

Meeting: IPSASB Consultative Advisory Group

Meeting Location: Riyadh, Saudi Arabia

Meeting Date: December 9, 2024

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: December 2024	4.2.1
	Sustainability Reporting: Climate-related Disclosures—June 2024 Report Back	4.2.2
	Natural Resources—June 2024 Report Back	4.2.3
	Presentation of Financial Statements—June 2024 Report Back	4.2.4
	Strategy and Work Program—July 2024 Report Back	4.2.5

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 the last IPSASB CAG (CAG) meeting in June 2024.

Program and Technical Director's Report

Due Process – CAG's Role

2. The CAG has a formal role in the IPSASB's oversight arrangements and Due Process. The CAG executes its important role, by providing input and advice to IPSASB to ensure the perspectives of the diverse CAG membership are considered on significant matters of public interest.
3. The IPSASB consults the CAG for input and advice on:
 - (a) The Strategy and Work Program, including project priorities;
 - (b) Significant issues relating to the development of an international standard (significant issues for consideration as part of the development of a project proposal, Consultation Paper (if applicable) and Exposure Draft); and
 - (c) Significant issues raised in comment letters to consultations (CPs and EDs).
4. Since the CAG's inception in 2016, it has enhanced the effectiveness of the IPSASB's processes to set standards, and added value by ensuring that broader perspectives of the CAG are considered during the Board's processes to develop standards and determine its strategic priorities.

Work Program Updates

5. IPSASB staff highlights the following IPSASB approvals since the June 2024 CAG meeting:

Consultations

- (a) [ED 90, Amendments to IPSAS as a Result of the Application of IPSAS 46, Measurement](#) was published for consultation on August 1, 2024 with a comment end date of November 29, 2024. The CAG provided significant input to the project to develop IPSAS 46, *Measurement*, which helped shape the final guidance. Further, the IPSASB discussed the Application of Measurement project in December 2023, and provided input on the issues related to the development of ED 90, these comments and how they impacted the project were captured in the Report Back on the December 2023 session, and in the June 2024 Program and Technical Directors Report to the CAG.
- (b) [ED 91, Limited-scope Updates to First-time Adoption of International Public Sector Accounting Standards \(IPSAS\) \(Amendments to IPSAS 33\)](#) was published for consultation on August 14, 2024 with a comment end date of December 13, 2024. This is a narrow scope project based on the practical experience and issues encountered by several countries that had used IPSAS 33. The CAG provided the IPSASB advice during recent implementation sessions, which have helped shape the development of ED 91. Recent implementation sessions included:
 - (i) **December 2022.** Update on IPSAS Implementation in Saudi Arabia.
 - (ii) **June 2023.** IPSAS Implementation in the United Republic of Tanzania; and

- (iii) **December 2023.** Cameroon - IPSAS Implementation Update.
- (c) [ED 92, *Tangible Natural Resources*](#) was published on October 24, 2024, and the comment period deadline of February 28, 2025. Advice and input from CAG members has been critical to the development of the Natural Resources project and the development of ED 92. The most recent CAG input is captured in the report back in Agenda Item 4.2.3, along with how the points have been considered in finalizing ED 92 by the IPSASB. Significant issues highlighted in the comments to ED 92 will be discussed with the CAG in 2025.
- (d) [IPSASB SRS ED 1, *Climate-related Disclosures*](#) was published for consultation on October 31, 2024, with a comment deadline of February 28, 2025. Since the IPSASB started undertaking work in this new area, it has been a consistent topic on the CAG agenda at each meeting, and the CAG advice has been instrumental and impactful on the development of this project. The most recent discussion and advice from the CAG is captured in the report back in Agenda Item 4.2.2. Significant issues highlighted in the comments to IPSASB SRS ED 1 will be discussed with the CAG in 2025.

2024-2028 Strategy

- (e) The IPSASB [Strategy and Work Program 2024-2028](#) (Strategy) was approved in September 2024 and published on October 17, 2024. The CAG added significant value through the development of the Strategy by providing advice that shaped the consultation and by participating in an out-of-session special discussion on July 16, 2024, on the final Strategy, where input and advice was provided and integrated by the IPSASB. See Agenda Item 4.2.5, for the Report Back from the July discussion which was shared with the IPSASB in September 2024 to incorporate advice into the final document.

New Pronouncements

- (f) [Concessionary Leases and Other Arrangements Conveying Rights Over Assets \(Amendments to IPSAS 43, IPSAS 47 and IPSAS 48\)](#) was published on October 21, 2024. The CAG has provided input and advice on the Leases project since its inception in June 2016. CAG member input and advice has been instrumental in guiding the direction of the leases guidance overall, including on this final phase of the project.
- (g) [IPSAS 50, *Exploration for and Evaluation of Mineral Properties*](#) will be published on November 26, 2025. The CAG provided input to the Natural Resources project, that influenced the development of this stream of the project and the decision to develop IPSAS 50.
- (h) [Stripping Costs in the Production Phase of a Surface Mine \(Amendments to IPSAS 12\)](#) will be published on November 26, 2025. The CAG provided input to the Natural Resources project, that influenced the development of this stream of the project and the decision to take forward the amendments to IPSAS 12 to incorporate the guidance from the related IFRS Foundation IFRIC 20.
6. The following updates are provided for CAG member information on other major IPSASB projects and initiatives:
- (a) **Maintenance Activities.** The IPSASB is starting to work to implement its maintenance activities, which were added as part of its new 2024-2028 Strategy. The maintenance activities include setting up a formal Post-Implementation Review (PIR) process and the IPSASB

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Application Panel (IAP). Further information related to the development of these activities will be discussed with the CAG during Agenda Item 5.

