

Meeting: IPSASB Consultative Advisory Group

Meeting Location: Toronto, Canada

Meeting Date: June 12, 2023

Agenda Item 4

For:

☐ Approval

☒ Discussion

☐ Information

PROGRAM AND TECHNICAL DIRECTOR'S REPORT

Project summary	The purpose of this session is to receive updates on changes on the work program.	
Meeting objectives	Topic	Agenda Item
Discussion items	Update on IPSASB Work Program	4.1
Other supporting items	IPSASB Work Program: June 2023	4.2.1
	Advancing Public Sector Sustainability Reporting December 2022—Report Back	4.2.2
	Differential Reporting December 2022—Report Back	4.2.3
	Strategy and Work Program 2024-2028 December 2022—Report Back	4.2.4

Update on IPSASB Work Program

Purpose

1. To receive the Program and Technical Director's report on the work program and other activities, including key changes since December 2022.

Program and Technical Director's Report

Work Program Updates

2. Staff highlights the following approvals of IPSAS pronouncements and amendments since the December 2022 CAG meeting:
 - (a) The IPSASB approved the following new pronouncements since the last CAG meeting:
 - (i) [Reporting Sustainability Program Information—Amendments to RPGs 1 and 3: Additional Non-Authoritative Guidance](#);
 - (ii) [IPSAS 45, Property, Plant, and Equipment](#);
 - (iii) [IPSAS 46, Measurement](#);
 - (iv) [IPSAS 47, Revenue](#);
 - (v) [IPSAS 48, Transfer Expenses](#); and
 - (vi) [Conceptual Framework Updates: Chapter 7, Measurement of Assets and Liabilities in Financial Statements](#) and [Chapter 5, Elements in Financial Statements](#).
 - (b) The IPSASB approved [ED 84, Concessionary Leases and Right-of-Use Assets In-Kind \(Amendments to IPSAS 43 and IPSAS 23\)](#). ED 84 was published in January 2023 and was out for comment until May 17, 2023. The IPSASB will undertake a first review of the ED 84 feedback at its the June 2023 meeting. There were no substantive issues noted in the responses received that required further consultation with the CAG at this time. However, there are some comments for the IPSASB to deliberate, and it is possible that further CAG consultation may assist this project, depending on the project direction decided by IPSASB.
3. The completion of several long running projects has provided additional staff and IPSASB resources to take forward new projects and initiatives during the first half of 2023, including:
 - (a) Research and scoping activities related to:
 - (i) **Sustainability Reporting.** Building on the strong stakeholder support to the 2022 CP, *Advancing Public Sector Sustainability Reporting* the IPSASB decided in December 2022 to undertake initial research and scoping activities on three potential sustainability projects (Climate-Related Disclosures, General Requirements for Disclosure of Sustainability-Related Financial Information and Natural Resources-Non-Financial Disclosures (related to the IPSASB's Natural Resources).
 - (ii) In March 2023, the IPSASB subsequently decided key scoping decisions to frame the ongoing development of its sustainability project work, which are:
 - a. To initially focus on the Climate-Related Disclosures project, as this was the most urgent issue and because of the strong constituent support to address this topic.

- b. To apply the IPSASB's Conceptual Framework as the lens to develop guidance, informed by constituent feedback to the 2022 CP.
 - c. To build public sector guidance off other international sustainability reporting guidance instead of starting from scratch. In particular, the developing guidance of the International Sustainability Standards Board (ISSB) was agreed as a primary source to consider when considering the impact on the entity, and GRI guidance was seen as key source for guidance when considering how to report on an entity's outside impact on the environment. Building off the two sources of international guidance and modifying for the public sector context using IPSASB's conceptual framework, was seen as the best way to ensure the more complex public sector multi-stakeholder user perspective is appropriately addressed in future guidance.
 - d. The IPSASB will consider for approval a project brief on the Climate-Related Disclosures project at its June 2023 meeting. The various discussions with the CAG on sustainability reporting, including the December 2022 discussion have greatly impacted the development of the project brief. This will be discussed with the CAG at the June 2023 meeting in Agenda Item 5.
- (iii) **Differential Reporting.** IPSASB staff have continued research and scoping work on differential reporting. CAG members have already provided advice to the IPSASB on Differential Reporting (December 2021 and December 2022) which has impacted the research and scoping activities, in particular related to the key issue on the nature and scope of the project which the IPSASB will discuss at its June 2023 meeting.
- (iv) **Presentation of Financial Statements.** IPSASB staff have continued research and scoping of this project to update IPSAS 1, *Presentation of Financial Statements*. CAG members have provided advice to the IPSASB on this project (December 2021), which has impacted the research and scoping activities so far. Further, CAG members will discuss this project during Agenda Item 6 at the June 2023 meeting. The IPSASB will consider the input received at its coming meeting, and will review portions of the developing project brief, with an aim to approve the project brief in September 2023.
- (b) **Retirement Benefit Plans.** The IPSASB considered an initial analysis of responses to ED 82, *Retirement Benefit Plans* in March 2023. The ED received strong input, and broad support for most of the ED proposals; there were no significant issues identified in the responses that, as part of due process, require further consultation with the CAG members. Further, CAG members provided input on this project which impacted the development of key proposals in the ED, which were largely supported. The aim is for the IPSASB to approve a new pronouncement based on ED 82 in September 2023.
- (c) **Natural Resources.** The IPSASB continued its review of responses to the CP, [Natural Resources](#) at the March 2023 meeting. Overall, respondents supported the project and commended IPSASB for taking it on. The IPSASB decided in March 2023 to start development of an ED on accounting for natural resources in financial statements, and to also develop a separate ED on accounting for the costs of exploration, evaluation, and extraction activities (aligned with IFRS 6, *Exploration for and Evaluation of Mineral Resources* and incorporating

