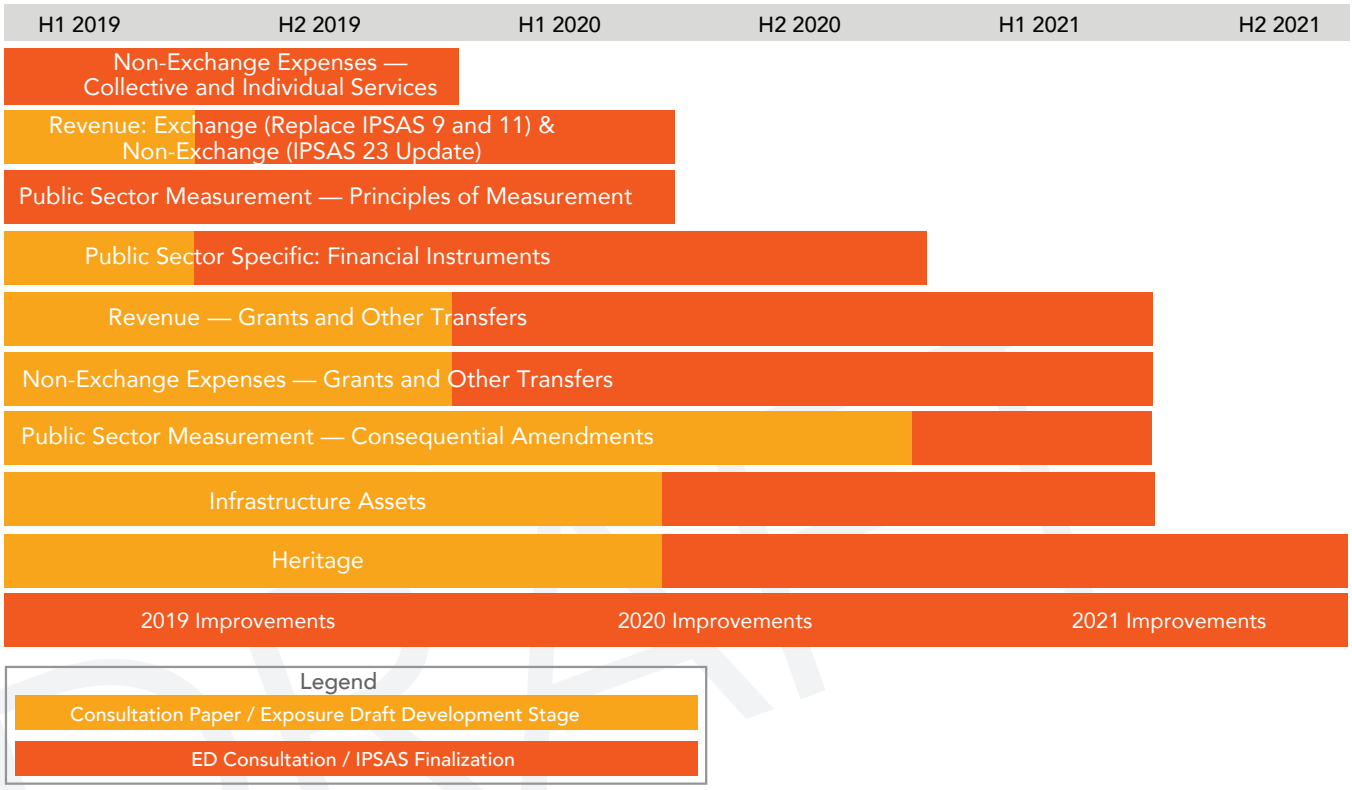


Figure 1 sets out the expected progress for all ongoing projects on the current IPSASB Work Plan as at December 2018. The progress of each project will be dependent on the decisions taken by the IPSASB, feedback received from stakeholders[8] in each consultation phase, and the availability of staff resources. The IPSASB reviews Work Plan progress at each meeting.

The completion of the projects in the current Work Plan will progressively provide the space from 2019 onwards to undertake new projects. ■

8 This work plan assumes that CPs and EDs have the standard 4-month consultation period and assumes that no projects will require re-exposure.

Theme A: Setting standards on public sector specific issues

- The IPSASB's primary focus recently has been in developing public sector specific standards as this is the area of main concern of users.

Our current Work Plan has a number of active projects addressing public sector specific issues, as follows:

Ongoing public sector specific projects include:

- Revenue—the current IPSAS exchange revenue standards (IPSAS 9, *Revenue from Exchange Transactions* and IPSAS 11, *Construction Contracts*) are aligned with IASB standards that have been superseded by the publication of IFRS 15, Revenue from Contracts with Customers, which provides the IPSASB an opportunity to update these standards. In addition, the approach in IFRS 15 has provided the IPSASB with an impetus to consider its approach to non-exchange revenue transactions and to address practical issues that have emerged in the application of IPSAS 23, *Revenue from Non-Exchange Transactions (Taxes and Transfers)*;
- Non-exchange expenses—relate to some of the most important areas of government and public sector entities activity, such as individual services including education and health care and collective services such as defense spending. The public sector transactions in these areas, as well as grants and transfers that give rise to non-exchange expenses are numerous and financially significant. The lack of international guidance on the recognition and measurement for non-exchange expenses creates a public interest deficit through the potential for inconsistent reporting;
- Public Sector Measurement—translating the principles in the Conceptual Framework on measurement into more detailed guidance across the suite of IPSAS will help to ensure comparability and the assessment of value for money in the management of public sector assets and liabilities;
- Heritage—providing information on heritage items in financial statements is in the public interest as it promotes effective management and preservation of such items for future generations; and

DRAFT

- Infrastructure Assets—citizens rely on such assets which are extensive in the public sector. The lack of specific guidance on the recognition and measurement of these assets, causes practical difficulties for preparers (particularly those in the process of adopting IPSAS).

New public sector specific projects added to the 2019–2023 Work Plan

All projects proposed for addition to the 2019-2023 Work Plan were assessed against the project prioritization criteria and consulted on with a broad range of constituents globally. The two projects below have been added to the Work Plan as they provide the greatest public interest benefits and received the highest levels of support from constituents.

Natural Resources. The issue of accounting for natural resources in the public sector is prevalent in many jurisdictions. Governments often have little idea of the monetary value of natural resources until after they are extracted. However, the rights to extract such resources are often granted beforehand to third parties who then profit from their extraction. From a public interest perspective, this is an important issue, particularly in jurisdictions with resource-based and resource rich economies because the recognition and measurement of these assets impact their management and the benefits derived by citizens from their extraction. The scoping phase of this project will not only have regard to extractive resources, but will also consider the potential for inclusion of broader natural resources, such as water, natural phenomena and living species.

Natural Resources. The issue of accounting for natural resources in the public sector is prevalent in many jurisdictions. Governments often have little idea of the monetary value of natural resources until after they are extracted. However, the rights to extract such resources are often granted beforehand to third parties who then profit from their extraction. From a public interest perspective, this is an important issue, particularly in jurisdictions with resource-based and resource rich economies because the recognition and measurement of these assets impact their management and the benefits derived by citizens from their extraction. The scoping phase of this project will not only have regard to extractive resources, but will also consider the potential for inclusion of broader natural resources, such as water, natural phenomena and living species.

Conceptual Framework limited-scope review. The IPSASB developed its own Conceptual Framework as the primary basis for its future standard setting activities. In finalizing its Conceptual Framework in September 2014, it drew on relevant parts of the IASB's *Conceptual Framework for Financial Reporting* (IASB Conceptual Framework) at that point. The recent revisions to the IASB Conceptual Framework have therefore raised questions about whether the relevant aspects of the IPSASB's own Conceptual Framework should be revised. This project will therefore evaluate the changes made to the IASB Conceptual Framework, and their relevance to the public sector. Linked to this work, the IPSASB will also evaluate the need for changes to its literature in light of the IPSASB Conceptual Framework chapters on Elements and Recognition in Financial Statements.

DRAFT

New public sector specific projects prioritized for initial research and scoping

Some IPSASB constituents highlighted a concern with the number of projects proposed for addition to the 2019-2023 Work Plan. These concerns stemmed from the volume and significance of the Board's ongoing projects and the need to focus resources on these in preference to starting new projects. The IPSASB has considered the current and anticipated progress of its current projects, and decided not to add discount rates and/or differential reporting to the 2019-2023 Work Plan at this time. However, the Board may allow groups of National Standard Setters (NSSs) to lead work on the initial research and scoping on important public sector accounting issues. This approach allows for continued development on important topics to the public sector while minimizing direct investment of the IPSASB's resources at a time when there are still a number of significant on-going public sector specific projects. Following consideration of stakeholder comments, the IPSASB plans to offer groups of NSSs[9] the opportunity to lead or contribute to initial research and scoping work on:

- Differential Reporting;
- Discount Rates;
- Presentation of Financial Statements in the Public Sector; and
- Tax expenditures. ■

Theme B: Maintaining alignment with IFRS

The IPSASB will continue its work to maintain alignment with IFRS[10].

The IPSASB believes that maintaining alignment with IFRS is in the public interest for the following reasons:

- Common language. Global public sector standards should have consistent principles and accounting outcomes when the economics of transactions are the same.
- Mixed Group Consolidations[11]. Different requirements are costly to those applying IPSAS when there is no public sector specific reason to develop different accounting treatments. Therefore, reducing unnecessary differences minimizes the cost of preparing consolidated financial statements.
- Leveraging Resources. When the transactions are the same in the public and private sector, it makes sense for the IPSASB to

9 The IPSASB will encourage the involvement of small groups of interested national standards setters and others (including academics) to undertake the initial research and scoping work with the aim in identifying the range of options available to address the issues in a particular project, different accounting models that exist in national jurisdictions to address the issues and to identify other sources of public sector specific guidance related to the transactions, if any.

10 The IPSASB follows a robust process for considering if the IFRS requirements are appropriate for public sector transactions when undertaking an alignment project. This includes considering if specific public sector guidance is necessary, if the relevant private sector guidance is fit for purpose for the public sector, and if additional examples and other implementation guidance will help with the application of the principles in the public sector.

11 Mixed group consolidations are when the public sector consolidates entities it controls which apply private sector accounting standards such as IFRS.

build off the best practices in the private sector reporting and develop an aligned standard.

The publications of IPSAS 39, *Employee Benefits* and IPSAS 41, *Financial Instruments* are recent examples of the IPSASB's work to maintain alignment with IFRS. These projects replaced older versions of the standards because of revisions to the related IFRS Standards. The IPSASB has also completed a number of minor improvements projects in recent years.

Current active projects that will help to maintain alignment following the issue of new IFRS Standards are:

- Revenue (IFRS 15); and
- Leases (IFRS 16).

Despite these projects, some IPSAS remain based on older versions of IFRS. The next few years present a 'catch up' opportunity as a result of the IASB 2017–2021 Work Plan, where the focus is on completion of large-scale standard setting projects, while not undertaking any new major projects. The IPSASB has identified a number of possible projects, categorized as major projects, narrow scope projects and minor improvements.

In managing its Work Plan and responding to the views of stakeholders globally, the IPSASB will also aim to:

- Undertake regular improvements projects on at least an annual basis in order to address issues identified with current IPSAS as well as to incorporate relevant minor changes to IASB literature;
- Incorporate narrow scope alignment projects, based on the consideration of the availability of agenda time and staff resources[12], as well as the overall mix of complex projects dealing with public sector issues. The IPSASB will consider the potential public interest benefits of undertaking any particular future projects, against the project prioritization criteria and in terms of the overall balance of the Work Plan; and
- Consider projects to reduce unnecessary differences related to the following items as staff and IPSASB resources become available:
  - IPSAS 18, *Segment Reporting* (update for IFRS 8, Operating Segments);
  - IPSAS 20, *Related Party Disclosures* (Update for IAS 24, Related Party Disclosures – 2009);
  - IAS 26, *Accounting and Reporting by Retirement Benefits Plans*; and
  - IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*.