- (b) ***Sustainability Reporting.*** The IPSASB will use the time while IPSASB SRS ED 1 is out for consultation to consider the future potential sustainability reporting topics, including those the IPSASB agreed to undertake research and scoping activities (General Sustainability Disclosures and Natural Resources/Biodiversity). The IPSASB is seeking CAG member advice to support research on potential future standard setting projects, see Agenda Item 7.
- (c) ***Presentation of Financial Statements.*** The CAG has been providing helpful input to the Presentation of Financial Statements project since the research and scoping of this project commenced in 2022. As part of Agenda Item 6 the CAG will discuss the issues related to the development of the Presentation of Financial Statements Project, providing another opportunity for the CAG to provide advice on this important project.

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IPSASB WORK PROGRAM THRU 2025: DECEMBER 2024

Project	Meetings				
	Dec 2024	Mar 2025	Jun 2025	Sep 2025	Dec 2025
Standard Setting Projects					
Sustainability: Climate-Related Disclosures		RR	RR/DI	RR/DI	IP
Measurement—Application Phase		RR/IP	IP		
Natural Resources		RR	RR/IP	RR/IP	IP
Presentation of Financial Statements	DI/CP	DI/CP	DI/CP	CP	
IPSAS 33—Limited Scope Update		RR/IP	IP		
Strengthening Linkages Between IPSAS-GFSM 2014	RES/PB				
IFRIC Alignment—Limited Scope	IP				
Improvements		ED		DI/IP	
IPSAS 31 Intangibles—Limited Scope		RES	PB		
Making Materiality Judgements—Limited Scope	RES	PB			
Maintenance & Research Activities					
Application Panel	RES				
Post Implementation Reviews	RES				
Academic Advisory Group – Public Sector Research				RES	
Other Initiatives					
Advancing Public Sector Sustainability Reporting: I) General Requirements for Disclosure of Sustainability-related Information II) Natural Resources-Non-Financial Disclosures	RES	RES	RES	RES	RES
IPSASB Handbook	Publish		Publish		

Legend:

DI = Discussion of Issues; RR = Review Responses; RS = Initial Research and Scoping Activities

PB = Approval of Project Brief

SWP = Approval of Strategy and Work Program

CP = Approval of Consultation Paper

= Planned Consultation Period

ED = Approval of Exposure Draft

RES = Research Activities

IP = Approval of Final Standard or Amendments to IPSAS

Project Management—Outputs:Ongoing/Recent Consultations:

ED 90, *Amendments to IPSAS as a Result of the Application of IPSAS 46, Measurement* is out for consultation until November 29, 2024

ED 91, *Limited-scope Updates to First-time Adoption of International Public Sector Accounting Standards (IPSAS)* (Amendments to IPSAS 33) is out for consultation until December 13, 2024.

ED 92, *Tangible Natural Resources* is out for consultation until February 28, 2025

IPSASB Sustainability Reporting Standards (SRS) Exposure Draft 1, *Climate-related Disclosures* is out for consultation until February 28, 2025

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

Project	Date Issued	Effective Date
<i>Stripping Costs in the Production Phase of a Surface Mine</i> (Amendments to IPSAS 12)	November 2024	January 1, 2027
IPSAS 50, <i>Exploration for and Evaluation of Mineral Resources</i>	November 2024	January 1, 2027
<i>2024–2028 Strategy and Work Program</i>	October 2024	N/A
<i>Concessionary Leases and Other Arrangements Conveying Rights over Assets</i> (Amendments to IPSAS 43, IPSAS 47, and IPSAS 48)	October 2024	January 1, 2027
<i>Improvements to IPSAS, 2023</i>	April 2024	Various ¹
IPSAS 49, <i>Retirement Benefit Plans</i>	November 2023	January 1, 2026
Conceptual Framework Update—Chapter 3, <i>Qualitative Characteristics</i>	October 2023	N/A*
<i>Reporting Sustainability Program Information—Amendments to RPGs 1 and 3: Additional Non-Authoritative Guidance</i>	May 2023	N/A*
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*
Conceptual Framework Update—Chapter 7, <i>Measurement of Assets and Liabilities in Financial Statements</i>	May 2023	N/A*
IPSAS 44, <i>Non-current Assets Held for Sale and Discontinued Operations</i>	May 2022	January 1, 2025

¹ Improvements includes multiple amendments. The amendments related to Part 1 and Part 3 are effective January 1, 2026, and the amendments related to Part 2 are effective January 1, 2025.

*These pronouncements do not have an effective date because they are amendments to the relevant IPSASB's literature that do not require an effective date.

**The effective dates of these pronouncements were originally January 1, 2022. However, the IPSASB deferred the effective dates until January 1, 2023 through the pronouncement *COVID-19: Deferral of Effective Dates*.

Project	Date Issued	Effective Date
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*
<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</i> (Amendments to IPSAS 19)	January 2020	January 1, 2023
<i>Improvements to IPSAS, 2019</i>	January 2020	January 1, 2023**
IPSAS 42, <i>Social Benefits</i>	January 2019	January 1, 2023**
<i>Amendments to IPSAS 36, Investments in Associates and Joint Ventures, and IPSAS 41, Financial Instruments</i>	January 2019	January 1, 2023**

*These pronouncements do not have an effective date because they are amendments to the relevant IPSASB's literature that do not require an effective date.

**The effective dates of these pronouncements were originally January 1, 2022. However, the IPSASB deferred the effective dates until January 1, 2023 through the pronouncement *COVID-19: Deferral of Effective Dates*.

