

**Approved Minutes of the Meeting of the
INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS BOARD
Held on September 12-16, 2022 in Lisbon, Portugal**

A. Administrative Items**Attendance**

	Voting Members	Technical Advisors
Present:	Ian Carruthers (Chair) Lindy Bodewig (Deputy Chair) Abdullah Al-Menthil Todd Beardsworth Claudia Beier Luzvi Chatto Maik Esser-Müllenbach Neema Kiure-Mssusa Mari Kobayashi Hervé-Adrien Metzger Chris Nyong Lynn Pamment Renée Pichard Ajith Ratnayake Kamira Sanchez Nicosia Scott Showalter Patrícia Siqueira Varela Liang Yang	Iheanyi Anyahara (Mr. Nyong) Sayja Barton (Ms. Pichard) (September 12-15) Henning Diederichs (Ms. Pamment) Takeo Fukiya (Ms. Kobayashi) Baudouin Griton (Mr. Metzger) Giuseppe Grossi (Mr. Ratnayake) Anthony Heffernan (Mr. Beardsworth) Jie Zhao (Ms. Yang) (September 12-15) Williard Kalulu (Ms. Kiure-Mssusa) Timm Klare (Mr. Esser-Müllenbach) Fabrizio Mocavini (Ms. Sanchez Nicosia) Ayres Moura (Ms. Varela) (September 12-15) Andrew van der Burgh (Ms. Bodewig) David Watkins (Mr. Carruthers) Marc Wermuth (Ms. Beier)

	Non-Voting Observers
Present:	<p>David Bailey (IMF) (September 12)</p> <p>Jerry Gutu (United Nations)</p> <p>Thomas Müller-Marqués Berger (CAG Chair)</p> <p>Lars Ruberg (European Commission)</p> <p>John Verrinder (Eurostat) (September 12-15)</p>
Apologies:	<p>Adnan Chughtai (United Nations)</p> <p>Azeb Gebremedhin Tesemma (African Union)</p> <p>Srinivas Gurazada (World Bank Group)</p> <p>Guohua Huang (IMF)</p> <p>Chai Kim (ADB)</p>
	IPSASB/IFAC Staff
Present:	<p>Tashriq Allie, IPSASB</p> <p>Celine Chan, IPSASB (September 13-14)</p> <p>João Fonseca, IPSASB</p> <p>James Gunn, Professional Standards (September 12 and 16)</p> <p>Agustina Llambi, IPSASB</p> <p>Edwin Ng, IPSASB</p> <p>Ross Smith, IPSASB</p> <p>Joanna Spencer, IPSASB (September 14-16)</p> <p>John Stanford, IPSASB</p> <p>Dave Warren, IPSASB</p> <p>Eileen Zhou, IPSASB</p>

- A.1 The Chair welcomed members, technical advisors, and observers to the September 2022 meeting held in Lisbon, Portugal. The Chair thanked the Ordem dos Contabilistas Certificados (OCC) for hosting the meeting and welcoming the IPSASB to Lisbon for the second time in four years. He noted the meeting in September 2019, hosted by the Portuguese Finance Ministry, had been a great success and the IPSASB was pleased to be back.
- A.2 The Chair also thanked those members, technical advisors and staff attending in person for their efforts in doing so. The Chair noted that the December 2022 meeting is also planned as an in-person meeting in Toronto and expressed the hope that all members and technical advisors might be able to join in person.

1. Minutes and Communications Activities (Agenda Item 1)

Members approved the minutes of the June 2022 meeting and the February 2022 check-in meeting.

2. Program and Technical Director's Report (Agenda Item 2)

- 2.1. Ross Smith, IPSASB Program and Technical Director, discussed the key items identified in Agenda Item 2.
- 2.2. The IPSASB agreed with the proposed changes to the work program, in particular to push back the first review of responses of ED 82, Retirement Benefit Plans, until December 2022.

3. Measurement (Agenda Item 3)

- 3.1. Staff introduced Agenda Item 3, illustrating the complete set of COV principles and an overview of the income approach and surplus capacity.