This approach to developing a pipeline of alignment projects allows the IPSASB the flexibility to use its resources to address the issues which are most pressing to the public sector, when appropriate resources are available[13].

To help guide its work under Theme B and in making progress on the pipeline of alignment projects, the IPSASB has developed a dashboard which shows the degree of public sector specificity for each standard as well as the level of alignment with the corresponding IFRS. This document is updated by staff on a quarterly basis and allows the IPSASB and its constituents to understand what the alignment status is for each standard and can be found on the IPSASB website. ■

12 The IPSASB may leverage staff resources of National Standard Setters when available to work on such IFRS narrow scope alignment projects.

13 Based past experience, the IPSASB has evidenced that it can develop guidance aligned with IFRS with much less investment in terms of time and resources than compared to a pure public sector specific project. Therefore, the IPSASB believes it can work in some of the above selected major topics in an efficient manner while public sector specific projects are out for consultation or as they are completed without a large impact on the Work Plan or timeline of the prioritized public sector specific projects.

DRAFT

Theme C: Developing guidance to meet users' broader financial reporting needs

The IPSASB will monitor developments in this area rather than undertake any specific projects.

The IPSASB has already developed the following non-mandatory guidance addressing broader financial reporting needs that cannot be satisfied through general purpose financial statements alone:

- RPG 1, *Reporting on the Long-Term Sustainability of an Entity's Finances*;
- RPG 2, *Financial Statement Discussion and Analysis*; and
- RPG 3, *Reporting Service Performance Information*.

Given the priorities expressed by its stakeholders, and the limits on its resources the IPSASB has decided that its main efforts during the first part of the 2019–2023 period will primarily focus on addressing public sector specific issues and to a lesser extent on maintaining alignment with IFRS. It has therefore decided against adding any specific projects to the Work Plan during 2019–2023 period related to Theme C.

Instead, the IPSASB will actively monitor developments in the broader narrative reporting area. Specifically, it will monitor the work and progress related to Integrated Reporting <IR>, the Corporate Reporting Dialogue and the IASB's project on *Better Communication in Financial Reporting*. The IPSASB will consider the need for future projects related to these initiatives based on their evolution from now through to the mid-period Work Plan consultation planned for late 2020.

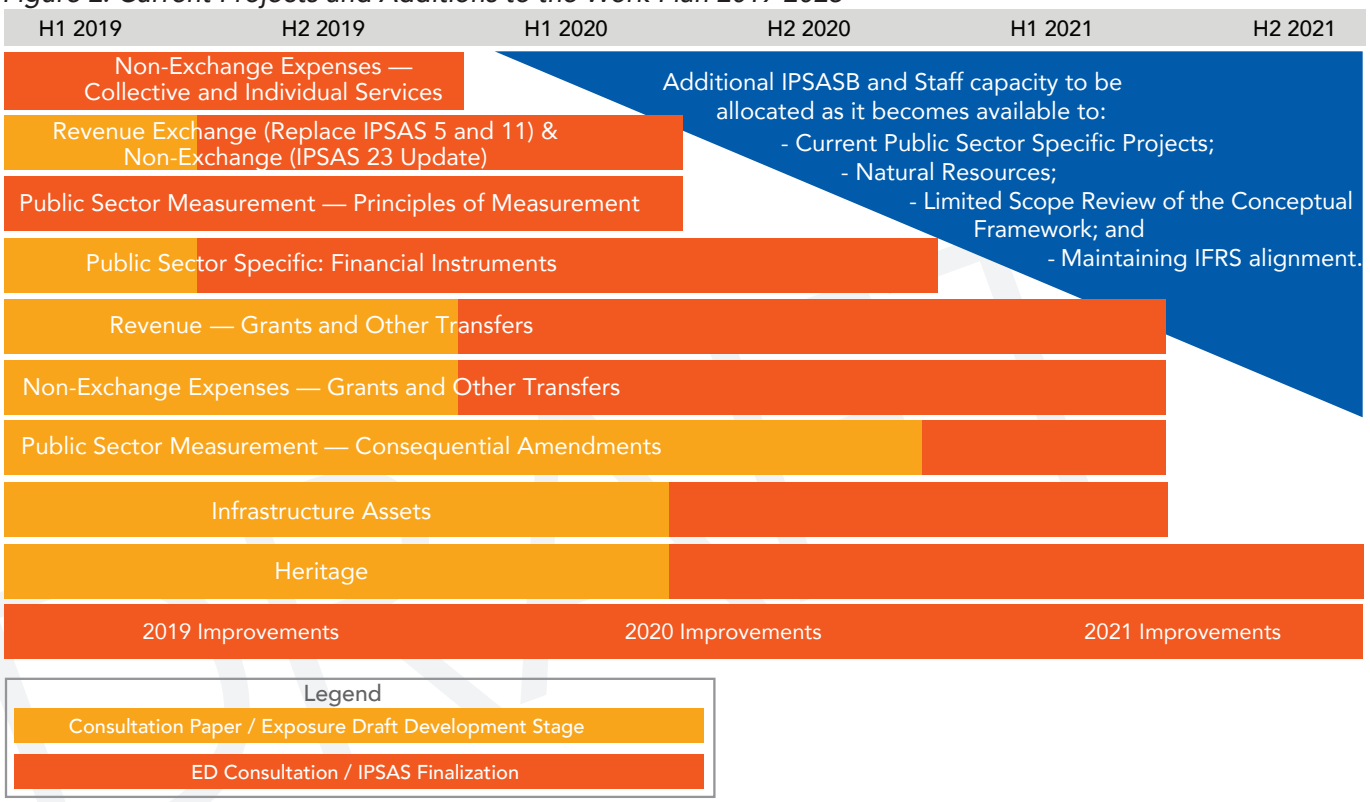
Project Phasing and Mid-period Work Plan update

The projects added under Theme A and the on-going work related to maintain IFRS alignment under Theme B will be started on a phased basis as the current active projects in the Work Plan are completed, and capacity becomes available. The IPSASB will undertake initial research phases for each new project, to ensure it understands the scope of public sector issues and the resource requirements, as well as what the intended output is in terms of standards and/or guidance. To ensure that the IPSASB operates in the public interest of its constituents it is important that it undertakes this initial research phase before initiating full projects.

DRAFT

Anticipated progress with the IPSASB's current projects should mean that the two new projects are expected to be started in 2019 and 2020 as shown in figure 2. The IPSASB will decide the order in which the specific new projects start, in the light of its assessment of the priorities and resources at the relevant points in time.

Figure 2: Current Projects and Additions to the Work Plan 2019-2023



Although the Strategy and Work Plan is intended to remain in place throughout the 2019-2023 period, the IPSASB is conscious that new reporting issues may emerge which require a review of Work Plan priorities. It therefore plans to hold a limited-scope public consultation during 2020, in order to obtain external input to its own ongoing consideration of these matters. ■

Raising awareness of IPSAS and the benefits of accrual adoption

- The IPSASB sees its role in inspiring implementation as critical to the work related to raising awareness of IPSAS and the benefits of accrual adoption as a critical contribution to PFM reform. Given the complexity of the PFM landscape, and its own resource limitations, the IPSASB's view is that building relationships with those working in this space and engagement in their work is the most effective way of promoting the adoption and implementation of IPSAS in PFM reform projects, as well as the use of accrual information more generally. The IPSASB will therefore actively monitor the work of others in the PFM arena and look for appropriate opportunities to support their work on the international, regional and local levels through its Members, Technical Advisors, staff and IPSASB Alumni.

Theme D: Promoting IPSAS adoption and implementation

The PFM reform landscape within individual jurisdictions is complex, and the IPSASB's role is more limited than other groups, as shown in the table below. The transition to accrual requires a program of changes across a number of different areas, including professional skills and capacity, systems, internal controls and to processes and requirements for reporting transactions. This involves a number of different groups, with different skills and expertise at various stages to differing degrees throughout the adoption and implementation process.

Activity	IPSASB	PAOs	Governments	Consultants/ Contractors	Auditors	Supranational & Regional Organizations
Promotin adoption	✓	✓	✓	✓	✓	✓
Supporting Implementation						
– Financial Support			✓			✓
– Capacity Development		✓	✓	✓		
– Technical Guidance	✓	✓	✓			
– Practical Guidance		✓	✓	✓	✓	✓
– Continuing Professional Development		✓	✓			
– Improving IPSAS compliance	✓	✓	✓	✓	✓	

Promoting Adoption

The IPSASB's resources limit the extent to which it can promote IPSAS adoption in individual jurisdictions. However, it has an active outreach program focused on speaking at conferences and attending key local meetings, in support of the work of local adopters and implementers. Given the recent global momentum in the adoption of IPSAS, and indications that this momentum will continue in the 2019–2023 period, it is important that the IPSASB Chair, Board Members, Technical Advisors and staff continue their program of outreach and engagement in order to support the efforts of:

- Those contemplating adoption and implementation;
- Those already in the process of adopting and implementing; and
- Those who have adopted and implemented.

Direct engagement is key because the needs of constituents differ depending on their progress on adoption.

The IPSASB's outreach activities in promoting adoption and implementation also present an opportunity to learn about issues that are important to users. This important feedback mechanism can identify public sector specific issues and areas for further IFRS alignment or other broader financial reporting needs that should be addressed in the future. This will include working with regional organizations, including engaging in direct discussions on current projects and PFM reform projects and challenges important to the region.

Implementation Support and Technical Guidance

The IPSASB has recently updated its Cash Basis IPSAS, which sets out requirements for public sector entities reporting under the cash basis of accounting, in order to address adoption and implementation challenges encountered in practice. In doing so, it has also clarified that it views the Cash Basis IPSAS as a step on the path to adoption of the accrual basis, rather than an end in itself.

In order to support accrual adoption and implementation, the IPSASB has issued Study 14: *Transition to the Accrual Basis of Accounting: Guidance for Public Sector Entities*. Study 14 is a practical tool to help with common challenges encountered in the transition to accrual accounting and draws upon the experiences of jurisdictions that have been through the transition already. Since the issuance of the current version in 2010, the IPSASB believes that it should be updated to reflect changes in the IPSAS suite of standards, as well as to include further best practice examples from recent experiences of those transitioning to accrual-based IPSAS. Constituents globally have noted that adoption and implementation challenges are key issues for those looking to move to accrual-based IPSAS and that an updated and perhaps re-formulated Study 14 could be an effective tool to help those starting that important journey. Therefore the IPSASB will work with others to update Study 14 to help deal with challenges noted.

DRAFT

The IPSASB has recently increased its level of support for the adoption and implementation of IPSAS through:

- Explicitly considering implementation challenges noted in the application of accrual-based IPSAS, when developing public sector specific application guidance, illustrative examples and implementation guidance for new standards and/or updating and revising existing standards;
- Producing implementation support webpages for all major new standards to facilitate their rollout so that preparers and users can understand their likely impact, and use educational material to support implementation;
- Create a working group to advise on an appropriate process and structure to consider implementation and interpretations issues in a resource efficient manner.
- Developing 'At A Glance' summaries for all significant IPSAS publications and pronouncements;
- Providing webinars on significant consultations and final pronouncements;
- Publishing an annual Handbook, which is a one stop shop to all of the IPSASB's current pronouncements;
- Issuing staff Questions and Answers (Q & A) publications highlighting aspects of IPSASB's suite of standards which are relevant to implementation, such as the recent Q & A on Materiality; and
- Creation of training materials as well as delivery of limited training activities to support IPSAS understanding.