Status of Application of Due Process – December 2024

APPENDIX A

PROJECT	DUE PROCESS ELEMENTS (✓= ELEMENT COMPLETE)						ANTICIPATED FINAL APPROVAL
	A. PROJECT COMMENCEMENT	B. DEVELOPMENT OF STANDARD		C. PUBLIC EXPOSURE	D. CONSIDERATION OF EXPOSURE COMMENTS	E. APPROVAL	
		CP PHASE (IF APPLICABLE)	ED PHASE				
Measurement—Application Phase	✓	✓	✓	ONGOING			March 2025
Other Lease-Type Arrangements [Public sector specific]	✓	N/A	✓	✓	✓	✓	June 2024
Natural Resources	✓	✓	✓	ONGOING			December 2025
Natural Resources – IFRS 6 and IFRIC 20 Alignment Project	✓	✓	✓	✓	✓	✓	September 2024
Presentation of Financial Statements	✓	ONGOING					December 2027
Sustainability-Climate-related Disclosures	✓	N/A	✓	ONGOING			September 2025
IPSAS 33—Limited Scope Update	✓	N/A	✓	ONGOING			June 2025
IPSAS 31 Intangibles—Limited Scope	ONGOING						To be decided in 2024/2025
Making Materiality Judgements—Limited Scope	ONGOING						To be decided in 2024/2025
Advancing Public Sector Sustainability Reporting (General Disclosures & Natural Resources/Biodiversity projects)	ONGOING						To be decided in 2024/2025

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) is 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–June 2024 Report Back

June 2024 CAG Discussions

1. Extracts from the draft minutes of the June 2024 CAG and how the IPSASB has responded to the Representatives' and Observers' comments are included in the table below.

Representatives' and Observers' Comments	IPSASB Staff Response
June 2024 CAG Meeting Comments	
<p>IPSASB Principal, Celine Chan, provided an overview of the current climate-related disclosures project and introduced the IPSASB's approach to capture the dual role of the public sector. Ms. Chan presented several options for transition provisions: aligning with the private sector, allowing a one-year relief from providing comparative information and scope 3 disclosures, or taking a fully public sector approach.</p> <p>Ms. Chan asked CAG members to consider the following question:</p> <ul style="list-style-type: none"> • Are there other considerations CAG members think IPSASB should consider to support transition and implementation of the IPSASB SRS X, Climate-related disclosures? 	
The CAG members commented on as follows:	
<ol style="list-style-type: none"> 1. Ms. Stachniak inquired about how own operations and activities to set public policy programs differ, as drawing the distinction may be challenging. 	<p>Ms. Chan explained that public sector entities apply professional judgement to assess whether they are responsible for public policy programs. Public sector entities will need to evaluate whether they are responsible for developing public policy programs with a primary objective to achieve climate-related outcomes.</p> <p>Mr. Carruthers added that the public sector influences others and may design programs to achieve specific outcomes. He emphasized implementation guidance is being developed to clarify the differences between entities that set public policy programs and those that do not.</p> <p>CAG member feedback has been incorporated into the IPSASB discussions. The IPSASB decided that an entity should provide disclosures for climate-related public policy programs if they are responsible for the outcomes of a climate-related public policy program, and has provided implementation guidance and illustrative examples to guide entities in drawing the distinction.</p>

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<p>2. Mr. Williamson appreciated the distinction between own operations and policy activities, but expressed reservations about the term "policy activities," suggesting it essentially refers to policy influence and outcomes. He also shared concerns about interconnectivity and its implications for consolidation.</p>	<p>Mr. Smith proposed to explore an alternative term for "policy activities". He highlighted recent guidance added to Recommended Practice Guidelines (RPG) 1 and 3, which may help the IPSASB identify a more suitable term.</p> <p>Since then, CAG member feedback has been incorporated into the IPSASB discussions. The IPSASB decided that the term "public policy programs" is more suitable, as it highlights the policy and regulatory role of governments as a result of their sovereign powers.</p>
<p>3. Mr. Johri advised the IPSASB to consider the complex environment and multiple players in public sector sustainability, including obtaining buy-in from the private sector. Mapping out all key players can help achieve buy-in and later measure the overall impact and achievement of objectives.</p>	<p>This point was noted by IPSASB staff. The IPSASB has been actively engaging with key stakeholders across both the public and private sectors and remains committed to continuing these efforts to ensure broad-based support and collaboration in advancing public sector sustainability. This includes engaging with a broad group of stakeholders during IPSASB ED SRS 1 consultation period.</p>
<p>4. Mr. Chughtai sought clarification regarding who is responsible for policy-making, as the delineation of the policy-setting owner, and internal and external responsibilities in policy-setting. It is unclear which entity would be responsible for environmental impacts if, for example, a donor requires an aid agency to rebuild roads.</p>	<p>Mr. Carruthers thanked Mr. Chughtai and noted that existing guidance around principal vs. agent would be useful to incorporate into the proposed sustainability guidance.</p> <p>The feedback was taken into account by the IPSASB and impacted the final proposed guidance in IPSAS SRS ED 1. IPSASB SRS ED 1, clarifies that reporting on climate-related public policy programs only applies to those specific entities that use their sovereign powers to change the behaviors of other entities (in the public sector, private sector, and households/individuals) and have the responsibility for achieving the objectives and outcomes of those programs. These entities should be accountable for the achievement of the outcomes, and IPSASB SRS ED 1 provides disclosure requirements to allow transparency on their successes/challenges related to these outcomes.</p>