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IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*). The IPSASB will further consider the project timelines and issues to be addressed at its June 2023 meeting.

- (d) **Measurement–Application Phase.** This is a continuation of the measurement project following the approval of IPSAS 46, *Measurement*. The objective for this phase of the project is to consider applicability of current operational value (new public sector measurement concept) across the suite of IPSAS to determine where additional amendments should be proposed. The CAG has provided advice to the IPSASB on the measurement project in December 2021 and June 2022. The IPSASB aims is to approve and ED in December 2023.
 - (e) **Strategy and Work Program Consultation.** The IPSASB discussed key elements of its developing consultation on the 2024-2028 Strategy and Work Program (Strategy Consultation) with the CAG in December 2022. The advice from the CAG has been considered as input to the IPSASB's initial discussions in December 2022 and March 2023. The IPSASB will review the first draft of the Strategy Consultation in June 2023, with an aim to approve it at the September 2023 meeting. The IPSASB will undertake a significant program of outreach in Q4 2023 and Q1 2024 to engage with constituents by working with hosts to hold regional roundtables in areas with increasing IPSAS adoption and implementation. The draft Strategy Consultation will be circulated to the CAG for members to provide input and advice to the IPSASB in advance of the approval of the document.
4. The IPSASB will review the work program included in [Agenda Item 4.2.1](#) at its upcoming June 2023 meeting.

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IPSASB WORK PROGRAM THRU 2024: JUNE 2023

Project	Meetings						
	Jun 2023 (CAG)	Sep 2023	Dec 2023 (CAG)	Mar 2024	Jun 2024 (CAG)	Sep 2024	Dec 2024 (CAG)
Standard Setting Projects							
Conceptual Framework Update—Chapter 3, Qualitative Characteristics	CF						
Measurement—Application Phase¹	DI	DI	ED			RR/DI	IP
Other Lease-Type Arrangements	RR/DI	RR/DI	RR/IP	IP			
Natural Resources	RR/DI	RR/ED	ED			RR/DI	RR/DI
Retirement Benefit Plans	RR/IP	IP					
Improvements	ED		IP	ED		IP	
Research & IPSAS Maintenance Activities							
Differential Reporting	RS						
Presentation of Financial Statements	RS CAG						
Advancing Public Sector Sustainability Reporting	RS CAG						
Strategy and Work Program 2024—2028	DI/CP	CP			RR/DI	SWP	
IPSASB Handbook		Publish			Publish		

¹ Measurement—Application will also consider the limited scope projects on IPSAS 21, *Impairment of Non-Cash Generating Assets*; IPSAS 31, *Intangible Assets* as both projects include measurement related issues.

Legend:

DI = Discussion of Issues; RR = Review Responses; CAG = Discussion of Issue with CAG

PB = Approval of Project Brief

CP = Approval of Consultation Paper

ED = Approval of Exposure Draft

IP = Approval of Final Standard or Amendments to IPSAS

CF = Approval of Amendments to Conceptual Framework

RP = Approval of Final Recommended Practice Guidance

RWP = Approval of Revised Work Program

ST = Approval of Strategy and Work Program

= Planned Consultation Period

RS = Initial Project Research and Scoping Activities

Project Management—Outputs:Upcoming Approvals:

[draft] Conceptual Framework Update—*Chapter 3, Qualitative Characteristics*

Exposure Drafts:

ED 84, *Concessionary Leases and Right-of-Use Assets In-kind* (Amendments to IPSAS 43 and IPSAS 23)