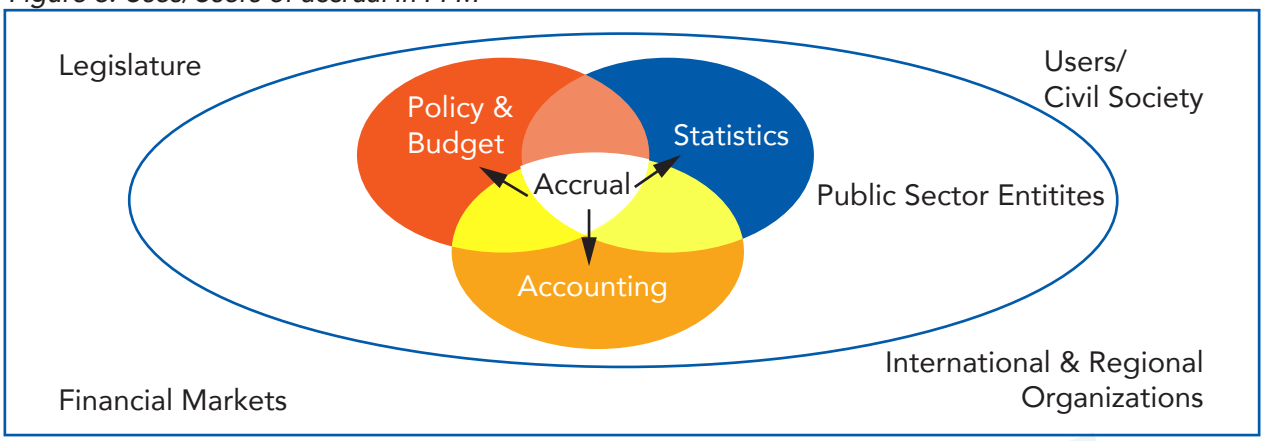
The IPSASB recognizes that in some jurisdictions the public sector accounting capacity needed to implement and comply with IPSAS is limited. Further, ensuring that those using the standards understand the information being communicated is an ongoing challenge. The IPSASB responds to these challenges through its outreach activities which aim to influence others working in the wider PFM space to ensure activities are coordinated and the needs of jurisdictions are considered. A key aspect of the IPSASB's outreach activities include a continued effort to build on strategic regional relationships developed through the regional roundtable events held during the consultation on this Strategy and Work Plan. This will allow the IPSASB to obtain real-time input to its Work Plan, as well as allowing constituents to provide feedback on problems encountered in practice, in particular those related to the implementation of the standards.

DRAFT

Theme E: Advocating the benefits of accrual in strengthening PFM

Moving to IPSAS provides many benefits, including improvements in PFM as well as contributing to the delivery of Sustainable Development Goals. In order to maximize these benefits, the IPSASB believes that accrual-based information (ideally based on IPSAS) should be used for as many purposes as possible. Figure 3 illustrates the various potential users of, and the variety of uses for, accrual information in PFM.

Figure 3: Uses/Users of accrual in PFM



Other international and regional organizations provide guidance and thought leadership, or otherwise influence the use of accrual information in these broader areas of PFM. The IPSASB believes it is important to build relationships with these organizations, so that its accrual accounting expertise is drawn upon by them, in order to expand the use of accrual information for PFM purposes, and to increase the alignment between the requirements of these different user groups. In turn their knowledge and expertise can influence the IPSASB's own work. In many cases, IPSASB already has relationships with these organizations through its oversight and advisory structures as well as through their Observer roles on the IPSASB.

Recently the IPSASB has worked to establish more formal outreach opportunities and has actively participated in forums in this area, such as:

- The annual Organisation for Economic Co-operation and Development (OECD) Public Sector Accruals Symposium;
- Engagement with the Government Finance Statistics (GFS) community through participation in the IMF GFS advisory committee;
- Participation in the joint IMF/World Bank/ IPSASB Seminar: Transparency and Beyond: Harnessing the Power of Accrual in Managing Public Finances;

DRAFT

- World Bank Governance Forum.
- Activities and engagement with the International Organisation of Supreme Audit Institutions (INTOSAI); and
- Various on-going dialogues and discussions with national and regional standard setters contemplating the potential use of IPSAS in their reporting frameworks.

The IPSASB believes that its advocacy work in the area of increasing the use of accrual in PFM should be taken forward through:

- Further work with the GFS community on reducing unnecessary differences between IPSAS and GFS in order to facilitate the use of IPSAS data for GFS purposes, and in turn its use in supporting budgetary and macroeconomic policy decisions;
- Participating in international and regional organization-sponsored PFM-related events;
- Participation in training and other 'internal' events for these organizations staff in order to raise awareness and disseminate knowledge of IPSAS; and
- Commenting on guidance and thought leadership papers during their development; and Participation in relevant working groups.

These initiatives will be complemented and supported by the regional engagement approach that IPSASB is panning to adopt in connection with Theme D. ■

DRAFT

Managing Delivery of Strategy and Work Plan 2019–2023

IPSAS support high-quality financial reporting for the public sector globally because they are:		
Internationally recognized	Designed specifically for the public sector	Developed independently through a rigorous due process

The Strategy and Work Plan 2019–2023 is ambitious, and draws on the full capacity of the IPSASB to deliver high-quality standards in a timely manner. The IPSASB's current capacity includes:

- Seventeen volunteer Members (and their Technical Advisors) and a remunerated independent Chair who collectively commit approximately 13,000 hours of time annually.
- An experienced full-time technical and administrative team of nine staff, with the IPSASB's administrative structures and processes facilitated by IFAC.
- An annual operating budget[15] that supports staffing, meeting, travel and other direct costs necessary for the IPSASB to be able to execute its Strategy and carry out its Work Plan.

Managing delivery of the IPSASB's Strategy and Work Plan within these limited resources, and with due consideration of the external context in which it operates is a priority of the IPSASB leadership. Key focus areas include:

International Recognition

The strength of the IPSASB's reputation and global acceptance of the IPSAS—Managed through:

- Ongoing commitment to ensuring both the quality and timeliness of delivery of new standards. This includes developing high-quality principle-based standards that are usable and provide users with information that is relevant and faithfully representative;
- Appointments through the independent nominations process which emphasizes and ensures diversity of[16] IPSASB Members, with the requisite skills, resources and capacity to contribute to the projects on the Work Plan; and
- Attracting, developing and retaining diverse, knowledgeable and highly qualified staff.

15 The IPSASB receives support from the Asian Development Bank, the Chartered Professional Accountants of Canada, the New Zealand External Reporting Board, and the governments of Canada and New Zealand. The structures and processes that support the operations of the IPSASB are facilitated by the International Federation of Accountants (IFAC).

16 The IPSASB values diversity amongst its Members and the staff. The IPSASB continually works to improve the diversity of its Members who are selected on the principle of "best person for the job," the primary criterion being the individual qualities and abilities of the nominee in relation to the position for which they are nominated. However, the selection process also seeks a balance between the person and professional qualifications of a nominee and representational needs, including gender balance, geographic representation, sector of the accountancy professional, knowledge of institutional arrangements encompassed by the constituency, size of the organization, and level of economic development.

Public Sector Specific

Relevance and focused on key public sector specific issues—Managed through:

- Collaborating with national public sector accounting standard setting boards and the IASB to leverage their work and resources, including staff support when possible;
- Use of task forces to aid in standards development work; and
- Optimizing IPSASB plenary time, balancing debates on both strategic and technical considerations, and continuous improvement of effective and issues-focused material.

Rigorous Due Process

Strong public interest focus—Managed through:

- Clearly documented processes reviewed and overseen by the PIC;
- Formal public consultations at ED stage (and CP stage where appropriate);
- A close and active governance dialogue with the PIC and the IPSASB CAG, including a focused, responsiveness to their advice, observations, and recommendations and a steadfast commitment to developing high-quality standards in the public interest.

Operational effectiveness and stability—Managed through:

- Organizing and conducting IPSASB meetings and other activities in the most effective, efficient and timely way;
- Using the IPSASB, staff and other resources in a focused and effective manner; and
- Maintaining relationships with existing funders, and ongoing consideration of additional approaches to increase and broaden the funding base.

Robust outreach and communication with constituents—Managed through:

- Development and release of supporting communication material, such as 'At a Glance' and Q&A documents, webinars and podcasts, for example when addressing complex issues;
- An extensive Chair, member and staff outreach program;
- Platforms such as the Public Sector Standard Setters Forums to discuss national issues of international relevance; and
- Use of technology to make meetings accessible, such as live streaming key sessions when possible.

The IPSASB will continue to monitor external developments and evaluate how changes may impact its approach to delivery of its Strategic Objective. This includes monitoring the growth of demands on the IPSASB as the adoption and implementation of IPSAS increases. ■

DRAFT

COPYRIGHT, TRADEMARK, AND PERMISSIONS INFORMATION

International Public Sector Accounting Standards, Exposure Drafts, Consultation Papers, Recommended Practice Guidelines, and other IPSASB publications are published by, and copyright of, IFAC.

The IPSASB and IFAC do not accept responsibility for loss caused to any person who acts or refrains from acting in reliance on the material in this publication, whether such loss is caused by negligence or otherwise.

The 'International Public Sector Accounting Standards Board', 'International Public Sector Accounting Standards', 'Recommended Practice Guidelines', 'International Federation of Accountants', 'IPSASB', 'IPSAS', 'RPG', 'IFAC', the IPSASB logo, and IFAC logo are trademarks of IFAC, or registered trademarks and service marks of IFAC in the US and other countries.

Copyright © [Month and Year] by the International Federation of Accountants (IFAC). All rights reserved. Written permission from IFAC is required to reproduce, store or transmit, or to make other similar uses of, this document. Contact permissions@ifac.org.

Published by:

International Public Sector Accounting Standards Board®

529 Fifth Avenue, New York, NY 10017

T + 1 (212) 286-9344 **F** + 1 (212) 286 9570

www.ipsasb.org

Draft Consultation Summary

See following document.

AGENDA ITEM 13.3.2

IPSASAB STRATEGY AND WORK PLAN 2019-2023—CONSULTATION SUMMARY

DRAFT

AGENDA ITEM 13.3.2

TABLE OF CONTENTS

	Page
Consultation process	3
Roundtables	3
Comment letters	5
Strategy development process	7
Strategy 2019–2023	8
Strategic Objective	8
Strategic Themes	9
Work Plan 2019–2023	11
Project prioritization criteria	11
Developing and maintaining IPSAS and other high-quality financial reporting guidance for the public sector	13
Theme A: Setting standards on public sector specific issues	13
Theme B: Maintaining IFRS alignment	16
Theme C: Developing guidance to meet users' broader financial reporting needs	18
Raising awareness of IPSAS and the benefits of accrual adoption	19
Theme D: Promoting IPSAS adoption and implementation	19
Theme E: Advocating the benefits of accrual in strengthening PFM	19
Enhancement of implementation support and resources	20
Appendix A - List of potential IPSASB projects – not on current Work Plan	
Appendix B - List of projects on the Work Plan 2019-2023 and projects available for initial research and scoping by groups of national standard setters	
Appendix C - List of comment letter respondents	

DRAFT

Consultation process

The purpose of the Strategy and Work Plan 2019–2023 Consultation (Strategy Consultation) was to obtain feedback on the IPSASB's future Strategic and Work Plan priorities. This Consultation Summary highlights the views provided by constituents and explains how they have shaped the Strategy and Work Plan 2019–2023.