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<p>5. Mr. Zhang expressed support for the approach and advised the IPSASB provide clear definitions, which will help public sectors distinguish between own operations and activities to set public policy programs. Additional implementation guidance or illustrative examples may also be useful.</p>	<p>Mr. Smith agreed with the benefits of additional non-authoritative guidance, which will need to be written from a generalized manner to acknowledge jurisdictional nuances and differences.</p> <p>Mr. Carruthers noted the challenges in program development and information collection. The increased focus on sustainability will demand a greater level of transparency to effectively manage government programs and monitor their success in delivering the intended outcomes. He shared that the IPSASB decided to focus on outcomes of direct impacts, consistent with RPG 3, rather than all impacts.</p> <p>See response to Comment 1 above for further information.</p>
<p>The CAG members commented on Question 1 as follows:</p>	
<p>6. Mr. Johri noted that uniform application may not be feasible, given jurisdictional differences. He suggested the IPSASB require governments to first identify critical activities within its sustainability programs, to help entities communicate how it intends to execute those programs.</p>	<p>This point was noted by IPSASB staff. CAG member feedback has been incorporated into IPSASB discussions. The IPSASB considered that there will likely to be jurisdictional adjustments to the proposed transitional provisions. Ultimately, the IPSASB decided that due to the urgency of climate-related reporting for the public sector, and that many government entities have relevant data available, as a result of their commitment to international climate agreements, it was necessary to adopt a transition approach aligned to the private sector.</p>
<p>7. Ms. Zhou, on behalf of Mr. Simpson, noted that the ISSB's IFRS S1 provides relief in the first year for up to 9 months from the end of the annual reporting period. He advised the IPSASB to offer a one-year delay for a more consistent reporting. Mr. Simpson also questioned whether the users of climate information are the same as those interested in general financial statements.</p>	<p>See response to Comment 6 above.</p>

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<p>8. Mr. Gisby advised the IPSASB to consider a longer transition period, and advocated for more flexibility in the public sector, particularly regarding Scope 3 and impact materiality. He highlighted the shift in public appetite since the economic crisis and stressed the importance of policy disclosures to prevent greenwashing. Furthermore, Mr. Gisby cautioned the IPSASB against being overly prescriptive with transitional periods, which could deter governments and organizations from taking initial strides in this area.</p>	<p>Mr. Smith noted that jurisdictions establish their own transition requirements when deciding on the date of adoption of any IPSAS. He explained that discussions with various groups highlighted the importance of being firm with the transition in the exposure draft (ED). Constituents who prefer a looser transition requirement can advocate their view and rationale in their response to the ED.</p> <p>See response to Comment 6 above for further considerations by the IPSASB on this point.</p>
<p>9. Mr. Williamson expressed that while the transition is logical at an entity level, expecting all entities to adopt the standards simultaneously in the single year is impractical. He advised the IPSASB consider a phased approach.</p>	<p>See response to Comment 6 and 8 above.</p>
<p>10. Ms. Stachniak cautioned against imposing overly stringent and short deadlines to avoid pushback, which would be counterproductive for the adoption of the proposed standard. She inquired about the possibility of providing additional guidance for jurisdictions.</p>	<p>See response to Comment 6 and 8 above.</p>
<p>11. Ms. Buljubasic highlighted the importance of consistency with financial information. She raised concerns about the adoption process, which could be overwhelming for jurisdictions in the process of adopting accrual IPSAS, and advised the IPSASB to consider providing extended transition periods for sustainability standards.</p>	<p>See response to Comment 6 and 8 above.</p>

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12. Ms. Dar recommended the IPSASB further consider the methodology for the transition, for example, whether IFRS S2's relief in the first year to use a method other than the GHG Protocol Methodologies will be incorporated into the IPSASB's proposed standard. She recommended comparing different methodologies, such as their effectiveness, benefits, and risks.	See response to Comment 6 and 8 above.
13. Ms. Faye recommended the IPSASB consider the complexity of the public sector, noting that a longer transition of 2-3 years is generally needed to consider in the upskilling, policy and budgetary impact of sustainability reporting.	See response to Comment 6 and 8 above.
14. Mr. Close urged the IPSASB to consider public sector entity sizes, as smaller entities may need longer transition period, in order to learn from larger entities or early adopters. This relief supports smaller entities in building capacity, and invest more time and resources.	See response to Comment 6 and 8 above.
15. Mr. Ndurunduru advocated for a transition approach similar to the private sector, but with a longer transition period to account for significant challenges in data collection and quality in the public sector.	See response to Comment 6 and 8 above.
16. Mr. Oukemoum also advised the IPSASB to consider data collection and quality challenges (including but not limited to availability, completeness, reliability, and verifiability). He noted that entities may need to integrate international targets, such as, Sustainable Development Goals (SDGs), and identify relevant and measurable performance indicators to track its progress.	Mr. Carruthers thanked CAG members for their useful feedback on challenging issues, and echoed that the decision will ultimately rest with each jurisdiction. He noted the IPSASB will consider a broad range of indicators, rather than requirements.

Matters for CAG Consideration

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

Natural Resources—June 2024 Report Back

June 2024 CAG Discussions

1. Extracts from the draft minutes of the June 2024 CAG and how the IPSASB has responded to the Representatives' and Observers' comments are included in the table below.