Decisions

- 3.2. The IPSASB decided that:

Agenda Item 3.2.2

- (a) Assets should be valued in their existing location when applying Current Operational Value (COV);
- (b) An entry price should be used when applying COV; and

Agenda Item 3.2.4

- (c) The income approach should be removed as a measurement technique for COV.

Instructions

- 3.3. The IPSASB instructed staff to:

Agenda Item 3.2.2

- (a) Articulate in the Basis for Conclusions how an entry price may equal an exit price (provided there are no transaction costs);

- (b) Ensure consistency exists in the 'unit of account' guidance across the Measurement, Property, Plant, and Equipment, and the Conceptual Framework projects;
- (c) Explain how the 'existing location' principle applies to the valuation of a movable asset;
- (d) Update the COV Appendix, and the corresponding definition, in [draft] IPSAS, *Measurement*, to reflect the principles agreed to by the IPSASB;

Agenda Item 3.2.3

- (e) Amend the comparison in the table as follows:
 - Clarify there is no difference between the 'asset and liability' Fair Value (FV) principle and the 'existing asset' and 'existing location' principle in COV;
 - Clarify that the characteristics of the asset (i.e., conditions) are taken into account when the valuation uses a Modern Equivalent Asset method;
 - Combine the 'principal or most advantageous market', 'market inputs' and 'current market conditions' principles;
 - The COV principle corresponding to the FV 'principal or most advantageous market' principle is the 'least costly manner' principle;
 - The COV principle corresponding to the FV 'orderly transaction' principle is the 'transaction between a willing buyer and a willing seller' principle;

Agenda Item 3.2.4

- (f) Confirm the market and cost approaches as set out in [draft] IPSAS [X], *Measurement* are consistent with IFRS 13, *Fair Value*;

Agenda Item 3.2.5

- (g) Clarify, in the decision tree, whether surplus capacity can be used either for its financial or operational capacity; and
- (h) Update the decision tree based on Board discussions.

4. Conceptual Framework – Limited Scope Update – Measurement (Agenda Item 4)

- 4.1. Staff presented Agenda Item 4, which considered replacement cost and value in use, the two outstanding issues in responses to ED 76, *Conceptual Framework Update: Chapter 7, Measurement of Assets and Liabilities in Financial Statements*.

Decisions

- 4.2. The IPSASB decided that:
 - (a) Replacement cost should not be included as a measurement basis for assets in the updated Chapter 7; and
 - (b) Value in use should continue to be described in Chapter 7, but not defined, as proposed in ED 76.

Instructions

- 4.3. The IPSASB instructed staff to:
- (a) Explain the differences between value in use and current operational value in the Basis for Conclusions;
 - (b) Review the consistency of language between impairment in the Conceptual Framework and in the relevant IPSAS; and
 - (c) Reflect the June and September 2022 decisions in [draft] Chapter 7 for review at the October check-in meeting.

5. ED 78, Property, Plant and Equipment (Agenda Item 5)

- 5.1. Staff introduced Agenda Item 5, which addressed the outstanding issues identified in response to ED 78, and instructions from the June 2022 meeting.

Decisions

- 5.2. The IPSASB decided that:

Agenda Item 5.2.1

- (a) The cross-reference from ED 78, *Property, Plant, and Equipment* to ED 77, *Measurement on initial measurement* should be removed and the revised drafting to the scope of ED 77 to reflect this draft standard should be applied unless specific measurement guidance is included in the individual IPSAS;

Agenda Item 5.2.3

- (b) AG3(a) should reflect that heritage assets may have restrictions both on their use and/or disposal;

Agenda Item 5.2.4

- (c) No cross-reference is necessary from ED 78 to ED 77 on the selection of measurement bases;
- (d) The updates to BC17, to clarify that the characteristics included for heritage assets and infrastructure assets are not an exhaustive list, are appropriate;
- (e) BC5, explaining the additional guidance on the application of property, plant, and equipment principles to heritage and infrastructure assets, is appropriate.
- (f) Existing Basis for Conclusions explaining the IPSASB's discussions and decisions on the characteristics of infrastructure assets are appropriate.
- (g) The drafting updates to streamline the Application Guidance on the definition of an asset are appropriate.
- (h) The drafting updates to reconcile terminology on 'electricity transmission networks' and remove redundancy between core text and application guidance are appropriate.