The IPSASB published the Strategy Consultation in February 2018, with comments accepted until the end of June 2018. The Strategy Consultation requested comments on the proposed Strategic Objective and Themes related to its work, and asked constituents specific questions on the Board's priorities for allocating its resources for the future Work Plan, including the detailed proposals on specific projects.

The IPSASB held four formal roundtables to receive direct feedback on the proposals in the Strategy Consultation. The IPSASB worked with partners to organize and host the roundtables to ensure broad engagement with constituents across each region. The IPSASB extends formal thanks to each regional partner for their efforts in helping to organize, host and ensure that constituents could attend the roundtables.

Roundtables

The regional roundtable details and key statistics are noted in the table below:

Figure 1 – Roundtable attendees by function

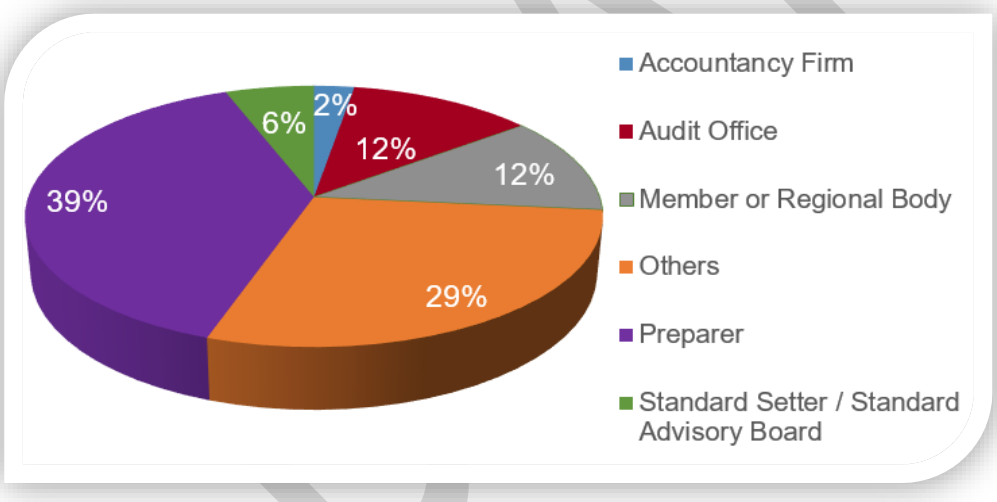


Table 1 – Summary of IPSASB roundtables

Europe—Brussels, Belgium: March 28, 2018	Latin-America—Brasilia, Brazil: April 25, 2018	Africa—Addis Ababa, Ethiopia: May 3-4, 2018	Asia—Manila, Philippines: May 29-30, 2018
Co-Host: *Accountancy Europe*	Co-Hosts: *Federal Accounting Council, National Treasury and Brazilian Accounting Foundation*	Co-Host: *African Union – with funding provided from the World Bank*	Co-Host: *Asian Development Bank*
Number of: • Attendees–59 • Organizations–45 • Countries–20	Number of: • Attendees–41 • Organizations–19 • Countries–6	Number of: • Attendees–130 • Organizations–116 • Countries–47	Number of: • Attendees–154 • Organizations–130 • Countries–48

Roundtable analysis

The roundtables were a new innovation introduced by the IPSASB for the first time to support the Strategy Consultation. This innovation was introduced to respond to concerns noted by the Public Interest Committee, as well as through the Public Sector Standards Setters Forum, in regards to the low number of comment letters received on consultations. The use of direct in-person roundtables was thought to be a way the IPSASB could increase the feedback received and broaden the group of those engaging in the IPSASB's work. In total there were 384 attendees, representing over 300 organizations from 108 countries that participated in the IPSASB roundtables. The direct feedback received on the Strategy Consultation from this large and broad group of constituents helps to further legitimize the IPSASB Strategy and Work Plan 2019–2023. The IPSASB believes that these events also helped raise the profile of the IPSABS's work, which has an additional benefit of helping to increase the number of comment letters received, as noted in the following section.

The IPSASB highlights that the functional breakdown of attendees included preparers at 39%, as the single largest group of participants, followed by others[1] at 29%. Overall, the functional breakdown that participated in the roundtable compared with those that submitted comment letters is as follows, and highlights the different mix of constituents accessed overall:

Table 2 – Comparison of functional breakdowns of roundtable participants versus comment letters

Functional Group	**Roundtable—% of total attendees**	**Comment letters—% of total received**
Accountancy firm	2%	2%
Audit office	12%	6%
Member or regional body	12%	26%
Others	29%	30%
Preparer	39%	25%
Standard setter/standard advisory board	6%	11%

[1] The others category includes a broad range of participants that do not fit into defined functional backgrounds. In the case of the roundtables, this includes representatives from non-governmental organizations and regional and international agencies.

The roundtables drew less participation from the functional groups that traditionally provide the highest response rates to formal comment letters such as standards setters and member or regional bodies, and greater participation from those such as preparers and audit offices. This demonstrates that the roundtables were an effective tool to broaden the mix stakeholders providing views on the Strategy Consultation.

Comment letters

In addition to the roundtables, feedback was received by the IPSASB through 53 comment letters, which are available on the website: http://www.ifac.org/publications-resources/ipsasb-proposed-strategy-and-work-plan-2019-2023.

Comment letters were received from a broad regional background and a balanced cross-section functional roles:

Figure 2 – Comment letters by geography

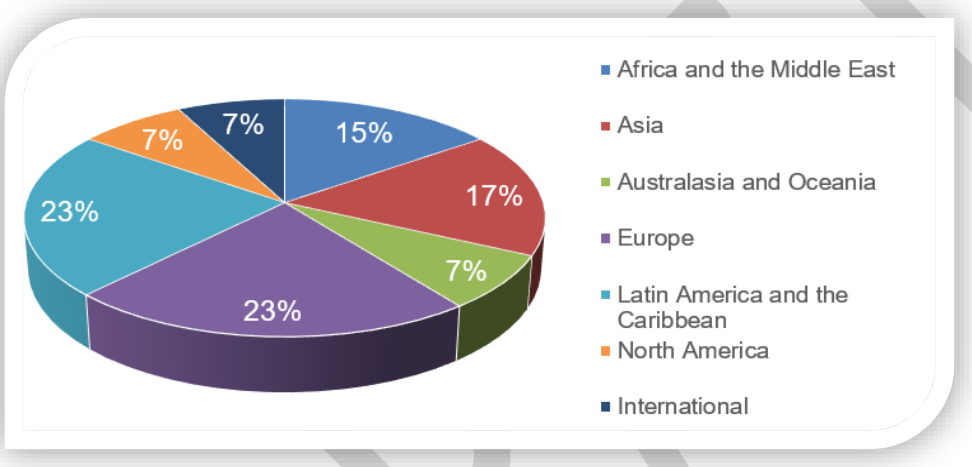
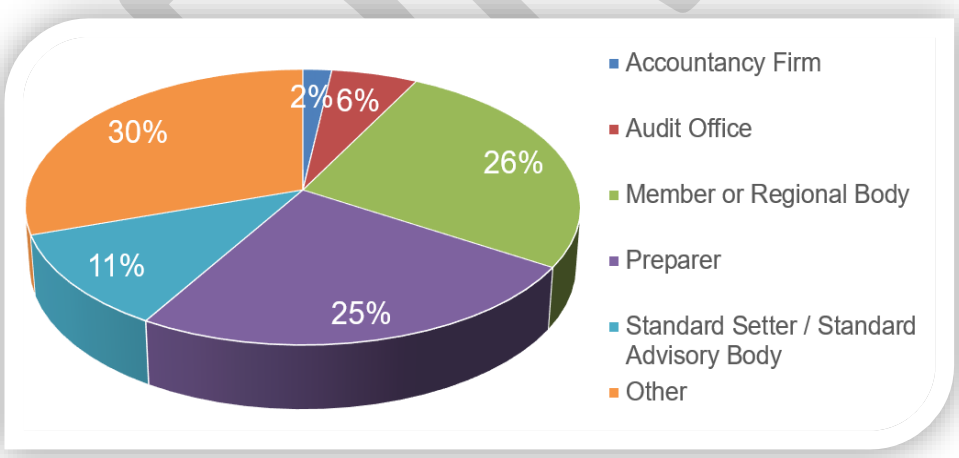


Figure 3 – Comment letters by function



Comment letter analysis

The following positive trends were noted in the comment letters received to the 2018 Strategy Confutation compared with the 2014 Strategy Consultation:

(a) 61% increase in the number of responses received (2018-53 responses vs. 2014-31 responses);

(b) A noticeable broadening and balancing in the functional backgrounds of organizations that provided response letters:

  (i) Preparers—300% increase in responses (2018-13 vs. 2014-3);

  (ii) Other—333% increase in responses (2018-16 vs. 2014-4);

  (iii) Consistent response levels from accountancy firms, audit offices and member or regional bodies; demonstrating the continued strong engagement from these groups.

(c) A 130% increase in responses from non-English speaking jurisdictions/organizations. In particular, the IPSASB highlights that the following areas experienced a significant increase versus the 2014 Strategy Consultation[2]:

  (i) Latin America—200% increase in responses (2018-12 vs. 2014-4);

  (ii) Africa—60% increase in responses (2018-8 vs. 2014-5);

  (iii) Asia—200% increase in responses (2018-9 vs. 2014-3); and

  (iv) North America—4 responses received (2018-4 vs. 2014-0).

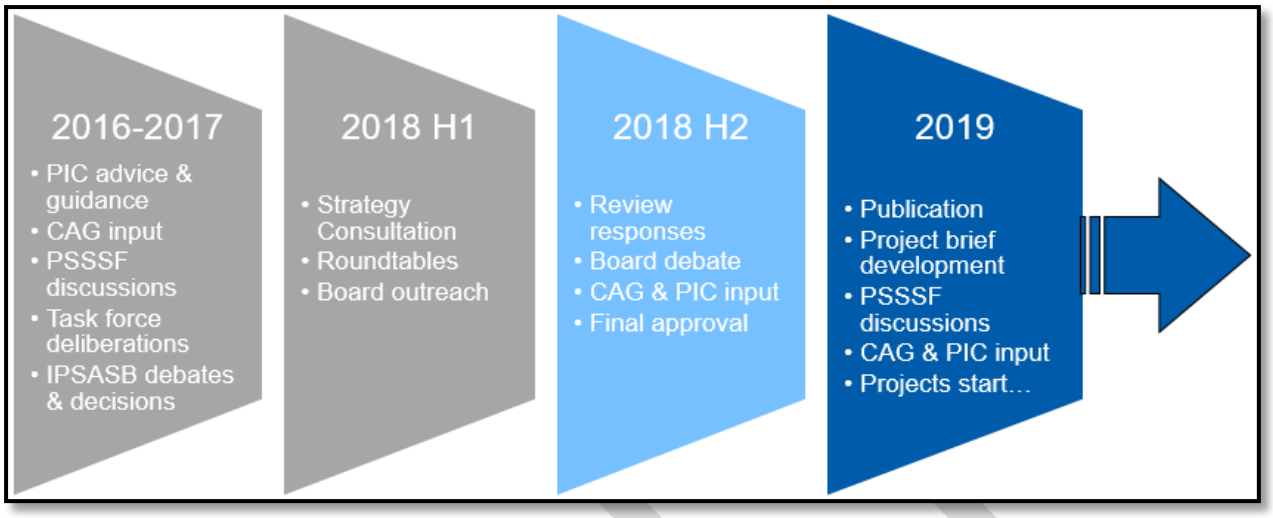
Overall, the strong attendance at the IPSASB roundtables and the increase in comment letters received are evidence of the effective consultation strategy undertaken. In particular, the use of roundtables was a great addition that should be considered for future important consultations.