Representatives' and Observers' Comments	IPSASB Staff Response
Juen 2024 CAG Meeting Comments	
<p>IPSASB Principal, Edwin Ng, provided a project update, including an overview of the IPSASB's key decisions to date, and the positive impact of past CAG member feedback. He presented the IPSASB's approach to develop Implementation Guidance and Illustrative Examples to include in the ED.</p> <p>Mr. Ng. asked CAG members to consider the following questions:</p> <ul style="list-style-type: none"> • Question 1 – Do the proposed topics for implementation guidance set out in Appendix 1 of this paper adequately address implementation challenges in the public sector? • Question 2 – Are the examples provided in Appendix 1 of this paper illustrative of the principles developed in the ED and are they practical? • Question 3 – Would you add any other implementation guidance or illustrative examples? 	
<p>The CAG members commented on Question 1 as follows:</p>	
<p>1. Mr. Johri asked whether the IPSASB has considered the requirement under the UN SDGs is to prepare natural resource accounts based on the UN Classification Framework in developing the ED.</p>	<p>Mr. Ng explained that the IPSASB's Natural Resources project focuses on financial reporting within the IPSASB's Conceptual Framework, while reporting under the UN Classification Framework is for statistical reporting purposes. The IPSASB considered guidance from the statistical reporting frameworks and other internationally relevant reporting frameworks when developing the proposals in the [draft] ED and included aspects as appropriate, however, the proposed guidance is for reporting in financial statements on natural resources and is ultimately guided by the IPSASB Conceptual Framework because this represents the information needed for public sector users of financial statements.</p>

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2. Ms. Zhou, on behalf of Mr. Simpson, reflected that the non-authoritative guidance currently proposed focuses on what natural resources are not, rather than what they are.	[Draft] ED 92 applies to an item which meets the definition of a tangible natural resource but does <i>not</i> fall within the scope of other IPSAS. Therefore, the non-authoritative guidance's focus reflects the proposed definitions and scoping approach in the [draft] ED.
3. Ms. Colignon concurred with Mr. Simpson's comment.	See response to comment 1.
CAG members did not have any comments on Question 2.	
The CAG members commented on Question 3 as follows:	
4. Ms. Stachniak advised the IPSASB to develop an IG for natural resources held for conservation, which seems to encompass most transactions in the scope of this proposed Standard. It would be useful to have guidance on how economic benefits or service potential are realized from natural resources held for conservation. She also suggested that the IPSASB consider adding guidance on whether assets held for conservation are natural resources or heritage assets within the scope of IPSAS 45, <i>Property, Plant, and Equipment</i> .	The draft ED has been updated after taking into account these point. IPSAS ED 92 now includes IG C.4 on conservation. In addition, paragraph AG7 in the Application Guidance was revised to address tangible natural resource which could also be considered heritage assets within the scope of IPSAS 45.
5. Mr. Johri asked whether the IPSASB considered frequency spectrum to be a natural resource.	Mr. Ng responded that the IPSASB considered this question and concluded that a public sector entity would gain economic benefits and service potential from the license to use the electromagnetic spectrum, rather than the spectrum itself. Based on this view, the IPSASB concluded that the accounting relating to the electromagnetic spectrum would be more appropriately addressed in a future intangible assets project. In addition, Mr. Ng clarified that the ED only focuses on tangible natural resources.

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<p>6. Ms. Dar encouraged the IPSASB to explain the term “primarily intended use” earlier in the proposed Standard, rather than in IE1, to help entities assess the primary intended use of multi-purpose assets (e.g., a national park that is maintained for future generations but also available for current public enjoyment). She also recommended the IPSASB clarify the wording “make use of” in IG2, as it is unclear whether it refers to economic purpose or something else, which may be inconsistent with the intention of conserving a resource for future generations. Ms. Dar encouraged the IPSASB to explain “readily quantifiable”, as used IG4, and whether it may relate to amount or quality of subsoil resources, and clarify its importance. Lastly, she recommended the IPSASB clarify the term “human activity”, which may be too broad, and whether ecosystems outside the influence or interference of human activity may be natural resources. Overall, Ms. Dar agreed that conservation is at the core of this proposed Standard and there is if a strong benefit to additional guidance around this area.</p>	<p>IPSASB ED 92 has been updated as follows as a result of consideration of these comments by the IPSASB:</p> <ul style="list-style-type: none"> • The concept of primary intended use is discussed in the core text and application guidance regarding measurement, unit of account, and reclassification; • The wording in IG A.2 on scope (previously paragraph IG2) and IG C.4 on conservation have been revised to no longer refer to using the asset for economic benefits; • The wording in Paragraph AG10 and IG C.2 (previously paragraph IG4) has been revised to clarify the impact of existence uncertainty on the recognition of an asset; and • IG C.4 provides indicators for an entity to consider when determining whether specific activities constitute conservation.
<p>7. Mr. Zhang commended the IPSASB for providing IG and IE to help constituents apply the proposed Standard. Mr. Zhang suggested the IPSASB add more examples on assets with multiple uses (for example, water resources may be conserved or sold as mineral water).</p>	<p>Guidance on tangible natural resources with multiple uses or changing the primary use of a tangible natural resource has been incorporated into Implementation Guidance A.1 on scope, C.3 on unit of account, C.4 on conservation, and C.6 on change in primary use.</p>
<p>8. Mr. Ng thanked the CAG members for their input, and echoed that conservation is an important concept for the proposed Standard. The IPSASB will consider adding additional guidance.</p>	<p>No responses necessary.</p>

Matters for CAG Consideration

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

Presentation of Financial Statements – June 2024 Report Back

June 2024 CAG Discussions

1. Extracts from the draft minutes of the June 2024 CAG and how the IPSASB has responded to the Representatives' and Observers' comments are included in the table below.