PROJECTS COMPLETED AND/OR PUBLISHED DURING 2019-2023 STRATEGY AND WORK PROGRAM PERIOD

Project	Date Issued	Effective Date
<i>Reporting Sustainability Program Information—Amendments to RPGs 1 and 3: Additional Non-Authoritative Guidance</i>	May 2023	N/A ²
IPSAS 48, <i>Transfer Expenses</i>	May 2023	January 1, 2026
IPSAS 47, <i>Revenue</i>	May 2023	January 1, 2026
IPSAS 46, <i>Measurement</i>	May 2023	January 1, 2025
IPSAS 45, <i>Property, Plant, and Equipment</i>	May 2023	January 1, 2025
Conceptual Framework Update—Chapter 5, <i>Elements in Financial Statements</i>	May 2023	N/A ³
Conceptual Framework Update—Chapter 7, <i>Measurement of Assets and Liabilities in Financial Statements</i>	May 2023	N/A ³
IPSAS 44, <i>Non-current Assets Held for Sale and Discontinued Operations</i>	May 2022	January 1, 2025
IPSAS 43, <i>Leases</i>	January 2022	January 1, 2025
<i>Improvements to IPSAS, 2021</i>	January 2022	January 1, 2023
<i>Amendments to IPSAS 5, Borrowing Costs—Non-Authoritative Guidance</i>	November 2021	N/A ³
<i>Non-Authoritative Amendments to IPSAS 41, Financial Instruments</i>	December 2020	January 1, 2023
<i>COVID-19: Deferral of Effective Dates</i>	November 2020	January 1, 2023
<i>Collective and Individual Services, (Amendments to IPSAS 19)</i>	January 2020	January 1, 2023
<i>Improvements to IPSAS, 2019</i>	January 2020	January 1, 2022
IPSAS 42, <i>Social Benefits</i>	January 2019	January 1, 2022
<i>Amendments to IPSAS 36, Investments in Associates and Joint Ventures, and IPSAS 41, Financial Instruments</i>	January 2019	January 1, 2022

² These pronouncements or amendments do not have an effective date because they are amendments to non-authoritative parts of an IPSAS, or are amendments to the non-mandatory Recommended Practice Guidelines which do not have effective dates.

Status of Application of Due Process – June 2023

APPENDIX A

PROJECT	DUE PROCESS ELEMENTS (✓= ELEMENT COMPLETE)						ANTICIPATED FINAL APPROVAL
	A. PROJECT COMMENCEMENT	B. DEVELOPMENT OF STANDARD		C. PUBLIC EXPOSURE	D. EXPOSURE COMMENTS CONSIDERED	E. APPROVAL	
		CP PHASE (IF APPLICABLE)	ED PHASE				
Revenue	✓	✓	✓	✓	✓	✓	Approved March 2023
Transfer Expenses	✓	✓	✓	✓	✓	✓	Approved March 2023
Conceptual Framework Update—Chapter 7, Measurement of Assets and Liabilities in Financial Statements	✓	N/A	✓	✓	✓	✓	Approved December 2022
Conceptual Framework Update—Chapter 5, Elements in Financial Statements	✓	N/A	✓	✓	✓	✓	Approved March 2023
Conceptual Framework Update—Chapter 3, Qualitative Characteristics	✓	N/A	✓	✓	ONGOING		June 2023
Measurement	✓	✓	✓	✓	✓	✓	Approved March 2023
Property, Plant, and Equipment Update - Infrastructure Assets	✓	N/A	✓	✓	✓	✓	Approved December 2022
Property, Plant, and Equipment Update - Heritage Assets	✓	✓	✓	✓	✓	✓	Approved December 2022
Other Lease-type arrangements [Public sector specific]	✓	N/A	✓	✓	ONGOING		March 2024

Status of Application of Due Process – June 2023

APPENDIX A

PROJECT	DUE PROCESS ELEMENTS (✓= ELEMENT COMPLETE)						ANTICIPATED FINAL APPROVAL
	A. PROJECT COMMENCEMENT	B. DEVELOPMENT OF STANDARD		C. PUBLIC EXPOSURE	D. EXPOSURE COMMENTS CONSIDERED	E. APPROVAL	
		CP PHASE (IF APPLICABLE)	ED PHASE				
Natural Resources	✓	✓	ONGOING				December 2024 or later
Retirement Benefit Plans	✓	N/A	✓	✓	ONGOING		September 2023
Presentation of Financial Statements	ONGOING						To be decided in 2023
Differential Reporting	ONGOING						To be decided in 2023
Advancing Public Sector Sustainability	ONGOING						To be decided in 2023

N/A – Consultation Paper (CP) phase is not a required due process element, IPSASB determines on a project-by-project basis whether a CP is needed.

Overview of Due Process steps:

A. Project Commencement—due process step complete when project proposal (project brief) approved.

B. Development of Standard—due process step complete when exposure draft approved for public exposure.

C. Public Exposure—due process step complete when exposure draft comment period ends and comments received publicly posted on IPSASB website.

D. Consideration of Exposure Comments—due process step complete when significant issues raised on exposure have been deliberated by IPSASB.

E. Approval—due process step complete after board approval of final standard, considered the need for re-exposure, agreed the basis for conclusions and set an effective date for the standard.