DRAFT

[2] The jurisdictions of Australasia and Oceania, Europe and the International group received a consistent number of responses when comparing 2018 vs. 2014.

Strategy development process

Figure 4 – IPSASB strategy development process timeline



The proposals in the Strategy Consultation were generally strongly supported as shown by the feedback received from both the IPSASB roundtables and the comment letters. The IPSASB believes this strong support was a result of the open and inclusive process followed throughout the development of the Strategy Consultation and in finalizing the Strategy and Work Plan 2019–2023 based on feedback received. The process included discussions and dialogue with different stakeholder groups including:

(a) National standard setters (through the Public Sector Standard Setters Forum);

(b) Jurisdictions using IPSAS or in the process of adopting and implementing IPSAS; and

(c) The IPSASB Consultative Advisory Group (CAG) and the Public Interest Committee (PIC).

The intensive process to consult others in development of the Strategy Consultation is thought to be a key reason for the strong support received on the proposals.

The IPSASB discussed the feedback to the Strategy Consultation, including the comment letters received and the feedback obtained from the regional roundtables at its September 2018 meeting. The agenda papers discussed at that time (Agenda Item 10) are publicly available here: http://www.ipsasb.org/system/files/meetings/files/Agenda-item-10-Strategy-and-Work-Plan-Final.pdf. Following the September 2018 IPSASB meeting, the results of the consultation and the changes approved by the Board were discussed with both the IPSASB Consultative Advisory Group (CAG) and Public Interest Committee (PIC) through a conference call and a video conference respectively.

AGENDA ITEM 13.3.2

Strategy 2019–2023

Strategic Objective

The Strategic Objective was developed through an inclusive and open process that included various important stakeholder groups, including the Public Interest Committee (PIC) and IPSASB Consultative Advisory Group (CAG).

The proposed Strategic Objective included in the Strategy Consultation was as follows:

Proposed Strategic Objective

Strengthening Public Financial Management (PFM) globally through increasing adoption of accrual-based IPSAS.

Delivered through two main areas of activity, both of which have a public interest focus:

- *Developing IPSAS and other high-quality financial reporting guidance for the public sector; and*
- *Raising awareness of IPSAS and the benefits of accrual adoption.*

Feedback received from constituents

Support for the proposed Strategic Objective was very strong, considering the feedback from both the roundtables and the comment letters. This is not surprising given the proposed Strategic Objective was a refinement and focusing of the one from the previous Strategy. Further, the feedback emphasized the importance of the intensive open two-way dialogue with various key stakeholders during the development of the Strategic Objective which the IPSASB believes is the reason why support for it was so high.

Some of the feedback received provided suggestions for different formulations of the Strategic Objective, many of which the IPSASB already considered during its development. The majority of the proposed changes were editorial in nature rather that the result of any significant issue or flaw. The IPSASB did add "and maintaining" after developing in the first bullet of the Strategic Objective, to emphasize the importance of not only developing standards, but continuing to maintain and keep standard already published up to date.

The overarching Strategic Objective adopted by the IPSASB for the 2019–2023 based on input received is as follows**:**

IPSASB approved Strategic Objective for the period 2019–2023

Strengthening Public Financial Management (PFM) globally through increasing adoption of accrual-based IPSAS.

Delivered through two main areas of activity, both of which have a public interest focus:

- *Developing and maintaining IPSAS and other high-quality financial reporting guidance for the public sector; and*
- *Raising awareness of IPSAS and the benefits of accrual adoption.*

AGENDA ITEM 13.3.2

Strategic Themes

In order to focus its work supporting the Strategic Objective, the IPSASB proposed five Strategic Themes as follows:

Proposed Strategic Themes

Strategic Themes A through C address the development and maintenance of standards and other forms of guidance; and	• *Theme A:* Setting standards on public sector specific issues • *Theme B:* Maintaining IFRS convergence • *Theme C:* Developing guidance to meet users' broader financial reporting needs
Themes D and E focus on the raising IPSAS awareness and promoting their adoption, as well as providing greater clarity over how the IPSASB plans to influence the work of others in strengthening PFM.	• *Theme D:* Promoting IPSAS adoption and implementation • *Theme E:* Advocating the benefits of accrual in strengthening PFM

Feedback received from constituents

The Strategic Themes were developed to articulate the IPSASB's activities as they relate to the two main areas supporting the Strategic Objective, it is therefore reasonable that support was high.

The feedback on the Strategic Themes included suggestions for different wording formulations, as well as different orders; in both cases, no new thinking was introduced that had not been considered by the IPSASB during the development of the Themes. Some feedback questioned if the Themes should note a hierarchy (ranking of importance), an issue that was also considered and rejected by the IPSASB during the development of the Strategy Consultation.

During the roundtables and also in some comment letters the term "convergence" used in proposed *Theme B: Maintaining IFRS convergence*, was questioned because it may not appropriately communicate the IPSASB's active process followed when considering if the principles from IFRS are appropriate for the public sector. The feedback received suggested the use of 'alignment' in Theme B rather than 'convergence', because it reflects the more active and deliberate process the IPSASB undertakes when developing guidance based on an IFRS. Responding to this feedback the IPSASB did agree to adopt 'alignment' in Theme B. Overall, based on the strong support received, the IPSASB agreed to adopt the following Strategic Themes to guide its work and activities over the 2019–2023 period.

AGENDA ITEM 13.3.2

IPSASB approved Strategic Themes

Strategic Themes A through C address the development and maintenance of standards and other forms of guidance; and	• *Theme A:* Setting standards on public sector specific issues • *Theme B:* Maintaining IFRS alignment[3] • *Theme C:* Developing guidance to meet users' broader financial reporting needs
Themes D and E focus on the raising IPSAS awareness and promoting their adoption, as well as providing greater clarity over how the IPSASB plans to influence the work of others in strengthening PFM.	• *Theme D:* Promoting IPSAS adoption and implementation • *Theme E:* Advocating the benefits of accrual in strengthening PFM

DRAFT

[3] The term 'alignment' refers to the formal processes the IPSASB follows to assess the applicability of IFRS and / or GFS requirements when developing pronouncements which faithfully represent the economic substance of transactions in the public sector. Through these processes the IPSASB aims to reduce unnecessary differences with these sources of guidance when they can also be applied in the public sector context.

Work Plan 2019–2023

At the end of 2017 when the Strategy Consultation was approved, the IPSASB proposed projects to add to the Work Plan. In developing the proposals on the projects to add, the IPSASB considered a longer list of potential projects developed over multiple years through discussions with stakeholders, including advice from the PIC and CAG, as well as through discussions with national standard setters through the first and second Public Sector Standards Setters Forums[4]. To help evaluate this longer list the IPSASB developed project prioritization criteria to use in analyzing which projects will bring the greatest public interest benefits.

The Strategy Consultation sought constituent feedback on the project prioritization criteria, as well as the projects and activities proposed under each of the Strategic Themes, ensuring that stakeholders had the opportunity to share their views.

Project prioritization criteria

The Strategy Consultation included the following text related to the project prioritization criteria and their use in helping the IPSASB analyze and select projects for inclusion in the Work Plan.

IPSASB proposed project prioritization criteria

> In selecting the projects under each Theme, the IPSASB has evaluated a list of potential projects against the following criteria, in order to help assess which projects would provide the greatest public interest benefits to users:
>
> **1.** *Prevalence.* Whether the financial reporting issue is widespread amongst public sector entities.
>
> **2.** *Consequences.* Whether the issue impairs the ability of the financial statements to provide useful and transparent information for accountability and decision-making.
>
> **3.** *Urgency.* Whether, the emerging issue has recently gained significance and therefore requires consideration in the near term.
>
> **4.** *Technical and Resource Considerations.* Whether a technically sound solution to the issue can be developed within a reasonable time period using available resources.
>
> The above factors were considered together in the context of the resources available to the IPSASB, and the need for a balanced Work Plan that includes projects with a mix of complexities.

Feedback received from constituents

The feedback received on the project prioritization criteria was positive with strong agreement for their use in helping to assess the public interest benefits of projects.

Some roundtable participants and comment letters proposed the addition of weights, or a hierarchy be added to the criteria, so that a quantitative analysis of projects could be undertaken. However, the IPSASB considered this idea during the development the Strategy Consultation and rejected it, because the criteria are designed to support a qualitative analysis of potential projects and their relative public interest benefits, rather than to support for a quantitative judgment. Although, the IPSASB felt strongly that the criteria were helpful in analyzing and deciding which projects provide the greatest benefits, the IPSASB feels that a final decision on the projects added to the Work Plan should be based on consultation feedback received from constituents.

[4] The first Public Sector Standards Setters Forum was held in March 2016 in Norwalk, Connecticut. The second Public Sector Standards Setters Forum was held in July 2017 in Winterthur, Switzerland.

Those responding to the Strategy Consultation advocating for the addition of weights or a hierarchy to the criteria, thought that this might reduce the subjectivity in selecting projects. However, the IPSASB determined that regardless of whether the criteria are used in a qualitative manner, as proposed in the Strategy Consultation, or modified to add weightings and/or a hierarchy; there will inherently be a level of subjectivity in the analysis of the proposed projects. Therefore, the IPSASB decided against modifying the criteria to add weightings and/or a hierarchy. However, the IPSASB did make some minor editorials recommended through the feedback, as they helped explain the criteria more clearly. The final approved project prioritization criteria are as follows:

In selecting the projects under each Theme, the IPSASB has evaluated a list of potential projects against the following criteria, in order to help assess which projects would provide the greatest public interest benefits to users:

IPSASB approved project prioritization criteria

In selecting the projects under each Theme, the IPSASB has evaluated a list of potential projects against the following criteria, in order to help assess which projects would provide the greatest public interest benefits to users:

Prevalence. Whether the financial reporting issue is widespread globally amongst public sector entities.

Consequences. Whether the issue impairs the ability of the financial statements to provide useful and transparent information for accountability and decision-making.

Urgency. Whether, the emerging issue has recently gained prominence and therefore requires consideration in the near term.

Technical and Resource Considerations. Whether a technically sound solution to the issue can be developed within a reasonable time period using available resources.

The above criteria are used by the IPSASB to evaluate potential new projects. The IPSASB consults with constituents before adding new projects to the Work Plan. The feedback received from constituents is considered in the context of the resources available to the IPSASB, and the need for a balanced Work Plan which includes projects with a mix of complexities.

The IPSASB also agreed that the approved project prioritization criteria should be used in mid-period Work Plan consultation planned for the end of 2020.

Developing and maintaining IPSAS and other high-quality financial reporting guidance for the public sector

Strategic Themes A, B and C relate to the IPSASB's central role as a standard setter, and are therefore where it will prioritize the majority of its resources, and where it proposed in the Strategy Consultation it would add projects to the Work Plan 2019–2023. Respondents to the Strategy Consultation were highly supportive of the IPSASB's continued emphasis and focus on developing and maintaining IPSAS and other high-quality financial reporting guidance for the public sector.

Theme A: Setting Standards on Public Sector Specific Issues

Over the past few years the IPSASB has been substantially focused on setting standards to address public sector specific issues. The majority of the recently completed projects and those currently on the Work Plan are heavily focused and dedicated to this.

Through discussions with stakeholders during the development of the Strategy Consultation, the IPSASB developed a long list of potential projects, which are explained in Appendix A to this Consultation Summary. The IPSASB provided a description of each project and the reason why it was proposed, supported by a detailed analysis of the project prioritization criteria in Appendix B of the Strategy Consultation.

