

## Agenda Item 6: Public Sector Measurement

David Watkins, Task Force Chair


Dave Warren, Principal, and Edwin Ng, Principal

IPSASB Meeting

Washington D.C., USA

March 12–15, 2019

# Session Outline

- 
- Project Background
  - Changes to CP/ED since December 2018 (Agenda Item 6.2.1)
  - Review Task Force Recommendation (Agenda Item 6.2.2 – 6.2.4)
  - Measurement Flowcharts (Agenda Item 6.2.5)
  - Approval of Measurement CP/ED (Agenda Item 6.2.6)

## Project Background (1/5)

March 2017 – March 2018:

- Initial discussions and project scoping

March 2018 – September 2018:

- Review and approval of draft CP/ED sections

December 2018

- Initial Review of aggregated Public Sector Measurement Documents

March 2019

- Approval of Public Sector Measurement Documents for Exposure

## Project Background (2/5)

### Teleconference One

(January 30, 2019)

- Transaction costs

### Review of Consultation Paper

(February 18, 2019)

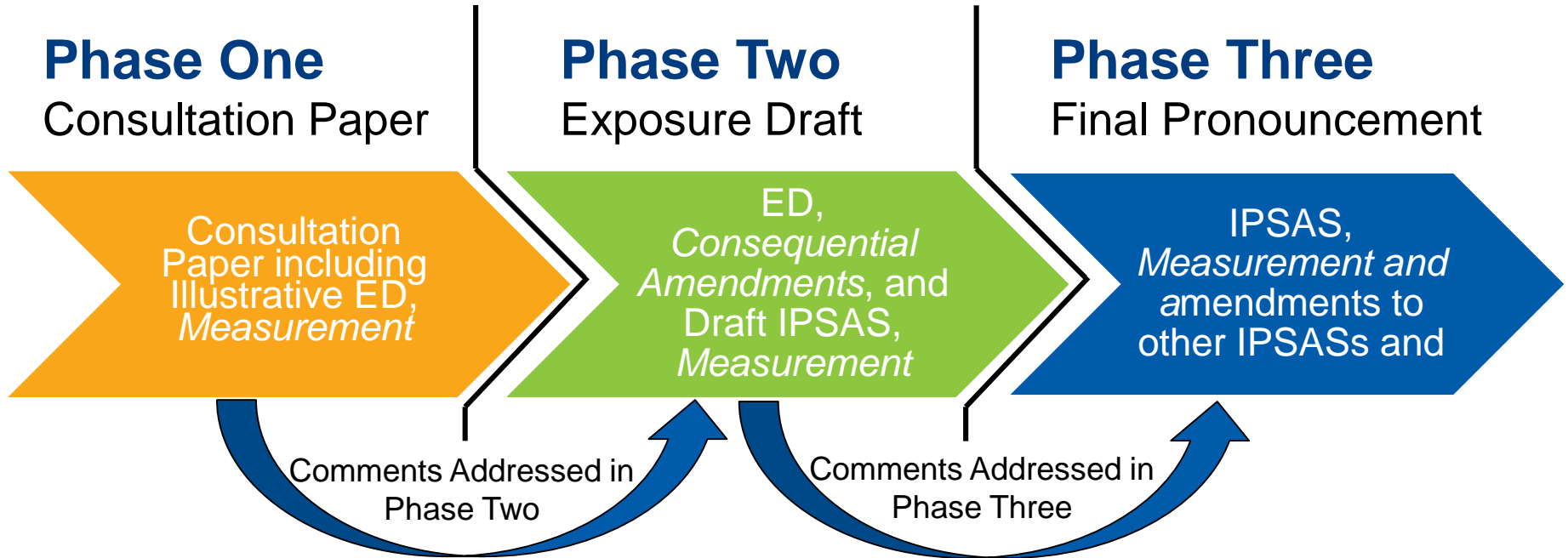
- Task Force member provided early version of CP for their review (time permitting)

### Teleconference Two

(February 13, 2019)

- Reviewed Transaction Costs Chapter
- Assets held for sale
- Market value vs fair value

## Project Background (3/5) – Due Process



## Project Background (4/5)

### Instructions from IPSASB (December 2018)

- Remove unnecessary paragraphs in ED (limit sections defining each measurement basis to 1 paragraph);
- Include only measurement bases with a corresponding appendix;
- Relocate reference on “unused” measurement bases to the CP (for example, Assumption Price);
- Develop SMC asking constituents whether they require further guidance on any measurement basis;
- Complete the Replacement Cost Appendix and elevate it to a principled level;