Advancing Public Sector Sustainability Reporting–December 2022 Report Back

December 2022 CAG Discussions

1. Extracts from the draft minutes of the December 2022 CAG and how the IPSASB has responded to the Representatives' and Observers' comments are included in the table below.

Representatives' and Observers' Comments	IPSASB Response
December 2022 CAG Meeting Comments	
<p>Celine Chan, IPSASB Senior Manager, introduced the responses to the Consultation Paper, <i>Advancing Public Sector Sustainability Reporting</i>, summarizing the consultation process, number of responses received, key themes and issues identified from the feedback received.</p> <p>Ms. Chan asked CAG members to consider the following questions:</p> <ul style="list-style-type: none"> • Question 1 – Do CAG members agree the list of issues (consideration in adapting private sector guidance for the public sector, authority of guidance, priority topics, scope, conceptual framework and due process, and expertise) should be considered further before the IPSASB takes any decision to proceed? Do CAG members think there were any other issues identified by stakeholders that the IPSASB should consider? • Question 2 – Do CAG members agree with staff's recommendation (monitoring the ISSB's deliberations, monitoring ISSB and GRI's ongoing collaboration, considering the practicalities involved in collaborations with other organizations, and consideration of whether the IPSASB needs a formal policy for drawing on the work of other global standard setters)? What other issues do CAG members think should be considered in looking to develop public sector specific sustainability reporting guidance by drawing on guidance developed by both ISSB and GRI, and other global standard setters? • Question 3 – Do CAG members agree with the proposed factors to consider whether guidance should be mandatory or not (importance of sustainability information, impact on preparers, uptake of guidance, and scalability of guidance)? Are there other factors that should be considered by the IPSASB? Do CAG members think public sector sustainability reporting guidance should be mandatory or non-mandatory? 	
The CAG members commented on Question 1 as follows:	
<p>1. Mr. Gisby noted that sustainability reporting is a means to an end of changing behavior. He advised the IPSASB to focus on the scope and objective of guidance, and put less emphasis on SDGs, as some SDGs have expired while others are expected to expire in 2030. Mr. Gisby highlighted the importance of determining whether reporting has an entity-level focus (i.e., should materiality focus on the impact to the entity (IASB), or impact to the environment (GRI), or both).</p>	<p>This point was noted by IPSASB staff.</p> <p>The advice from CAG members is reflected in the draft Climate-related Disclosures Project Brief.</p> <p>See Key issue #1 in the project brief which considers the reporting entity perspective and how the IPSASB plans to build off ISSB and GRI standards.</p>

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Representatives' and Observers' Comments	IPSASB Response
<p>2. Ms. Stachniak agreed with Mr. Gisby's comments and agreed these issues should be considered before moving forward. Ms. Stachniak cautioned against underestimating differences between the public and private sector and noted there are many different dimensions in the public sector that will differ significantly from the private sector (e.g., indicators, whole of government reporting will be much broader than an entity-specific view). She advised the IPSASB to be more direct in its external communication as sustainability reporting is a large undertaking and needs to have better interoperability between sectors. Ms. Stachniak also suggested a gradual approach to standards development instead of tackling all issues at once. In addition, she requested clarity on the meaning of authority of standards, whether this refers to standards vs. RPGs.</p>	<p>See response to point #1.</p> <p>The IPSASB will take a gradual approach to standards development and decided to start with climate as the first topic to be addressed.</p> <p>Mr. Smith clarified that this refers standards vs. Recommended Practice Guidelines (RPGs). When you adopt IPSAS, you have to apply all of the standards to assert compliance with IPSAS. On the other hand, RPGs are non-mandatory guidance and you do not have to adopt all RPGs, but if you do adopt one, you must apply the whole RPG to assert compliance.</p>
<p>3. Mr. Simpson echoed that the term "mandatory" is unintuitive and thanked Mr. Smith for the clarification. He suggested starting with conceptual framework and being clear on the focus of sustainability reporting. The term "general sustainability related guidance" is broad. Mr. Simpson suggests starting with a more focused starting point and focus on the impact on climate.</p>	<p>See response to point #2.</p> <p>At the IPSASB March 2023 meeting, the Board agreed that the IPSASB Conceptual Framework would provide the lens to be applied for identifying key public sector concepts (e.g. objectives, users, reporting entity, qualitative characteristics, etc.) for sustainability reporting. In addition, looking to the IPSASB Conceptual Framework encourages connectivity between financial reporting and sustainability reporting.</p>
<p>4. Ms. Sanderson highlighted the purpose and scope of sustainability reporting in the public sector needs to be clear before moving forward. She further advised the IPSASB to consider the need for some structural changes to enhance the expertise around the Board before proceeding with the other issues.</p>	<p>This point was noted by IPSASB staff.</p> <p>The advice from CAG members is reflected in the draft Climate-related Disclosures Project Brief.</p>