Representatives' and Observers' Comments	IPSASB Staff Response
June 2024 CAG Meeting Comments	
<p>IPSASB Principal Anthony Heffernan introduced the agenda item, which focused on receiving CAG feedback on the broad classification of assets and liabilities when presenting the Statement of Financial Position. Mr. Heffernan provided an overview of the classification approaches currently applied in IPSAS.</p> <p>Antonella Risi, Associate Director at the Public Sector Accounting Board in Canada, provided an overview of the Canadian Public Sector Accounting Board's approach to presenting the Statement of Financial Position, which classifies assets and liabilities based on a financial/non-financial distinction.</p> <p>Mr. Heffernan asked CAG members to consider the following questions:</p> <p>Q1. What classification approach most appropriately meets the objectives of public sector financial reporting?</p> <ul style="list-style-type: none"> (a) Current/Non-Current Approach; (b) Financial/Non-Financial Approach; (c) Order of Liquidity Approach; or (d) Another approach. <p>Q2. Should the new IPSAS to replace IPSAS 1, <i>Presentation of Financial Statements</i>:</p> <ul style="list-style-type: none"> (a) Require all public sector entities to apply a single standardized classification approach; or (b) Provide different classification approaches from which an entity may choose from? 	
The CAG members commented on Question 1 as follows:	
1. Mr. Smith, IPSASB Program and Technical Director, noted that the IPSASB would need to consider the financial/non-financial approach in the context of its definitions of financial assets and financial liabilities to determine the viability of the approach in the context of IPSAS.	The IPSASB noted that IPSAS currently includes definitions for financial assets and liabilities to establish requirements when accounting for financial instruments. Furthermore, any changes to these definitions might prove challenging as there are variation in how the financial/non-financial distinction is applied for presentation purposes at the national level.
2. Ms. Stachniak agreed with Mr. Smith's comment, noting concern and uncertainty	In June and September 2024, the IPSASB concluded it does not consider there is a

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<p>about whether those definitions are used consistently across frameworks, such as Government Finance Statistics (GFS), and in IPSAS. She supported the current/non-current approach, while acknowledging that further work may be needed to understand the benefits of other approaches for the public sector</p>	<p>current need to develop a new classification approach in IPSAS. It is essential that IPSAS supports an approach for classifying assets and liabilities on the face of the Statement of Financial Position that is consistently applied across the public sector on an international basis.</p>
<p>3. Ms. Weinberg supported both approaches: use the current/non-current approach to present the statement of financial position, and add a disclosure about an entity's net debt position (i.e., the difference between financial assets and financial liabilities) in the notes. She shared that local and state governments in the U.S. use this presentation approach, and reports capital assets net of debt, restricted and unrestricted assets. A negative balance of unrestricted assets would signal that additional resources are needed to fund an entity's ongoing service delivery costs.</p>	<p>An entity will have the flexibility to disclose information about its net debt position in the notes to the financial statements. As long as it explains how the numbers used in the calculation of the net debt disclosure reconcile to the balances presented in the financial statements prepared in accordance with IPSAS. Alternatively, information about an entity's net debt position, as defined at the national level, could be disclosed in reports accompanying the financial statements (such as management commentary).</p>
<p>4. Mr. Smith asked whether the order of liquidity approach is a derivative of the financial/non-financial approach and, if already implemented in Canada, how entities have responded so far.</p>	<p>Ms. Risi responded that Canadian public sector entities are currently reporting using the financial and non-financial classification for assets. The classification of liabilities based on the financial/non-financial approach will be applied from 2026 onwards.</p>
<p>5. Ms. Zhou, on behalf of Mr. Simpson, preferred the current/non-current approach as it is familiar to users and would avoid potential confusion from introducing a new approach. Mr. Simpson believed further granular information may be needed for the order of liquidity approach, but noted that the objective of such an approach would already be addressed by the current and non-current approach.</p>	<p>The IPSASB in September 2024 agreed to the Preliminary View that:</p> <ul style="list-style-type: none"> (a) The current/non-current approach be retained as the general approach for classifying assets and liabilities on the face of the Statement of Financial Position; (b) The liquidity approach should be retained, with application permitted on an exception basis; and (c) For entities with diverse operations, a mix of these two approaches may be appropriate, whereby some assets and liabilities are presented using the

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	<p>current/non-current classification and others in order of liquidity.</p> <p>The Preliminary View retains existing requirements in IPSAS and continues to be aligned with IFRS.</p> <p>The IPSASB noted that when an order of liquidity approach is applied, an entity must provide information about the expected maturity of assets and liabilities in the notes.</p>
6. Mr. Johri noted that approaches aligned with the private sector, which focuses on short-term solvency and liquidity, may not be relevant for the public sector, where governments may simply raise taxes to help support debt repayments.	The IPSASB considers the current/non-current approach equally applicable to the public sector, as it provides useful information about an entity's ability to meet its short-term service delivery obligations and long-term financial sustainability.
7. Ms. Dar supported the financial/non-financial approach, which is currently used in the Canadian public sector. She agreed that it supported the analysis of the key fiscal indicator of net debt, which helps to distinguish between resources available from a financial capacity and operational capacity perspective. Further, the longevity of governments means they generally plan for longer than twelve months when assessing financial sustainability. Therefore, the current/non-current approach, although well-known, may not provide the most appropriate framework for financial planning in the public sector. Given there are many different types of public sector entities, Ms. Dar acknowledge that jurisdictions may differ, and advised the IPSASB provide the flexibility to use different classification approaches based on the nature of the entity and its users.	<p>The IPSASB agreed in June 2024 to retain the current/non-current approach as the 'general' approach for classifying assets and liabilities on the face of the Statement of Financial Position based on the following considerations:</p> <ul style="list-style-type: none"> (a) The existing current/non-current approach is generally accepted and broadly used across both the for-profit and public sector, with no significant issues arising in practice; (b) Introducing a new classification approach could disrupt the consistency and comparability of public sector financial statements, making it challenging for users to interpret and compare financial information; (c) Difficulties will likely arise in reaching an international consensus on generally accepted definitions and criteria for financial and non-financial items, which could ultimately lead to a divergence in practice for those jurisdictions applying IPSAS; (d) The classification outcomes of the current/non-current and financial/non-financial approaches are, in many