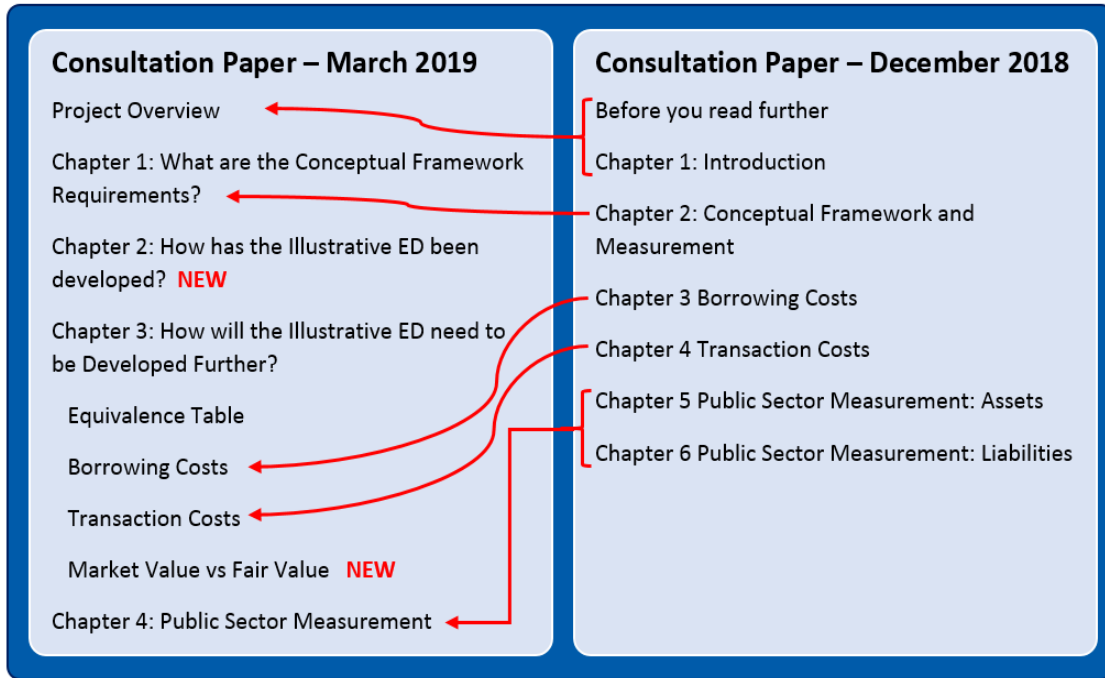
## Project Background (5/5)

### Instructions from IPSASB (December 2018)

- Reference the source of the guidance in the ED;
- Revisit the transaction costs chapter to incorporate the IPSASB discussion;
- Be consistent in the diagrams illustrating the relationship between the CP/ED;
- Incorporate IPSASB discussion into the “least costly manner” to the Cost of Fulfillment Principles; and
- Incorporate guidance on Assets Held for Sale or Disposal (either by asking a question in the CP or developing guidance).



# Changes to CP/ED since December 2018 (Agenda Item 6.2.1)





## Transaction Costs (Agenda Item 6.2.2) (1/2)

**Issue** – *should transaction costs be included or excluded in measuring a particular transaction?*

### Task Force Recommendation

- A measurement basis should include or exclude transaction costs based on:
  - The measurement objective (exit price or entry price); and
  - The timing of the transaction costs (incurred on entry or exit).

## Transaction Costs (Agenda Item 6.2.2) (2/2)

### **Matter for Consideration**

*Does the IPSASB agree with the Task Force Recommendation?*

# Applicability of IFRS 5 in the Public Sector (Agenda Item 6.2.3) (1/2)

**Issue** – *does the Illustrative Exposure Draft require Application Guidance on assets held for sale?*

## Task Force Recommendation

- Guidance in IFRS 5 falls outside of the scope of the measurement project – it addresses the what and not the how;
- Some of the guidance in IFRS 5 is relevant to the public sector and should be incorporated into IPSAS; and
- Further analysis is required after March 2019.

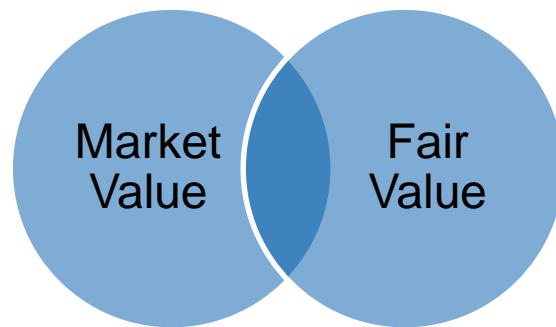
# Applicability of IFRS 5 in the Public Sector (Agenda Item 6.2.3) (2/2)

## Matter for Consideration

*Does the IPSASB agree with the Task Force Recommendation?*

## MV Compared to FV (Agenda Item 6.2.4) (1/2)

**Issue** – *how should market value and fair value be differentiated in IPSAS?*



### Task Force Recommendation

- The Task Force recommends addressing the overlap of Market Value and Fair Value as part of Phase II of the project.

## MV Compared to FV (Agenda Item 6.2.4) (2/2)

### **Matter for Consideration**

*Does the IPSASB agree with the Task Force Recommendation?*

## Measurement Flowcharts (Agenda Item 6.2.5)

**Issue** – *illustrate the IPSASB's interpretation of how the measurement bases in the conceptual framework should be applied in IPSAS*

### Matter for Consideration

- Does the Board agree the flow charts reflect the IPSASB's views in how the measurement principles in the Conceptual Framework should be interpreted at standards level?

## Approval of Measurement CP/ED (Agenda Item 6.2.6)

### The IPSASB is asked to:

- Confirm it is satisfied there are no additional issues to be discussed by the IPSASB at this time;
- Approve Consultation Paper, *Public Sector Measurement*, including the Illustrative Exposure Draft for comment; and
- Confirm an exposure period ending September 30, 2019.





[www.ipsasb.org](http://www.ipsasb.org)

---