

Meeting: International Public Sector Accounting
Standards Board

Meeting Location: Toronto, Canada

Meeting Date: December 5–8, 2023

Agenda Item 5


For:




- ☒ Approval
☐ Discussion
☐ Information

IPSAS 33—LIMITED SCOPE UPDATE

Project summary	The objective of this project is to enhance IPSAS 33, <i>First-time adoption of Accrual Basis IPSAS</i> .	
Project staff lead	<ul style="list-style-type: none"> Abdullah S. Alhomaida, Team Leader Dave Warren, Director 	
Task Force members	<ul style="list-style-type: none"> Abdullah Al-Mehthil, IPSASB Member (Task Force Chair) David Watkins, IPSASB Technical Advisor 	
Meeting objectives Project management	Topic	Agenda Item
	Project Brief Dashboard	5.1.1
	Instructions up to Previous Meeting	5.1.2
	Decisions up to Previous Meeting	5.1.3
	Project Roadmap	5.1.4
Decisions required at this meeting	Approval of Project Brief, <i>First-time adoption of Accrual Basis IPSASs</i>	5.2.1
	Other Instructions	5.2.2
Other supporting items	[draft] Project Brief, <i>Limited Scope Update: First-time adoption of Accrual Basis IPSASs</i>	5.3.1 (Posted Separately)
	IPSAS 33: Proposed Guidance Categories	5.3.2 (Posted Separately)
	[draft] the Outline Revised IPSAS 33	5.3.3 (Posted Separately)

IPSAS 33–LIMITED SCOPE UPDATE: PROJECT BRIEF DASHBOARD

Topic	Dec 2023	Dec 2023	Mar 2024	June 2024
Approve project brief				

Legend	
	Task Completed
	Planned IPSASB Discussion
	Page-by-page Review

INSTRUCTIONS UP TO PREVIOUS MEETING

Meeting	Instruction	Actioned
June 2023	1. Prepare a high-level options analysis for the September meeting considering what might be included in a revised Standard and what might be included in separate guidance (linked to Pathways to Accrual).	1. First-Time Adoption of Accrual Basis IPSAS at September 2023 (See Agenda Item 15)
September 2023	2. Develop illustrative material to demonstrate the arrangement of guidance in IPSAS 33 by topic, and the addition of non-authoritative guidance to better support adopters in their transition efforts.	2. See [draft] Project Brief, First-time adoption of Accrual Basis IPSAS (Agenda Item 5.3.1) See IPSAS 33 outline (Agenda Item 5.3.3)

DECISIONS UP TO PREVIOUS MEETING

Meeting	Decision	BC Reference
June 2023	1. No Decision taken	1. N/A
September 2023	1. Material in IPSAS 33 shall be rearranged by topic and non-authoritative guidance shall be added.	1. To be drafted

**FIRST-TIME ADOPTION OF ACCRUAL BASIS IPSAS:
PROJECT ROADMAP**

Meeting	Completed Actions or Discussions / Planned Actions or Discussions:
September 2023	1. Discussion to determining the best option to improving IPSAS 33, First-Time Adoption of Accrual Basis IPSASs to better enable the use of IPSAS 33 in practice.
December 2023	1. Approve project brief.

Project Brief, Limited Scope Update: IPSAS 33, *First–Time Adoption of Accrual Basis IPSASs* (revised)

Question

1. Does the IPSASB agree with staff's recommendation to approve the Project Brief, Limited Scope Update: IPSAS 33, *First–Time Adoption of Accrual Basis IPSASs*?

Recommendation

2. Staff recommends the IPSASB approve the Project Brief, Limited Scope Update: IPSAS 33, *First–Time Adoption of Accrual Basis IPSASs*.

Background

3. Since it was issued in January 2015, IPSAS 33 has been amended several times when other standards are published and by regular improvement projects.
4. At the June 2023 meeting, the IPSASB discussed feedback from jurisdictions with experience in applying IPSAS 33. The IPSASB noted that the International Public Sector Financial Accountability Index (the Index) identifies a significant number of jurisdictions planning to adopt IPSAS by 2030, which will result in an increase in the use of IPSAS 33 in the coming years.
5. The IPSASB decided to consider alternatives at its September 2023 meeting on how IPSAS 33 could be improved to better facilitate the implementation of IPSAS.