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Representatives' and Observers' Comments	IPSASB Response
<p>5. Ms. Aldea Busquets agreed this project is important, but before advancing, she advised the IPSASB to answer fundamental questions including, the project scope and breadth, priority topics, resources required, and collaboration with other standards. She also suggested that whether standards should be mandatory is secondary to the pressing need for guidance. Ms. Aldea Busquets added that to start with developing a Sustainability Conceptual Framework which would cause the project to progress slowly.</p>	<p>See response to point #2.</p> <p>Mr. Smith agreed that starting with the development of a sustainability specific Conceptual Framework could take up too many resources, including time. Rather he felt it was better to allocate the resources to developing guidance for use in the short term to allow the urgent issue of climate to be addressed in a timely manner.</p>
<p>6. Ms. Colignon agreed with Mr. Sanderson, Mr. Simpson and Ms. Aldea Busquets that the issues as presented are appropriate. However, Ms. Colignon proposed a different order in terms of priority: scope, expertise/resources needed, topics to be prioritized, then leverage existing literature from the private sector. Ms. Colignon also noted sustainability reporting is different from financial reporting as it entails collecting, coordinating, and integrating non-financial data and information from various sources. Acknowledging that difference could help shaping the work on sustainability reporting standard-setting.</p>	<p>This point was noted by IPSASB staff.</p> <p>The advice from CAG members is reflected in the draft Climate-related Disclosures Project Brief.</p>
<p>7. Mr. Chowdhury agreed with others that objective, scope, and technical competence needs to be considered first. As sustainability reporting is broad, Mr. Chowdhury advised the IPSASB to define scope/focus carefully. He expressed that in his view, sustainability covers all financial, non-financial, environmental, and social issues.</p>	<p>This point was noted by IPSASB staff.</p> <p>The advice from CAG members is reflected in the draft Climate-related Disclosures Project Brief.</p>

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Representatives' and Observers' Comments	IPSASB Response
8. Ms. Weinberg commented that climate is an important focus but advised the IPSASB consider its core priority. She cautioned whether this may be too much of a commitment to go beyond financial reporting.	This point was noted by IPSASB staff. The IPSASB agreed throughout its research and scoping phase that financial reporting continues to be a priority. In order to move sustainability reporting forward, the IPSASB agreed it would require additional resources so to not impact its financial reporting activities.
9. Mr. van Schaik expressed concern about the resources of the IPSASB. He worried the quality of financial reporting work will suffer if resources are devoted to sustainability, and cautioned against such potential detriment to the reputation of the IPSASB. He added that there may be a similar issue for financial statement preparers. For example, if IPSAS compliance includes complying with sustainability reporting requirements, preparers may have insufficient resources to apply such a broad suite of guidance.	This point was noted by IPSASB staff. See response to point #8. See Key issue #6 in the project brief which considers the general features of the guidance, scalability and transitional relief for preparers.
10. Mr. Warren, on behalf of Mr. Williamson noted sustainability is a global problem. Jurisdictions will have different capabilities, and in order to facilitate adoption, scalability of the guidance will be important.	This point was noted by IPSASB staff. See Key issue #6 in the project brief where IPSASB will consider scalability as part of the project.
The CAG members commented on Question 2 as follows:	
11. Ms. Colignon agreed with staff's recommendation but noted that it is necessary to work on the scope and remain up to date with developments at the ISSB and GRI, before making the decision to collaborate with other international standard-setters. She also expressed strong support for the IPSASB on its proposals in ED 83, <i>Reporting Sustainability Program Information</i> , and noted that it well-advanced guidance compared to other standard-setters.	This point was noted by IPSASB staff. The advice from CAG members is reflected in the draft Climate-related Disclosures Project Brief. See Key issue #1 in the project brief which considers how to build off ISSB and GRI standards.

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Representatives' and Observers' Comments	IPSASB Response
12. Ms. Sanderson agreed with the staff's recommendation and the benefits of collaboration. She advised the IPSASB to first be clear on scope and objective to avoid fragmented guidance. The IPSASB may need a formal policy to frame how it collaborates with other standard setters which may be more nuanced than the policy on IFRS alignment.	See response to point #11.
13. Mr. Gisby advised the IPSASB to consult with stakeholders on scope and objective. The ISSB and GRI do not appear to be able to reconcile the issue of whether to look at the entity or the impact on the environment. This gap between standard setters may give the IPSASB an opportunity to consider the appropriate approach for the public sector and also consider whether the public sector is viewed as a sector or an entity.	See response to point #11.
14. Mr. Close agreed with staff with the caveat that there are issues that may not have been covered by private sector guidance. For example, sustainability and climate change targets may not necessarily translate from the private sector.	See response to point #11. Mr. Carruthers responded in-session to Mr. Close and stated that ED 83 proposals very much work with the green budgeting approach. Discussions were more focused on intended outcomes and whether they were achieved.
15. Ms. Stachniak asked whether the IPSASB can give an indication as it relates to next steps or a timetable.	Mr. Carruthers responded in-session that this issue is quite the challenge. The IPSASB will discuss next steps at its December 2022 meeting. The IPSASB is cognizant that there is significant public scrutiny, and they are conscious they will need to publicly indicate what the IPSASB can and cannot do, and its next steps. A draft timetable for the climate-related disclosures project is included in Section 7 of the Climate-related Disclosures Project Brief.
The CAG members commented on Question 3 as follows:	