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	<p>circumstances, not substantially different; and</p> <p>(e) IPSAS currently allows an entity the flexibility to disclose alternative classifications of assets and liabilities in the notes.</p> <p>Although the IPSASB acknowledged the benefits of the financial/non-financial approach, it did not consider there is a strong enough need to introduce a new approach into IPSAS at this time.</p>
8. Ms. Stachniak acknowledged that non-financial liabilities may be obligations to deliver or use resources, but you may also need to use financial resources to deliver services. Tagging these different assets and liabilities may not be feasible or practical.	The IPSASB acknowledges that the concept of non-financial liabilities, in particular, may be difficult for both preparers and users to understand.
9. Mr. Smith Mansilla favored the current/non-current approach, as it would more closely align with the budgetary information for the current year. Budgetary information remains crucial in the public sector	Refer to the response to comment 7.
10. Mr. Gisby also shared support for the current/non-current approach, given its familiarity as a standard format used across both the public and for-profit sectors. He asked for Ms. Risi for the rationale behind introducing the financial/non-financial approach for liabilities, and whether non-financial liabilities are rare.	Ms. Risi clarified that the financial/non-financial approach was introduced for liabilities in response to feedback from Canadian constituents, who noted that non-financial liabilities were distorting the net debt indicator.
11. Mr. Chughtai noted that the 26 agencies of the United Nations (UN) support the continued use of the current/non-current approach, as it is well understood across its 187 member states. To meet the needs of the UN system's financial statement users, the benefits and rationale behind the change in presentation must be strong and clearly justified. Current requirements	Refer to comment 7 response.

<p>for presenting the statement of financial position are considered useful, which would signal that the classification approach does not need to be changed.</p>	
<p>12. Mr. Zhang agreed that there are advantages to both approaches. He noted that the major concern for financial statement users is the government's debt risk, which is not demonstrated by liquidity information or asset-liability and capital ratios. Mr. Zhang suggested the IPSASB use the current/non-current classification as the main approach on the face of the statement of financial position, with a further breakdown in the note disclosures based on a financial/non-financial classification to provide better information for decision-making and about the government's ability to repay debt.</p>	<p>Refer to the response to comment 3 and 7.</p>
<p>13. Ms. Faye agreed that the appropriateness of the approach depends on the organization. Though the financial/non-financial approach may be suitable for some government organizations, IPSAS is also used by international organizations which would benefit from the use of the current/non-current approach. She advised the IPSASB to provide the financial/non-financial approach only as an alternative approach, or as information through note disclosures. She also noted that using the financial/non-financial approach would create challenges in comparing organizations.</p>	<p>Refer to comment 7 response.</p>
<p>14. Ms. Zhou, on behalf of Mr. Williamson, shared a preference for the financial/non-financial approach. From the economics perspective, classification by financial/non-financial would be better for transparency and decision-making, specifically in facilitating the use of financial statement</p>	<p>Refer to comment 7 response.</p>

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information to make macro-fiscal budgetary decisions.	
15. Ms. Zhou, on behalf of Ms. Raboy, shared a preference for the current/non-current approach, as it is familiar for financial statement users and provides the appropriate tools for assessing fiscal sustainability.	Refer to comment 7 response.
16. Ms. Colignon shared that the French jurisdiction prefers the financial/non-financial approach, as it better presents whether today's level of public service is sustainable	Refer to comment 7 response.
17. Mr. Ndurunduru preferred the current/non-current approach, as it has worked well, and there is no need to fix what is not broken. Entities can provide a note disclosure to reflect the net debt position using the financial/non-financial approach if they so choose.	Refer to the response to comment 3 and 7.
The CAG members commented on Question 2 as follows:	
1. Mr. Heffernan acknowledged that some CAG members have already indicated a preference for some flexibility in response to Question 1.	Refer to comment 7 response in Q1.
2. Mr. Close emphasized the importance of flexibility, as different entities have different reasons for using different approaches. However, for comparability, the IPSAS should position the traditional current/non-current approach as the default. He noted that the fundamental issue under all approaches is assessing an entity's liquidity risk.	Refer to comment 7 response in Q1.
3. Mr. Gisby also preferred allowing flexibility for entities to apply different classification approaches based on an assessment of the reporting entity's user needs. Different classification approaches may be more suitable for different levels of government. Mr. Gibbs also noted that flexibility,	Mr. Carruthers reflected that the drivers for XBRL in the private sector is clearer than in the public sector, which has a substantially more diverse set of variants and drivers across jurisdictions for budgetary purposes, statistical reporting, bond users, and others. The cost-

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provided together with XBRL tagging, could help make financial statements more useful for users to find specific data (e.g., parliamentarians who may not typically use the financial statements).	benefit for XRBL is not as favorable in the public sector.
4. Mr. Chughtai preferred the current/non-current (traditional) approach, and supported the IPSASB's intention of providing flexibility, as some UN agencies may prefer another approach	Refer to comment 7 response in Q1.
5. Ms. Zhou, on behalf of Mr. Simpson, preferred allowing the use of only the current/non-current classification approach while permitting entities to provide additional disclosure in the notes to the financial statements.	Refer to comment 7 response in Q1.
6. Ms. Zhou, on behalf of Ms. Raboy, preferred flexibility and acknowledged the broad use of IPSAS, and encouraged the IPSASB to consider how this may impact the consolidation of financial information presented by consolidated government entities.	Ideally, a consistent classification approach should be applied at the entity and consolidation level.
7. Ms. Zhou, on behalf of Mr. Gamkrelidze, asked the IPSASB to consider how the benefits of the new presentation of financial statements be measured. Mr. Gamkrelidze also inquired whether the IPSASB has any plans to set metrics to measure the benefits of the new standard such as user satisfaction surveys, the accuracy and completeness of disclosures and the timeliness of financial reporting.	This will be considered as part of a future post-implementation review of the new IPSAS after it has been effective for an appropriate period.
8. Ms. Weinberg supported using the current/non-current approach, given that citizens are the largest group of stakeholders and not necessarily experienced with using financial statements. She highlighted the importance of identifying comparable information to assess financial conditions	Refer to comment 7 response in Q1.

and performance, regardless of the approach taken.	
9. Ms. Colignon noted challenges with data tagging, and highlighted the importance of having structure and context when collecting information.	This further highlights the importance of supporting the application of a consistent approach for entities reporting in accordance with IPSAS.