Analysis

6. Since limited scope projects generally have a well-defined scope, require limited IPSASB resources, and are expected to make limited changes, both in breadth and in scope, to existing pronouncements, project briefs are not generally prepared for limited scope projects.
7. However, as work progressed during Q4 2023, staff observed the scope of the project could expand quickly if not agreed and bound by the IPSASB in advance of beginning project work.
8. While not planned in September 2023, noting the importance of the timely completion of this project to jurisdictions beginning their journal to accrual accounting in the next five years, a project brief was developed for the IPSASB's consideration, and approval should members agree in principle, in order to allow the detailed technical work to commence alongside the development of an Exposure Draft.

Key Issues

9. During the research and scoping phase, staff have identified some key issues which they recommend the IPSASB to address in the Project Brief:
 - (a) **Late application of IPSAS 33, *First-time adoption of Accrual Basis IPSAS*** – there is little guidance in IPSAS 33 about the preparation phase and is only relevant when the planning stage has been completed. Additionally, the Basis for Conclusions has little to say about the preparation phase¹.

¹ *First time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) – Basis for Conclusions*

Agenda Item 5.2.1

- (b) **A First-Time adopter is encouraged, but not required, to recognize and measure certain assets and liabilities** - A first-time adopter is encouraged, but not required, to recognize asset(s), liability(ies), revenue and expense(s), and other exemptions that allow the adopter to start recognizing such transactions and balances over a period of three years, which give rise to several issues and challenges for the first time adopter and for the users of the transitional financial statements. In order to address these challenges, the IPSASB may need to consider whether a transition period should be granted or whether more focus should be given to the planning and preparation phase.

Decision Required

10. Does the IPSASB agree with the Staff [recommendation](#)?

Other Instructions

Question

1. Does the IPSASB agree with staff's recommendation on the grouping of IPSAS?

Recommendation

2. Staff recommends the IPSASB use the following topics when rearranging the material in IPSAS 33:
 - Financial Statements
 - Accounting Principles;
 - Accounting Boundaries;
 - Non-Financial Assets;
 - Financial Assets and Liabilities;
 - Revenue;
 - Expenses and Non-Financial Liabilities; and
 - Disclosure Standards.

Background

3. At the September 2023 meeting, the IPSASB agreed to amend IPSAS 33 by rearranging material by topic. This would facilitate:
 - Focusing on the first set of financial statements for which a public sector entity could claim full compliance with accrual basis IPSAS; shortening the core text more in line with IFRS 1;
 - Grouping material by topic so that it links more closely to the Pathways to Accrual tool;
 - Moving it to Application Guidance and Implementation Guidance (in line with the IPSASB's current approach); and
 - Adding additional non-authoritative implementation guidance where appropriate to further support new adopters in their transition efforts.
4. The IPSASB also instructed staff to provide an illustration of how IPSAS 33 may change to help members visualize the proposal and determine gaps to address.

Analysis

5. Agenda Item 5.3.2 sets out proposed groupings of IPSAS by topic, aligning the IPSAS 33 approach with the World Bank 'PULSE' Assessment Framework and potential IPSAS Standards. In most areas, these groupings align with those used in the IFAC Pathways to Accrual tool, although some adjustments will need to be made.
6. IPSAS 33 has been updated to reflect the instructions given by the IPSASB (see Agenda Item 5.3.3). With the exception of some deletions of duplicative material, the text has not been materially changed from what is in IPSAS 33, although some suggested clarifications have been incorporated—as shown in mark-up. Further proposals will be developed by the Task Force for the IPSASB's consideration.

Next Steps

7. The IPSASB is requested to provide any strategic direction to assist in developing an Exposure Draft. Members, Technical Advisors and Observers are invited to provide any detailed comments to the Task Force Chair by January 23rd, 2024 for consideration in developing the ED.

Decision Required

8. Does the IPSASB agree with the Staff [recommendation](#)?