Instructions

- 5.3. The IPSASB instructed staff to:

Agenda Item 5.2.1

- (a) Add a Basis for Conclusions to reflect the IPSASB decision to retain IPSAS 17 terminology 'at cost' instead of aligning with ED 77 initial measurement terminology.

Agenda Item 5.2.2

- (a) Revise drafting across ED 78 to clarify that the measurement model shall be applied to the entire class of property, plant, and equipment; and
- (b) Revise the drafting of transitional provisions to reflect that an entity shall apply this standard following the modified retrospective approach for the current value model.

6. Revenue and Transfer Expenses (Agenda Item 6)

- 6.1. Staff presented Agenda Item 6, which included the timeline for the revenue and transfer expenses projects, proposed requirements for presentation and disclosure of transfer expenses, application of the revised transfer expenses model to capital transfers, remaining substantive issues for transfer expenses, disclosure of compelled revenue transactions, and proposed implementation guidance topics for both revenue and transfer expenses. In addition, the IPSASB performed a detailed page-by-page review of the draft transfer expenses IPSAS.

Decisions

- 6.2. The IPSASB decided that:

Agenda Item 6.2.2

- (a) Subject to the instructions below, the signposting to the presentation and disclosure requirements in IPSAS 1, *Presentation of Financial Statements*, IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets*, IPSAS 28, *Financial Instruments: Presentation*, and IPSAS 30, *Financial Instruments: Disclosures*, as well as the requirement to disclose the significant judgments made regarding the recognition of a transfer right asset, is appropriate;
- (b) The disclosure of a reconciliation between the opening and ending balance of a transfer right assets should be removed;

Agenda Item 6.2.3

- (c) Subject to the instructions below, the application of the presentation and disclosure requirements for expenses in IPSAS 1 should be applied to transfer expenses;

Agenda Item 6.2.4

- (d) Subject to the instructions below, the general model for transfer expenses should be applied to capital transfers and no new principles are required to be developed;

Agenda Item 6.2.5

- (e) Subject to the instructions below, the addition of the terms 'transfer consideration' and 'stand-alone consideration' is appropriate;

- (f) Referring to existing guidance in IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets*, for variable consideration from a transfer provider's perspective is appropriate;
- (g) Allocating the transfer consideration to individual transfer rights based on the amounts stated in a binding arrangement, or if not explicitly stated, the amounts the transfer provider intended to compensate the transfer recipient for fulfilling each of its obligations in the binding arrangement is appropriate;
- (h) The [draft] Transfer Expenses IPSAS can be applied on either a full retrospective or prospective basis;

Agenda Item 6.2.6

- (i) Subject to the instructions below, the revised core text and application guidance reviewed during the page-by-page review should be incorporated into [draft] IPSAS, *Transfer Expenses*;

Agenda Item 6.2.7

- (j) The disclosure requirement proposed in ED 70 on compelled revenue transactions should be retained, without changes; and

Agenda Item 6.2.8

- (k) Subject to the instructions below, the proposed implementation guidance topics are appropriate.