Proposed projects under Theme A

(a) Natural Resources;

(b) Differential Reporting;

(c) Limited Scope Review of the Conceptual Framework; and

(d) Discount Rates.

Feedback received from constituents

The feedback received on *Theme A – Setting standards on public sector specific issues*, was very positive. However, respondents urged the IPSASB to remain focused on successfully completing the important projects on the current Work Plan, and to be realistic when deciding the overall complement of projects on the agenda for the 2019–2023 period. In this regard, respondents expressed a concern about the IPSASB proposal to add four new projects under Theme A.

Respondents to the Strategy Consultation viewed it unlikely that the IPSASB would have sufficient resources to add four projects to the Work Plan given the major on-going public sector specific projects that will continue for a number of years. In forming a view on how many projects it could add the IPSASB considered the following factors:

(a) The expected timing of commencement of work by staff on new projects;

(b) Availability of IPSASB agenda time;

(c) The current Work Plan; and

(d) Timing of the mid-period Work Plan consultation at the end of 2020.

When the IPSASB analyzed the current Work Plan, it was unlikely that work would commence on any more than two new projects prior to the 2021. This is a result of on-going projects and their expected completion at this time, which impacts the availability of agenda time and staff resources. Therefore, the IPSASB decided that only two projects should be added to the Work Plan at this time.

Respondents had varying levels of support for the specific proposed projects under Theme A.

The IPSASB analyzed the respondent views on each of the proposed projects and noted the following:

(a) *Natural Resources:* Received the highest level of support. However, the feedback also cautioned the IPSASB to undertake a robust scoping and initial research phase on this project. This is because of its:

  (i) Technical nature;

  (ii) Wide range of issues which may be considered under natural resources (water, plants, animals and sub-soil resources); and

  (iii) The links with other topics (public sector intangible assets and sovereign powers). Respondents noted that the scope of the project should not extend too wide, which may make the project unmanageable.

  It was suggested that a phased project management approach be considered by the IPSASB.

(b) *Limited Review of the Conceptual Framework:* This project received the second highest level of support and respondents felt it important to evaluate the changes to the IASB's newly published Conceptual Framework and to evaluate their relevance to the public sector, as well as to take the opportunity to consider any minor changes to the IPSASB's own Conceptual Framework noted through its use since approval in 2014.

(c) *Discount Rates:* Received the third highest support from constituents, however, some respondents expressly disagreed with adding it to the Work Plan for the following reasons:

  (i) The limited number of jurisdictions currently operating in a low or negative interest environment lessens the need for this project (one of the reasons this project was advocated for was the conceptual challenge of discounting assets and liabilities in a negative interest rate environment); and

  (ii) Respondents did not support this project over others proposed, because IPSAS currently address discount rates which reduces the urgency and consequences of not addressing the topic.

(d) *Differential Reporting:* Received the least support of the four proposed projects under Theme A. Further, several respondents expressly disagreed with adding the project, with the reasons summarized as follows:

  (i) Some respondents questioned if an international solution to differential reporting is achievable; noting that it may be better dealt with at the jurisdictional level where standards can be tailored for local needs;

  (ii) Respondents questioned whether there has been enough uptake of IPSAS to warrant a set of less complex standards; and

  (iii) There has been a lack of adoption of the standards developed for small and medium sized entities in the private sector, and therefore some questioned if the IPSASB should invest resources on this topic.

Based on the decision to only add two projects, and the analysis of respondents' views on the proposed projects, The IPSASB decided that:

(a) Natural Resources and the Limited Scope Review of the Conceptual Framework should be added to the Work Plan 2019–2023. Both projects received the highest levels of support, but also had the least amount of disagreement. The IPSASB believes that the addition of these two projects provides an appropriate balance of complexity, with Natural Resources providing a large complex public sector specific project that will take up significant board and staff resources and the Limited Review of the Conceptual Framework providing a less complex and resource intensive project with a more limited scope. The IPSASB also agreed to undertake an in-depth initial research and scoping phase for Natural Resources in response to the strong steer from constituents.

(b) Discount Rates and Differential Reporting should not be added to the Work Plan 2019–2023 at this time. This is because of the lower levels of support and the points of disagreement noted by respondents.

Although the IPSASB decided to only add two projects to the Work Plan at this time, respondents did show strong support for Discount Rates and Differential Reporting, as well as some of the other projects included on the long list of potential projects considered by the IPSASB, but not proposed for the 2019–2023 period.

In response to constituents views the IPSASB decided to try an innovative approach to the initial research and scoping phase and agreed to make a selected number of projects available for initial research and scoping work by groups of National Standard Setters (NSSs). This approach addresses the IPSASB's resource constraints and still allows for progress to be made on higher priority projects with open questions which will be beneficial when the 2020 mid-period Work Plan consultation is undertaken. The IPSASB needs to further develop the mechanisms and process on how these groups of NSSs will work on projects and the templates for how the initial research and scoping should proceed (including the expected outputs). However, the IPSASB plans to set out the process and expectations in the first half of 2019, and has committed to further discuss this new approach at the third Public Sector Standard Setters Forum to be held in Niagara on the Lake, Ontario, Canada in June 2019.

The IPSASB decided based on the high level of support received from respondents that the following projects will be made available for this initial research and scoping by NSSs:

(a) **Discount Rates.** This IPSASB proposed this project as it believes it an important public sector topic and is therefore making it available for initial research and scoping by groups of NSSs.

(b) **Differential Reporting.** This IPSASB proposed this project as it believes it an important public sector topic and is therefore making it available for initial research and scoping by groups of NSSs.

(c) **Presentation of Financial Statements in the Public Sector.** This IPSASB choose this project for initial research and scoping by groups of NSSs because it received the strongest amount of support of those projects not specifically proposed. Respondents noted strong support for a broad communication project to revise IPSAS 1, *Presentation of Financial Statements* and also consider outputs from the IASB better communication initiative. This project as supported by constituent's crosses over Theme A and Theme B; and

(d) **Tax Expenditures.** This IPSASB choose this project for initial research and scoping by groups of NSSs because of the support by respondents from Asia, Europe, Latin America and North America. Respondents noted it as an important public sector topic which would benefit from further consideration.

Appendix B includes the complete list of projects on the Work Plan for 2019–2023 and those available to groups of NSSs for initial research and scoping.

A project on Cost Accounting also received some support from constituents, however it was not added to the Work Plan, and the IPSASB will not make it available for initial research and scoping by NSSs because:

(a) Developing cost accounting guidance is beyond the remit of the IPSASB and the expertise of the Board and staff. The IPSASB received a strong message from respondents to keep focused on current projects and to not over extend itself. Therefore, it would not seem to be in the public interest to add a project that is beyond the IPSASB's remit and expertise; and

(b) Other guidance on cost accounting is available, including principles-based guidance issued by IFAC "Evaluating and Improving Costing in Organizations" by the Professional Accountants in Business Committee. Guidance is also available from other sources, such as the Institute of Management Accountants. Overall, The IPSASB's view is that the existence of guidance from other sources, issued by bodies more relevant to this topic is a better approach than the IPSASB dedicating resources to this work.

The IPSASB did explicitly discuss the importance of cost accounting information as part of a comprehensive PFM program, noting it is closely related and can enhance accrual financial information and financial reporting, and help with better public management and decision making.

IPSASB approved approach under Theme A

In summary, under Theme A based on the availability of agenda time and the need to finalize projects on the current Work Plan, the IPSASB decided:

(a) Beyond the eight standard setting projects on the current Work Plan, two projects should be added to the Work Plan at this time;

(b) Those projects should be *Natural Resources* and *The Limited Scope Review of the Conceptual Framework* (as these were the projects that received the greatest support by stakeholders).

(c) An innovation to allow groups of NSSs to undertake initial research and scoping for projects on a test basis for the following projects: Discount Rates, Differential Reporting, Presentation of Financial Statements in the Public Sector and Tax Expenditures.

Theme B: Maintaining IFRS alignment

Over the past few years, the IPSASB has invested limited resources into projects to maintain alignment with IFRS as it has been focused primarily on projects addressing public sector issues. However, many jurisdictions using IPSAS, or on the journey to adopting and implementing IPSAS strongly view maintaining IFRS alignment to be in the public interest because:

(a) Common Language. Consistent principles and accounting outcomes when the economics of the transactions are the same.

(b) Mixed Group Consolidations. Reducing unnecessary differences minimizes the cost of producing consolidated financial statements.

(c) Leveraging Resources. When the transactions are the same it makes sense for the IPSASB to build off best practices in private sector reporting and develop an aligned standard.

Although many jurisdictions see maintaining alignment as beneficial and urge the IPSASB to continue to work on this, in some jurisdictions maintaining alignment with IFRS is viewed negatively. As an international standard setter the IPSASB must balance this tension, and the IPSASB does so by only aligning with IFRS

where appropriate in the public sector. When IFRS are not fit for purpose for public sector transactions the IPSASB does not align and develops guidance specific for the public sector.

The Strategy Consultation proposed using the 'catch up' opportunity in the IASB 2017-2021 Work Plan (where the IASB has a limited number of on-going major projects with relevance to the public sector), as a chance to continue to reduce unnecessary differences with IFRS, when appropriate for the public sector.

Proposed project under Theme B

The IPSASB proposed it add one major project to update IPSAS 18, *Segment Reporting* under Theme B, which is based on an old version of IFRS which was superseded by IFRS 8, *Operating Segments*. Further, the IPSASB also proposed it would undertake a number of narrow scope alignment and improvements projects when IPSASB agenda time and staff resources are available.

Feedback received from constituents

Overall respondents strongly supported the IPSASB's continued efforts to maintain alignment with IFRS when appropriate. However, support for the specific project to update IPSAS 18 to maintain alignment with IFRS was mixed, with concerns summarized as follows:

(a) Respondents questioned if segment reporting information was useful in the public sector, and if the IPSASB fully understands the issues with the current standard; and

(b) Respondents noted a preference for other projects; such as updating IPSAS 20, *Related Party Disclosures*, or IPSAS 1, *Presentation of Financial Statements* (for changes arising from the IASB's *Better Communication in Financial Reporting* project).

As a result of the strong support to maintain IFRS alignment, the IPSASB decided to continue work to reduce unnecessary differences where appropriate. However, considering the mixed feedback on the proposal to revise IPSAS 18, it was agreed that no specific projects be added to the Work Plan at this time.

Some respondents questioned if alignment with GFS should not be a separate Theme. However, the IPSASB highlights that it has a GFS alignment policy which is applied to its work under both Theme A and B, therefore it should not be a separate theme on its own; as all projects consider GFS alignment in their development. The IPSASB agreed that the final Strategy should be updated to make this point clear.

IPSASB approved approach under Theme B

The IPSASB decided that under Theme B, its work will be guided by the IPSAS–IFRS alignment dashboard, which will be used to identify opportunities to reduce unnecessary differences when staff and Board resources are available through:

(a) The improvements project which should be undertaken at least once a year (rather than the current biennial approach);

(b) Narrow scope amendment projects; and

(c) Larger projects (including updates of IPSAS 18, *Segment Reporting*, IPSAS 20, *Related Party Disclosures*, and IAS 26, *Accounting and Reporting by Retirement Benefit Plans* and IFRS 5, *Non-current Assets Held for Sale and Discounted Operations* and others identified in the IPSAS-IFRS Alignment Dashboard). The IPSASB notes that IFRS alignment projects require significantly less resources than public sector specific ones. So having some projects available to work in around the

more intensive and often complex public sector specific projects is useful from an overall resource management perspective.

