

INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS BOARD—TERMS OF REFERENCE

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INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS BOARD

Terms of Reference

Purpose of the International Public Sector Accounting Standards Board

1. The mission of the International Federation of Accountants (IFAC), as set out in its constitution, is “to serve the public interest, IFAC will continue to strengthen the worldwide accountancy profession and contribute to the development of strong international economies by establishing and promoting adherence to high-quality professional standards, furthering the international convergence of such standards and speaking out on public interest issues where the profession’s expertise is most relevant.” In pursuing this mission, the IFAC Board has established the International Public Sector Accounting Standards Board (IPSASB) to develop high-quality accounting standards for use by public sector entities around the world in the preparation of general purpose financial statements. In this regard:
 - The term public sector refers to national governments, regional (e.g., state, provincial, territorial) governments, local (e.g., city, town) governments and related governmental entities (e.g., agencies, boards, commissions and enterprises); and
 - General purpose financial statements refers to financial statements issued for users that are unable to demand financial information to meet their specific information needs.
2. The IFAC Board has determined that designation of the IPSASB as the responsible body for the development of such standards, under its own authority and within its stated terms of reference, best serves the public interest in achieving this aspect of its mission.
3. The IPSASB functions as an independent standard-setting body under the auspices of IFAC. It achieves its objectives by:
 - Issuing International Public Sector Accounting Standards (IPSASs);
 - Promoting their acceptance and the international convergence to these standards; and
 - Publishing other documents which provide guidance on issues and experiences in financial reporting in the public sector.

Appointment of Members

4. The members of the IPSASB are appointed by the Board of IFAC. The IPSASB comprises 18 members, 15 of whom are nominated by the member

bodies of IFAC and three of whom are appointed as public members. Public members may be nominated by any individual or organization.

5. Candidates put forward are considered for appointment by the IFAC Nominating Committee. The selection process is based on the best person for the job. In recommending appointments to the Board, the Nominating Committee seeks to ensure that the IPSASB comprises a membership which possesses appropriate technical expertise, knowledge of institutional arrangements encompassed by its constituency, technical proficiencies of users, preparers and auditors, and a broad geographical spread.
6. IPSASB members are appointed for an initial term of up to three years which may be renewed for further three-year terms. Appointments will be made annually in such a way that one-third of the members shall be rotated each year. Continuous service on the Board by the same person shall be limited to two consecutive three-year terms, unless that member is appointed to serve as Chair for a further term. The members of the IPSASB will be primarily engaged in the public sector. For voting purposes, each IPSASB member has one vote.
7. Each member of the IPSASB may be joined at the meeting table by one technical advisor who will have the full privilege of the floor but will not be entitled to vote.
8. The IPSASB may appoint as observers, representatives of appropriate organizations that have a strong interest in financial reporting in the public sector, provide ongoing input to the work of the IPSASB and have an interest in endorsing and supporting IPSASs. These observers will have the privilege of the floor but will not be entitled to vote. They will be expected to possess the technical skills to participate fully in the IPSASB discussions and to attend IPSASB meetings regularly to maintain an understanding of current issues. The IPSASB will review the composition and role of observers on an annual basis.

Nature, Scope and Authority of Pronouncements

9. The IPSASB has been given the authority, on behalf of the Board of IFAC, to issue:
 - International Public Sector Accounting Standards (IPSASs) as the standards to be applied by members of the profession in the preparation of general purpose financial statements of public sector entities. The IPSASB adopts a “due process” for the development of IPSASs which provides all interested parties with the opportunity to provide input to the standards development process.
 - Studies to provide advice on financial reporting issues in the public sector. They are based on study of the best practices and most effective methods for dealing with the issues being addressed.

- Occasional Papers and Research Reports to provide information that contributes to the body of knowledge about public sector financial reporting issues and developments. They are aimed at providing new information or fresh insights and generally result from research activities such as: literature searches, questionnaire surveys, interviews, experiments, case studies and analysis.
10. In developing its standards, the IPSASB seeks input from its Consultative Group and considers and makes use of pronouncements issued by:
- The International Accounting Standards Board (IASB) to the extent they are applicable to the public sector;
 - National standard-setters, regulatory authorities and other authoritative bodies;
 - Professional accounting bodies; and
 - Other organizations interested in financial reporting in the public sector.

The IPSASB will ensure that its pronouncements are consistent with those of the IASB to the extent those pronouncements are applicable and appropriate to the public sector.

11. The objective of the IPSASB Consultative Group is to provide a forum in which the IPSASB can consult with representatives of different groups of constituents to obtain input and feedback on its work program, project priorities, major technical issues, due process and activities in general. The Consultative Group does not vote on International Public Sector Accounting Standards or other documents issued by the IPSASB.
12. The IPSASB cooperates with national standard-setters in preparing and issuing Standards to the extent possible, with a view to sharing resources, minimizing duplication of effort and reaching consensus and convergence in standards at an early stage in their development. It also promotes the endorsement of IPSASs by national standard-setters and other authoritative bodies and encourages debate with users, including elected and appointed representatives; Treasuries, Ministries of Finance and similar authoritative bodies; and practitioners throughout the world to identify user needs for new standards and guidance.

Working Procedures

13. The IPSASB issues exposure drafts of all proposed standards for public comment. In some cases, the IPSASB may also issue an Invitation to Comment prior to the development of an Exposure Draft. This provides an opportunity for those affected by IPSASB pronouncements to provide input and present their views before the pronouncements are finalized and

approved. The IPSASB considers all comments received on Invitations to Comment and Exposure Drafts in developing an IPSAS.

14. Each IPSASB meeting requires the presence, in person or by simultaneous telecommunications link, of at least twelve appointed members.
15. Each member of the IPSASB has one vote. An affirmative vote of at least two-thirds of the voting rights of the IPSASB is necessary to approve Invitations to Comment, Exposure Drafts and IPSASs. An IPSASB member may authorize an individual present at an IPSASB meeting to vote on behalf of the member.
16. IPSASB meetings to discuss the development, and to approve the issuance, of standards or other technical documents are open to the public. Agenda papers, including minutes of the meetings of the IPSASB, are published on the IPSASB's website.
17. IPSASB publishes an annual report outlining its work program, its activities and the progress made in achieving its objectives during the year.
18. IFAC will review the effectiveness of the IPSASB's processes at least every three years.

Language

19. The approved text of a pronouncement is that published by IPSASB in the English language. Member bodies of IFAC are authorized to prepare, after obtaining IFAC approval, translations of such pronouncements at their own cost, to be issued in the language of their own countries as appropriate.