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Representatives' and Observers' Comments	IPSASB Response
16. Ms. Sanderson noted the question is not whether the sustainability reporting project will result in a standard, but whether the resulting standard is part of, or separate from, the current suite of IPSAS. This may impact whether jurisdictions can be fully IPSAS compliant.	This point was noted by IPSASB staff. This will be an issue the IPSASB will discuss as Agenda Item 8.2.1 at the June 2023 IPSASB meeting.
17. Mr. Gisby advised the IPSASB to carefully consider whether it should mandate sustainability reporting standards, as not all public sector entities are able to apply these standards.	See response to point #16.
18. Ms. Stachniak agreed with earlier comments that sustainability reporting should result in the development standards. However, she advised the IPSASB to keep sustainability reporting guidance separate from IPSAS. Ms. Stachniak suggested having a phased approach beginning with voluntary adoption, then required adoption without audit, then finally adoption with audit.	See response to point #16.
19. Mr. Yousef noted this area shares many similarities with the development of IPSAS, which align with the private sector standards unless there's a public sector-specific issue reason to depart, or if there are issues that are not addressed. He suggested following the same approach for sustainability reporting.	See response to point #16.
20. Ms. Aldea Busquets also noted her preference that sustainability reporting guidance be developed as standards, with mandatory application, but advised sufficient time would need to be provided for constituents to properly adopt the standards.	See response to point #16.
21. Mr. Chowdhury shared his view that it would be best for sustainability reporting guidance to be standards, however it is important to give preparers time to implement.	See response to point #16.

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Representatives' and Observers' Comments	IPSASB Response
22. Ms. Colignon added there is a case for communicating what "mandatory" means, with emphasis on applying the suite of standards rather than on an individual basis.	See response to point #16.

Matters for CAG Consideration

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

Differential Reporting–December 2022 Report Back

December 2022 CAG Discussions

1. Extracts from the draft minutes of the December 2022 CAG and how the IPSASB has responded to the Representatives' and Observers' comments are included in the table below.

Representatives' and Observers' Comments	IPSASB Response
December 2022 CAG Meeting Comments	
<p>Mr. Warren, IPSASB Director, introduced the agenda paper regarding the development of the future project brief for the Differential Reporting project. He provided background on why it is a good time to begin this project and welcomed a variety of views at this initial stage of a project.</p> <p>Mr. Warren asked CAG members to consider the following questions, which are prevalent concerns noted by constituents:</p> <ul style="list-style-type: none"> • Question 1 – How do you define 'less complex entity' in the public sector context? • Question 2 – How does a simplified accounting model provide relief? 	
The CAG members commented on Question 1 as follows:	
<p>1. Mr. Gisby agreed that public accountability is not a good criterion. He encouraged the IPSASB to consider size thresholds and accounting directives. While the risk profile could be interesting, thresholds are easier to use.</p>	<p>Advice from CAG members has been incorporated into the IPSASB's June Agenda Item 14.2.1. Member advice has largely shaped this paper which will result in the IPSASB considering the direction of this project, specifically, whether or not it will pursue a standard-setting solution.</p> <p>Discussions on whether, and how to define 'less complex entity' (or another term) will be contingent on the IPSASB's decision in June 2022 as noted above.</p>
<p>2. Ms. Stachniak advised the IPSASB to consider defining a less complex entity based on characteristics, such as the complexity of transactions entered into by the entity. She warned that the results of this work could be either an opportunity (to increase appetite towards full IPSAS), or a risk (where some entities may apply the simplified accounting when they should be applying full IPSAS).</p>	<p>See response to point #1.</p>