Theme C: Developing Guidance to Meet Users' Broader Financial Reporting Needs

The IPSASB has developed non-mandatory guidance addressing broader financial reporting needs that cannot be satisfied through general purpose financial statements alone by developing three Recommended Practice Guidelines. The long list of projects considered includes some projects related to Theme C, however, the IPSASB did not propose any additions to the Work Plan. Instead, the IPSASB proposed that it would monitor a number of global initiatives related to broader reporting such as Integrated Reporting <IR>, the Corporate Reporting Dialogue and the IASB's project on Better Communication in Financial Reporting.

IPSASB proposed approach under Theme C

The IPSASB proposed to monitor developments in the broader financial reporting area, rather than undertake any specific projects.

Feedback received from constituents

Respondents supported the IPSASB's proposed approach to not add a project under Theme C and instead to monitor important international developments in this space. The IPSASB notes that it will consider if any projects under this Theme C should be proposed for the mid-period Work Plan consultation to be undertaken at the end of 2020.

IPSASB approved approach under Theme C

The IPSASB decided to monitor developments in the broader financial reporting area, rather than undertake any specific projects.

DRAFT

AGENDA ITEM 13.3.2

Raising awareness of IPSAS and the benefits of accrual adoption

The IPSASB sees the work related to raising awareness of IPSAS and the benefits of accrual adoption as a critical contribution to PFM reform. Given the complexity of the PFM landscape, and its own resource limitations, the IPSASB's view is that building relationships with those working in this space and engagement in their work is the most effective way of promoting the use of IPSAS in PFM reform projects. The IPSASB will therefore actively monitor the work of others in the PFM arena and look for appropriate opportunities to support their work on the international, regional and local levels through its Members, Technical Advisors, staff and IPSASB Alumni. The IPSASB received very strong positive feedback from respondents on its proposed approach in the Strategy Consultation in relation to actively seeking opportunities to engage in the work of others.

Theme D: Promoting IPSAS adoption and implementation

The PFM reform landscape within individual jurisdictions is complex, and the IPSASB's role is limited to promotion and technical guidance related to support the effective adoption, implementation and compliance with IPSAS.

IPSASB proposed approach under Theme D

The IPSASB proposal in the Strategy Consultation to support the important work under Theme D, it will engage in strategic outreach activities with an aim to influence others working in the wider PFM space to ensure activities are coordinated and the needs of jurisdictions are considered. Further, the IPSASB proposed that it should update *Study 14: Transition to the Accrual Basis of Accounting: Guidance for Public Sector Entities* to reflect changes in IPSAS, as well as to include best practice examples from recent experiences of those transitioning to accrual-based IPSAS.

Feedback received from constituents

Respondents provided a very high level of support for the IPSASB's approach to Theme D and further encouraged the IPSASB to continue to build on its regional engagements and for it to develop a regional outreach engagement approach to build on the Strategy Consultation roundtables and work with regional organizations to directly engage with constituents. Further, a high level of support was noted in the feedback for the IPSASB to work with others to update Study 14.

IPSASB agreed approach under Theme D

The IPSASB decided in the final Strategy and Work Plan 2019-2023 that to support the important work under Theme D, it will engage in strategic outreach activities with an aim to influence others working in the wider PFM space to ensure activities are coordinated and the needs of jurisdictions are considered. This includes an enhanced regional outreach strategy/approach based on the strong support expressed for this at the roundtables. The IPSASB decided that it should work with others to update *Study 14: Transition to the Accrual Basis of Accounting: Guidance for Public Sector Entities* to reflect changes in IPSAS, as well as to include best practice examples from recent experiences of those transitioning to accrual-based IPSAS.

Theme E: Advocating the benefits of accrual in strengthening PFM

Moving to IPSAS provides many benefits, including PFM improvements as well as contributing to the delivery of Sustainable Development Goals. In order to maximize these benefits, the IPSASB believes that accrual-based information, with accrual accounting as a foundation, should be used for as many purposes as possible.

IPSASB proposed approach under Theme E

The IPSASB proposal in the Strategy Consultation to support the important work under Theme E is to continue to engage in strategic outreach activities with other international and regional organizations. These other international and regional organizations provide guidance and thought leadership and influence the use of accrual information. It is important that the IPSASB build strong relationships with these organizations, so that its accrual accounting expertise is drawn upcoming by them, in order to expand the use of accrual information for PFM purposes, and to increase the alignment between the requirements of these different user groups.

Feedback received from constituents

Respondents provided a very high level of support for the IPSASB's approach to Theme E and further encouraged the IPSASB to continue to build on its regional engagements and for it to develop a regional outreach engagement approach to build on the Strategy Consultation roundtables and work with regional organizations to directly engage with constituents.

IPSASB agreed approach under Theme E

The IPSASB decided in the Strategy and Work Plan 2019–2023 that to support the important work under Theme E is should to continue to engage in strategic outreach activities with other international and regional organizations. These other international and regional organizations provide guidance and thought leadership and influence the use of accrual information. It is important that the IPSASB build strong relationships with these organizations, so that its accrual accounting expertise is drawn upcoming by them, in order to expand the use of accrual information for PFM purposes, and to increase the alignment between the requirements of these different user groups. This includes an enhanced regional outreach strategy/approach based on the strong support expressed for this at the roundtables, further constituents highlighted the importance that accrual accounting information and IPSAS in particular provides to the various different users and decision makers which has been emphasized in the final Strategy.

Enhancement of implementation support and resources

The feedback received on the Strategy Consultation highlighted issues emerging as the pace of adoption and implementation continues to increase. These respondents noted a growing need for further support related to the adoption and implementation of IPSAS. The IPSASB discussed this, and agreed that adoption and implementation support is an important issue that impacts many organizations, including the IPSASB. However, the IPSASB acknowledged, it is an issue it cannot address fully on its own and that it needs to focus on its remit related to this issue—that being supporting the understanding of IPSAS and related to adoption and implementation challenges with the standards.

Responding to the views of constituents the IPSASB agreed to undertake the following activities over the Work Plan 2019–2023 period:

(a) Set up a working group to consider the structure, processes and what an appropriate resource efficient implementation and interpretations mechanism would be for the IPSASB.

(b) For all new major standards use Implementation Support Resources webpages, following and building on the model introduced with IPSAS 41, *Financial Instruments.*

AGENDA ITEM 13.3.2

Appendix A – List of potential IPSASB projects – not on current Work Plan

Potential Projects	Prevalence	Consequences	Urgency	Technical and Resource Considerations
Theme A – Setting standards on public sector specific issues				
Discount Rates	Likely to impact on all reporting entities.	Significant to both balance sheet and performance statement. The principles underpinning IPSAS requirements and guidance are unclear and may not reflect current interest rate environment in all jurisdictions (particularly those in negative interest rate environments).	More urgent as a result of the current low/negative interest rate environment in some jurisdictions. Some question the urgency of addressing this issue as IPSAS includes discount rate guidance (even if some raise issues with the guidance).	Other standard setters are undertaking work currently, which the IPSASB can draw on.
Differential Reporting	All jurisdictions that have entities of different sizes and complexities.	May lead to more entities providing better financial information in a cost effective manner.	Identified as an issue impacting adoption and implementation of IPSAS. Some constituents question if there has been enough update of IPSAS to justify a less complex suite of IPSAS. Further some noted the lack of adoption of IFRS for SMEs in the private sector as questioning if this is an urgent issue that the IPSAS should address.	Many standards setters have differential reporting models. Some constituents question if an international solution to differential reporting is feasible.
Intangible Assets– Public Sector Specific	Expected to impact entities widely.	Questionable whether IPSAS 31, *Intangible Assets*, which is primarily drawn from IAS 38, *Intangible Assets*, provides relevant requirements for the recognition and measurement of some public sector specific intangible items.	Possibility that transactions and events potentially giving rise to public sector specific intangibles are increasing. However, IPSAS 31 provides guidance for such transactions and events.	Dependent on the current ongoing Measurement and Revenue projects. Strong links to the potential project on Sovereign Powers as that project would explore whether sovereign powers give rise to intangible assets. A further possible link to the proposed project on Natural Resources.
Sovereign Powers and their Impact on Financial Reporting	Expected to impact entities widely where public sector entities have sovereign powers.	Some question if public sector entities should be able to recognize assets related to sovereign powers (right to taxation, right to regulate). However, recognition of sovereign powers on their own was considered during the development of the IPSASB's Conceptual Framework and the	Unclear, some have identified addressing sovereign powers as an important issue. However, others consider that current IPSAS already appropriately address recognition and measurement of sovereign powers.	The IPSASB Conceptual Framework is clear that assets related to sovereign powers only arise when the power is exercised and the rights exist to receive resources. Therefore recognition of sovereign powers in themselves as assets does not appear feasible. There has not been an indication that the

DRAFT

Potential Projects	Prevalence	Consequences	Urgency	Technical and Resource Considerations
		decision was that sovereign powers on their own cannot be recognized as assets, because of the lack of a past event until the sovereign power is exercised and the rights exist to receive resources.		Conceptual Framework thinking in this area is flawed.
Military Assets	Mainly limited to national governments, but highly significant in terms of expenditure.	If IPSAS 12, *Inventories* and IPSAS 17, *Property, Plant, and Equipment* are applied appropriately military assets would be faithfully represented in the financial statements. Some question whether the disclosure requirements of IPSAS 17 are appropriate for military assets.	Not an emerging issue as IPSAS 12 and 17 set out requirements applicable for military inventory and property, plant and equipment. No evidence that existing requirements are flawed, although some would welcome greater clarity as to when IPSAS 12 and IPSAS 17 should be applied.	Would be dependent on the current Public sector Measurement Project, and the Infrastructure project might influence the approach and nature of output.
Accounting for Tax Expenditures	Limited to tax collecting entities.	A lack of transparency over tax expenditures provided by governments undermines the accountability of governments to resource providers.	Does not directly relate to the face of financial statements, but important accountability implications. These implications are increasing in some jurisdictions.	IPSASB's Revenue project is considering the accounting treatment of taxation revenue with long settlement dates. Might be appropriate to focus on taxation issues with impact on financial statements in 2019-2023 Work Plan, prior to reconsidering a project on Tax Expenditures as part of a review of RPG 2, *Financial Statement Discussion and Analysis*.
Asset Retirement Obligations (AROs)	Impact limited to those entities which engage in activities that impact the environment or are engaged in the management of assets, which will give rise to future remediation activities related to the asset or the natural environment in which the asset is operated.	If current IPSAS are applied AROs would be faithfully represented in the financial statements.	IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets*, which is primarily drawn from IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, provides requirements and guidance on the recognition of liabilities related to environmental remediation and decommissioning obligations. The Conceptual Framework may have significant implications for the recognition requirements in IPSAS 19, but there are no indications that there are flaws in current IPSAS 19 related to accounting for AROs.	Some standard setters have developed specific guidance for AROs. More specific guidance is feasible to develop, however, it is questionable if additional guidance is needed.