Matters for CAG Consideration

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

Strategy and Work Program Consultation—July 2024 Discussion Report Back

July 2024 CAG Discussions

1. Extracts from the special discussion with the CAG in July 2024 on the Strategy and Work Program Consultation and how the IPSASB has responded to the Representatives' and Observers' comments are included in the table below.

Representatives Comments	IPSASB Response
July 2024 CAG In-Period Session Comments	
IPSASB Senior Manager, Agustina Llambi, presented the Strategy and Work Program 2024-2028 Consultation (Strategy Consultation), which included: <ul style="list-style-type: none"> • Summary of how the CAG advice was action by the IPSASB on its Strategy Consultation; • An overview of the strong support received by the IPSASB for its Strategy Consultation; and • A call for action for CAG members to support the IPSASB outreach events (H2 2024 and H1 2025) on the Strategy, Natural Resources, and Climate-related Disclosures Exposure Draft. 	
The CAG members commented as follows:	
1. Mr. Chughtai sought clarification on the Application Panel (AP) and Post-Implementation Review, specifically resource allocation and how will these be set up. He also shared his support for the AP noting he expects it to be useful for many users of IPSAS.	Mr. Smith confirmed that the AP and PIR will be two separate workstreams and highlighted that once the Strategy is approved by the IPSASB, work will commence on how to set them up and will be run.
2. Mr. Williamson highlighted the importance of influencing stakeholders outside of the accounting community on the importance of moving to accrual accounting to strengthen Public Financial Management (PFM).	Mr. Smith agreed with Mr. Williamson that most of the global accounting community understands the importance of transitioning to accrual accounting and that the 2024-2028 Strategy period will be about building the knowledge base and advocating the importance of accrual accounting outside of the accounting community. He pointed to Figure 2 in the Strategy which outlines the Groups and skills needed to support IPSAS adoption and implementation.
3. Ms. Colignon asked whether parliamentarians were included in the groups the IPSASB looked to influence on the importance of the adoption and implementation of IPSAS to strengthen PFM.	Mr. Smith confirmed that parliamentarians are considered in Figure 2 under Governments.

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Representatives Comments	IPSASB Response
4. Ms. Stachniak supported Mr. Williamson's point and added that the focus when influencing stakeholders outside of the accounting community should be on the benefits of accrual IPSAS, as opposed to accrual accounting standards, to ensure consistency.	Mr. Carruthers explained the reason why the Strategy does not include specific targets for IPSAS or IPSASB SRS adoption and implementation is that the decision and speed to which countries adopt and implement IPSASB Standards depends on each jurisdiction.
5. Ms. Buljubasic asked what are the key actions that the IPSASB will undertake to achieve the adoption and implementation of IPSASB SRS and whether a goal can be quantified similarly to IPSAS (70% of jurisdiction will apply accrual accounting by 2030). She noted using 'more sustainable development ...' in Figure 4 was unclear, as according to UNESCO sustainable development refers to the many processes and pathways to achieve sustainability. She suggested revising the description of Figure 4 to 'Sustainability reporting as a foundation for sustainable development.	<p>He noted that the IPSASB looks to influence supranational and regional organizations on the importance of accrual IPSAS because these are in a better position to require jurisdictions to adopt and implement IPSAS as part of PFM reform missions.</p> <p>The IPSASB needs to react to opportunities, and this is reflected in the Strategy under Inspiring Adoption and Implementation.</p> <p>To add clarity and address the advice from Ms. Buljubasic:</p> <ul style="list-style-type: none"> • Figure 4 of the Strategy was revised as per her suggestion; and • The subheading introducing the actions that the IPSASB will take under 'Promoting Adoption and Implementation was changed to 'How the IPSASB plans to influence the works of others in strengthening PFM and sustainable development:'.
6. Mr. Melo shared the challenge his country faces to obtain the support of and buy-in from parliamentarians in the transition to accrual accounting.	Noted by IPSASB staff. No action was required.

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Representatives Comments	IPSASB Response
7. Ms. Faye supported Mr. Carruthers's response and stressed the importance of helping jurisdictions understand what decisions they need to make today in their PFM reform to enable them to progressively adopt IPSAS. She agreed with Mr. Carruthers that this cannot be done without the support of the World Bank and IMF. She noted that the IPSASB should think what are the different pathways that a country/public sector entity can take depending on their PFM system maturity in their pathway to accrual accounting.	Noted. See response 4 above.
8. Mr. Araya Zúñiga shared that Costa Rica has implemented IPSAS as published, however the same cannot be said for other countries in the region. He noted that the transition to accrual accounting through the adaptation of IPSAS can be an issue.	Noted by IPSASB staff. No action was required.
9. Mr. Chughtai supported Mr. Carruthers's comments and stated that continued education of parliamentarians is needed.	Noted by IPSASB staff. No action was required.

Matters for CAG Consideration

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