Representatives' and Observers' Comments	IPSASB Response
<p>3. Ms. Sanderson agreed that a characteristics-based approach feels appropriate, and encouraged the IPSASB to consider the risks and types of transactions. She agreed with the drawbacks noted by Ms. Stachniak and proposed to either incorporate bright line tests or encourage jurisdictions to consider their own sensible thresholds.</p>	<p>See response to point #1.</p>
<p>4. Ms. Colignon noted that the concept of materiality, described in the Conceptual Framework, is integral to financial reporting and could be applied as a first step. She proposed setting materiality and thresholds based on ratios which can be set by individual jurisdictions. She questioned which characteristics are sufficiently pervasive to cover the global public sector.</p>	<p>See response to point #1.</p>
<p>5. Mr. Simpson asked whether accounting is already simpler for a simple enterprise, and if simplified accounting would create issues on a consolidated basis. He encouraged the IPSASB to allow jurisdictions to make their own judgment on when to apply simplified reporting in lieu of defining a less complex entity.</p>	<p>See response to point #1.</p>
<p>6. Mr. Yousef advised the IPSASB to consider application based on the nature of the entity. Metrics such as size, turnover, and budget have not been helpful in Abu Dhabi, as they do not communication implications nor ensure accountability regarding the use of public funds. The criteria to determine whether an entity is less complex should consider the impact of that entity on the public.</p>	<p>See response to point #1.</p>
<p>7. Mr. Warren shared Mr. Williamson's offline comments, which supported the use of characteristics, and to give jurisdictions the option to enact their own differential reporting model, as they know their own capabilities best.</p>	<p>See response to point #1.</p>

Representatives' and Observers' Comments	IPSASB Response
8. Mr. Close noted there is overlap between risk and complexity, and that size of entities does not necessarily inform the complexity of an entity. He encouraged the IPSASB to consider dynamic thresholds and materiality.	See response to point #1.
The CAG members commented on Question 2 as follows:	
9. Ms. Stachniak noted that providing only relief on recognition and measurement, without relief on disclosures, would not be sensible. Thus, the two options to consider are provide disclosure relief only, or provide recognition, measurement, and disclosure relief.	See response to point #1. If the IPSASB decides to proceed with developing a standard-setting solution, it will further consider this advice when setting an objective approach to providing "simplified" accounting requirements for the differential reporting model.
10. Mr. Yousef commented it is difficult to draw a line on what is simplified basis, and questioned whether a separate IPSAS is required.	See response to point #9.
11. Ms. Colignon supported a simplified approach based on disclosures only, rather than creating a differential reporting model separate from the full IPSAS. Ms. Colignon highlighted a separate reporting model would be resource intensive and difficult to maintain.	See response to point #9. The practical consideration on creating and maintaining a separate reporting model will be considered as part of the IPSASB's discussions in June 2022.
12. Mr. Gisby noted that disclosure relief is likely insufficient, and to consider the implications on entities to restate provisions, and changes accounting policies.	See response to point #9.
13. Mr. Simpson noted that entities are complex in different ways so a one-size-fits-all approach may not be appropriate.	See response to point #1. The complexity of setting a single model will be considered as part of the IPSASB's discussions in June 2022.

Representatives' and Observers' Comments	IPSASB Response
14. Ms. Sanderson agreed that relief for recognition, measurement, and disclosure appears to be appropriate. She advised the IPSASB to consider consolidation and thresholds, and the use of rebuttable presumptions similar to IFRS for SMEs.	See response to point #9.
15. Ms. Weinberg warned the IPSASB to maintain its credibility when creating separate standards, and to not diminish the value of accrual-based standards.	See response to point #1. The importance of maintaining IPSASB's credibility will be considered as part of the IPSASB's discussions in June 2022.
16. Ms. Aldea Busquets also advised the IPSASB consider implications on consolidation, and shared that the European Commission often provides clear, simple instructions to smaller entities to ensure consistent application of principles.	See response to point #9.
17. Mr. Melo advised the IPSASB to define materiality to ensure governments do not define materiality to their own advantage.	See response to point #1. In June 2022, the IPSASB will consider the direction for the project that remains consistent with existing IPSAS work, including the Conceptual Framework, Materiality Q&A, etc.
18. Ms. Stachniak advised the IPSASB to consider an option where each IPSAS included simplified guidance for application.	See response to point #9.
19. Ms. Sanderson advised that any simplified version of existing IPSAS continues to be underpinned by principles and provide useful information.	See response to point #9.
20. Mr. Melo noted the importance of identifying and clarifying common transactions, to pinpoint what may be immaterial on a wider basis.	See response to point #17.

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Representatives' and Observers' Comments	IPSASB Response
21. Mr. Yousef commented that while the transition to accrual accounting under IPSAS may be resource intensive and expensive, the benefits far outweigh the cost, and noted that some small entities have seen substantial increases in useful information in their financial reporting.	See response to point #1.

Matters for CAG Consideration

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

IPSASB Strategy and Work Program 2024-2028–December 2022

December 2022 CAG Discussions

- Summary of advice provided at the December 2022 CAG Meeting and how the IPSASB has responded to the Representatives' comments are included in the table below.