DRAFT

Potential Projects	Prevalence	Consequences	Urgency	Technical and Resource Considerations
IPSAS 22, *Disclosure of Financial Information about the General Government Sector*	Reporting on the General Government Sector (GGS) is a key characteristic of the public sector. However, the low rate of adoption of this standard may question if this is a prevalent issue in a financial reporting context.	IPSAS 22 does provide additional information but its limited adoption does not appear to impair the use of financial statements for decision making.	Information on general government sector available through reporting outside the financial statements. The project to revise IPSAS 18, *Segment Reporting* may also address this.	IPSASB could draw upon current statistical guidance to review IPSAS 22.
Theme B – Maintaining IFRS alignment				
Update of IPSAS 18, *Segment Reporting*	Expected to impact entities widely.	IPSAS 18 is based on an old IASB standard. Indications received from preparers and IPSASB partners engaged in IPSAS implementation, are that IPSAS 18 does not provide useful information and is difficult to apply.	IPSAS 18 currently addresses segment reporting. However, in jurisdictions where IPSAS adopters also require for profit entities to apply IFRS, have identified a need for consistency between the public and private sectors.	The principles in IFRS 8, *Operating Segments* could be readily adapted through an alignment project for the public sector.
IPSAS 1, *Presentation of Financial Statements*	Expected to impact entities widely.	The current IPSAS 1 is based on a superseded version of IAS 1. In addition IPSAS 1 has been only partially updated to reflect all changes arising from the Conceptual Framework.	IPSAS 1 addresses presentation of financial statements. However, recent IASB developments and the IPSASB Conceptual Framework have introduced new concepts and ideas which may improve communication through financial statements.	Developments related to IAS 1, may depend on the IASB's ongoing communication initiative, which when completed can be considered for its applicability to the public sector. A significant change to IAS 1 was the introduction of "other comprehensive income", a component of income outside profit or loss. The IPSASB examined this component of income in the development of its Conceptual Framework and concluded that it was inappropriate in the public sector.
IPSAS 20, *Related Party Transactions*	Expected to impact entities widely.	IPSAS 20 is based on an old IASB standard. Revising or replacing IPSAS 20 to reflect the revised IAS 24, *Related Party Disclosures*, may provide more useful information.	IPSAS 20 addresses related party transactions, but is based on superseded IASB standard. IPSAS adopters where, for profit entities apply IFRS, identify a need for consistency between the public and private sectors.	A project to replace or update IPSAS 20 could proceed without reliance on other projects.
IFRS 5, *Non-Current Assets Held*	Limited, would impact only public sector	Currently the lack of guidance impairs	Some argue it is not a relevant issue in the public	Appropriate measurement basis for assets held for sale

DRAFT

Potential Projects	Prevalence	Consequences	Urgency	Technical and Resource Considerations
for Sale and Discontinued Operations	entities with assets held for sale.	transparency and decision making related to sales of non-current assets in the public sector.	sector. However, others note that accountability related to asset management requires greater transparency, especially for assets held for sale.	will be considered in the ongoing Measurement Project, so there is a risk of duplication if a separate project is initiated.
IFRS 6, *Exploration for and Evaluation of Mineral Resources*	An increasingly prominent issue in jurisdictions with mineral and resource based economies, where IPSAS adoption and implementation is increasing.	Currently the lack of guidance in this area impairs decision making.	As more jurisdictions in mineral and resource based economies adopt IPSAS.	This project would be in the same area as the proposed Natural Resources project. Further, IFRS 6 is an interim pronouncement that permits the retention of pre-IFRS adoption accounting policies, although IASB has no current plans to replace it. IFRS does not have a focus that addresses key public sector issues.
IFRS 14, *Regulatory Deferral Accounts*	Issue is limited to rate regulated industries (such as electric or gas utilities), and potentially regulatory entities. Likely that most entities affected by rate regulation are profit seeking entities that are reporting under IFRS or national for-profit standards. Any IPSASB project should therefore focus on regulators.	Entities such as utilities which operate in regulated industries are likely applying IFRS or national for-profit standards entities. IPSAS are not primarily designed for such entities.	Not an emerging issue in the public sector.	Regardless of its limited relevance for non-commercial public sector entities, IFRS 14, which allows entities adopting IFRS to continue previous accounting policies would not form an appropriate basis for an IPSAS. The IASB has an active project considering accounting for rate regulated activities. The IPSASB should not progress this project until the IASB work is complete. Any IPSASB project should focus on regulators.
IFRS 17, *Insurance Contracts*	Relevant to entities issuing insurance contracts (limited in the public sector).	The hierarchy in IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors*, directs users to IFRS 17, so the absence of an IPSAS on insurance accounting does not appear to have detrimental effects.	Not an emerging issue in the public sector.	IFRS 17 is a high-quality standard that could provide a sound basis for development of an IPSAS.
IAS 26, Accounting and Reporting by Retirement Benefit Plans	Limited to reporting by retirement benefit plans.	The hierarchy in IPSAS 3, *Accounting Policies, Changes in Accounting Estimates and Errors*, would direct users to IAS 26, as IPSAS do not have requirements for reporting by retirement benefit plans, so the absence of an IPSAS	Not an emerging issue in the public sector.	The IASB has questioned the usefulness of IAS 26 and considered options related to revising it or withdrawing it, however, at this time there is no indication in the near term that the standard will be replaced or withdrawn.

DRAFT

AGENDA ITEM 13.3.2

Potential Projects	Prevalence	Consequences	Urgency	Technical and Resource Considerations
		does not appear to have detrimental effects.		
IAS 34, *Interim Financial Reporting*	Only relevant for entities in jurisdictions where interim reporting is a feature of the reporting framework.	The lack of an IPSAS on interim financial reporting drawn from IAS 34 is not preventing entities from developing interim financial reports.	Not an emerging issue in the public sector.	IAS 34 would provide a sound basis for development of an IPSAS.
Theme C – Developing guidance to meeting users' broader financial reporting needs				
Revising RPG 1, *Reporting on the Long-Term Sustainability of an Entity's Finances*	Limited to higher levels of government, where a macro view of future resource inflows and outflows can be assessed for sustainability reporting (such as the whole of government level).	No impact on general purpose financial statements. However, information on the sustainability of an entities finances is useful to users and complements GPFSs.	The IPSASB has noted a potential need to revise RPG 1 in ED 63, *Social Benefits*.	Before RPG 1 was revised, the IPSASB would need to consider the responses to ED 63 and complete the development of a social benefits standard. Revisions to RPG 1 will need to complement that standard.
IASB Initiative-Better Communication in Financial Reporting	Expected to impact entities widely.	Improvements to financial reporting communication may make financial statements more meaningful and useful to users.	IPSAS 1 addresses presentation of financial statements. However, recent IASB developments may improve financial reporting and information communicated to users.	The IASB initiative related to better communication is still ongoing and the IPSASB should continue to monitor developments.
Defining Public Sector Key Financial Performance Indicators	Expected to impact entities widely.	The lack of defined public sector key financial performance indicators limits the power of accrual accounting for decision making in jurisdictions which have adopted IPSAS.	In some jurisdictions accrual financial reports are produced, but not used for decision-making purposes. Defining key financial performance indicators for the public sector would enhance the value of accrual accounting.	Developing guidance on key financial performance indicators for public sector entities is feasible. However, the selection of such indicators may reflect need to jurisdictional factors. There is also a risk that such a project might be over granular.
Public Sector Guidance for Cost Accounting	Does not directly relate to financial reporting for public sector entities.	The lack of public sector cost accounting guidance does not directly and adversely impact IPSAS financial reporting.	Developing guidance for cost accounting may be useful, however, it is questionable if developing such guidance is within the IPSASB's core remit.	Developing guidance for cost accounting is feasible, but questionable whether the IPSASB is best positioned to undertake such a project.

DRAFT

Appendix B – List of projects on the Work Plan 2019-2023 and projects available for initial research and scoping by groups of national standard setters

Project	Work Plan 2019-2023	Available for initial research/scoping by NSSs
Revenue – Exchange (Replace IPSAS 9 and 11)	Yes	Not Applicable
Revenue – Non-Exchange (IPSAS 23 Update)	Yes	Not Applicable
Revenue – Grants and Other Transfers	Yes	Not Applicable
Non-Exchange Expenses – Collective and Individual Services	Yes	Not Applicable
Non-Exchange Expenses – Grants and Other Transfers	Yes	Not Applicable
Public Sector Measurement	Yes	Not Applicable
Public Sector Specific Financial Instruments	Yes	Not Applicable
Infrastructure Assets	Yes	Not Applicable
Heritage	Yes	Not Applicable
Improvements	Yes	Not Applicable
Natural Resources	Yes – proposed in Strategy Consultation – added to Work Plan	Not Applicable
Limited Scope Review of the Conceptual Framework	Yes – proposed in Strategy Consultation – added to Work Plan	Not Applicable
Discount Rates	No – proposed in Strategy Consultation IPSASB did not to add Work Plan	Yes – IPSASB agreed based on feedback to continue to explore this topic by allowing initial research and scoping by NSSs.
Differential Reporting	No – proposed in Strategy Consultation IPSASB did not to add Work Plan	Yes – IPSASB agreed based on feedback to continue to explore this topic by allowing initial research and scoping by NSSs.
Presentation of Financial Statements in the Public Sector	No – not proposed in Strategy Consultation IPSASB did not to add Work Plan	Yes – IPSASB agreed based on feedback to continue to explore this topic by allowing initial research and scoping by NSSs.
Tax Expenditures	No – not proposed in Strategy Consultation IPSASB did not to add Work Plan	Yes – IPSASB agreed based on feedback to continue to explore this topic by allowing initial research and scoping by NSSs.

Appendix C – List of comment letter respondents

Accountancy Europe

Australasian Council of Auditors-General (ACAG)

Bob Traa

Chartered Institute of Public Finance and Accountancy (CIPFA)

Conseil de Normalisation des Comptes Publics (CNoCP)

Conselho Federal de Contabilidade (CFC)

Contador General De La Nacion-Argentina

Contador General De La Nacion-Uruguay

Contraloria General de la Republica-Chile

CPA Australia

David Leiser

Direccion General de Contabilidad Gubernamental

Direction Générale des Finances Publiques (DGFiP)

Ernst & Young GmbH

Financial Audit and Accounting Subcommittee (FAAS) of INTOSAI

Goa Foundation

Halimeh Rahmani

Heads of Treasuries Accounting and Reporting Advisory Committee (HoTARAC)

Institut der Wirtschaftsprüfer (IDW)

Institute of Chartered Accountants in England and Wales (ICAEW)

Institute of Chartered Accountants of India (ICAI)

Institute of Chartered Accountants Scotland (ICAS)

Intergovernmental Authority on Development (IGAD)

Japanese Institute of Certified Public Accountants (JICPA)

Joint - Chartered Accountants Australia and New Zealand (CAANZ)_Association of Chartered Certified Accountants (ACCA)

Kalar Consulting

Korea Institute of Public Finance

Malaysian Institute of Accounting

Ministerio de Economia Y Finanzas - Ecuador

Ministerio de Economia Y Finanzas - Panama

Ministerio de Economia Y Finanzas - Peru

Ministerio De Hacienda-Paraguay

Ministry of Finance, Peoples Republic of China

Natural Resource Governance Institute

New Zealand Accounting Standards Board (NZASB) of the External Reporting Board (XRB)

Office of the Auditor General of Canada

Open Oil

Pan African Federation of Accountants (PAFA)

Patrick Kabuya

Peaceful Society

Public Sector Accounting Standards Board (PSASB)

Publish What You Pay

Republic of Colombia - Accountant General

Rick Perry

Rutgers University - Continuous Audit and Reporting Laboratory

Samata Assertion for People

Schweizerisches Rechnungslegungsgremium für den öffentlichen Sektor (SRS)

Secretaria de hacienda y credito publico, especificamente la unidad de contabilidad gubernamental - Mexico

Staff of the Accounting Standards Board (SA)

Task Force IRSPM A&A SIG, CIGAR Network, EGPA PSG XII

Tesouro Nacional - Brazil

The Future We Need

The Institute of Chartered Accountants of Zimbabwe