Representatives' and Observers' Comments	IPSASB Response
December 2022 CAG Meeting Comments	
<p>Mr. Carruthers introduced the IPSASB's Next Strategy and Work Plan and shared that the IPSASB obtained good input from the 4th International Public Sector Standards Setters Forum and is looking for early input from the CAG.</p> <p>Mr. Carruthers reflected that the current work program has largely focused on setting standards on public sector-specific issues and maintaining IFRS alignment. Mr. Carruthers highlighted the progress since 2019, including a more complete set of IPSAS, increased IPSAS adoption, and stronger support for the IPSASB to lead public sector sustainability reporting. He commented achieving of the success in the current strategy meant stakeholders expect the IPSASB to maintain existing IPSAS, support implementation and lead on sustainability reporting.</p> <p>Mr. Carruthers concluded by sharing the initial proposal for the 2024-2028 Strategy and Work Plan, to update the current Strategy and Work Plan for the current context and fit.</p>	
The CAG members commented as follows:	
<ol style="list-style-type: none"> Mr. Muller-Marques Berger asked for clarification on the implementation group and whether it would be something comparable to the Saudi Arabia Tech Center. 	<p>Mr. Smith responded in-session that different options are being considered. From a proposal perspective, it may be similar to a task force that applies the IFRIC processes where appropriate. IPSASB staff would analyze and present implementation challenges and fact patterns to a group of experts to determine whether a revision to existing standards or clarifications on the application of principles is warranted.</p>

Representatives' and Observers' Comments	IPSASB Response
<p>2. Ms. Sanderson noted greater IPSAS adoption warrants more interpretation support and indicated she is happy to see Post Implementation Reviews (PIR) and interpretations considered as part of the next strategy. She advised the IPSASB to determine the right threshold of IPSAS adoptions to make PIRs worthwhile. She concluded that increased adoption of IPSAS may result in more immediate points for consideration in the development of PIRs.</p>	<p>Mr. Smith responded in-session that the formal commitment is to have PIRs for public-specific IPSAS, with a focus on public sector areas. Further thinking is necessary to determine the appropriate timing to complete a PIR.</p> <p>The IPSASB will further consider a process for PIR as part of Agenda Item 17, as part of its review of the [draft] 2024-2028 Strategy and Work Program.</p>
<p>3. Ms. Weinberg asked how jurisdictions decide to use IPSAS, and if adoption is organic or through active encouragement by the IPSASB.</p>	<p>Mr. Smith responded in-session that while the IPSASB encourages and advocates the adoption of IPSAS, each jurisdiction ultimately decides if and how they adopt IPSAS. The IPSASB is starting to see greater support at an international level, for example, through the World Bank's Public Sector Accounting and Reporting Program (PULSAR) Program, which uses IPSAS as the guide for transparent financial statements.</p>
<p>4. Mr. Simpson asked for clarification about the phrase 'interpretation of standards', specifically whether the standard should be open for interpretation, or rather about consistent application of the standard. From the auditing perspective, he advised against providing room for different interpretations.</p>	<p>Mr. Smith responded in-session that jurisdictions use judgment when applying the principles in IPSAS, by considering the terms and conditions of the transaction itself. Mr. Smith noted that interpretation is not an IPSAS-only issue and it permeates to IFRS and national standards as a result of complex transactions, and individual jurisdictional considerations.</p>

Representatives' and Observers' Comments	IPSASB Response
5. Mr. Chowdhury asked about the current state of IPSAS adoption by region, and whether any regions are lagging behind which would benefit from work programs and workshop support.	Mr. Carruthers highlighted in-session the IPSASB's aspiration to update the Accountability Index, and the large amount of work and real practical challenges involved in data collection. He noted an interest in changing approaches, such as a more regional focus through roundtable events on a real-time basis but acknowledged that it can be difficult in practice.
6. Ms. Kim thanked Mr. Carruthers for sharing the future strategy for the IPSASB. She asked how the IPSASB plans to coordinate with local standard bodies regarding their future accounting strategy, who may need to design their own accounting standards independently.	Mr. Carruthers responded in-session there are many challenges in an ever-changing environment. The IPSASB will need to ask questions to determine the gaps and how to fill them, and to consider the jurisdiction's starting point. He noted that different jurisdictions will come from different starting points and different backgrounds, and highlighted the importance of maintaining contact with the local standard setters and sharing experiences.
7. Ms. Colignon built on Ms. Sanderson's point on the interplay between sustainability reporting and IPSAS, and encourages the IPSASB to consider interoperability as a topic.	Mr. Carruthers acknowledged in-session there will be cases of jurisdictions not using IPSAS that may want to use the sustainability standards and the IPSASB needs to consider the implications of this possibility.
8. Ms. Weinberg advised the IPSASB to consider changing the mission from 'promoting a strong public financial management' because 'strong' is subjective. She suggested an alternative, 'promoting public financial management that promotes public accountability'.	IPSASB will consider its mission and strategic objective as part of Agenda Item 17 in developing its proposals for the future Strategy 2024-2028.

Matters for CAG Consideration

- Representatives and Observers are asked to note the Report Back.