Instructions

- 6.3. The IPSASB instructed staff to:

Agenda Item 6.2.1

- (a) Consult with the other IFAC standard setting boards to learn from their experiences on the re-exposure of a near-final pronouncement;

Agenda Item 6.2.2

- (b) Clarify the drafting on the interactions between a transfer right asset and guidance in IPSAS 21, *Impairment of Non-Cash Generating Assets* and IPSAS 41, *Financial Instruments*;

Agenda Item 6.2.3

- (c) Consider if disclosure based on the distinction between transfer expenses from transactions with and without binding arrangements is required;
- (d) Clarify the expected level of detail in the disclosure of the cost of programs, activities and other relevant segments as required by paragraph 111 of IPSAS 1;

Agenda Item 6.2.4

- (e) Work with specific IPSASB members to consider amendments to the definition of capital transfers and the addition of disclosures of significant terms in capital transfers arrangements;

Agenda Item 6.2.5

- (f) Amend the definitions of transfer consideration and stand-alone consideration to address member comments;

Agenda Item 6.2.6

- (g) Address the editorials raised by the IPSASB during the page-by-page review of the [draft] IPSAS, *Transfer Expenses*; and

Agenda Item 6.2.8

- (h) Ensure Implementation Guidance supports the application of accounting principles to transfers of non-cash consideration and the allocation of transaction consideration to transfer rights.

7. Reporting Sustainability Program Information (Agenda Item 7)

- 7.1. Staff presented Agenda Item 7, which addressed instructions from the previous meeting and proposed several illustrative examples to clarify the application of RPG 3 to sustainability programs.

Decisions

- 7.2. The IPSASB decided that:

Agenda 7.2.1

- (a) The drafting changes, made to ED 83, *Reporting Sustainability Program Information*, to communicate the purpose of additional guidance in RPG 1 and RPG 3 issued by the IPSASB should be reflected in the Basis for Conclusions;
- (b) The term ‘sustainability program information’ should replace the term ‘green programs’ in ED 83;
- (c) The changes proposed to the objective and the Basis for Conclusions for RPG 1 and RPG 3 of ED 83 were appropriate; and

Agenda 7.2.3

- (d) ED 83 was approved, with an exposure period of 60 days.

Instructions

- 7.3. The IPSASB instructed staff to:

Agenda 7.2.1

- (a) Revise drafting to enhance clarity on the broader application of the illustrative examples proposed in RPG 3.

Agenda 7.2.2

- (b) Revise drafting of the Illustrative Examples (IE) to enhance the clarity of the purpose and objective behind IE.

8. Conceptual Framework – Limited Scope Update – Next Stage (Agenda Item 8)

- 8.1. Staff presented Agenda Item 8, which included an initial review of the 27 responses by region, function and language to *ED 81, Conceptual Framework Update: Chapter 3, Qualitative Characteristics and Chapter 5, Elements*. Staff also indicated a revised prioritization of issues in the detailed review of responses, which will begin in December 2022.

Decisions

- 8.2. There were no decisions.

Instructions

- 8.3. There were no instructions.

9. Other Lease–Type Arrangements (Agenda Item 9)

- 9.1. Staff presented Agenda Item 9 with several topics related to concessionary leases and other lease-type arrangements. Agenda Item 9.2.4 was not discussed at the September meeting because of developments in the Measurement project during the September meeting.

Decisions

- 9.2. The IPSASB decided that:

Agenda Item 9.2.1

- (a) The scope of IPSAS 43, *Leases*, requiring a lease be a contract, or similar arrangement, should be retained;

Agenda Item 9.2.2

- (b) A description of a concessionary lease should be proposed in ED, *Concessionary Leases*;

Agenda Item 9.2.3

- (c) Amendments to IPSAS 43 related to the requirements on sale and leaseback transactions to address the public sector-specific situation where the below-market terms of the leaseback are not linked to a prepayment should be proposed in the ED; and

Agenda Item 9.2.5 – Agenda Item 9.2.8

- (d) A Feedback Statement, or similar document, highlighting the existing IPSAS that apply to other lease-type arrangements should be published.

Instructions

- 9.3. The IPSASB instructed staff to:

Agenda Item 9.2.1

- (a) Develop Implementation Guidance on the scoping of arrangements that convey the right to use an underlying asset in the public sector;

Agenda Item 9.2.2

- (b) Assess the consistency of the terminology on concessionary leases taking into consideration the guidance on concessionary loans;

Agenda Item 9.2.5

- (c) Develop Implementation Guidance stating that at the inception of the lease the rights and obligations do not have to be equal; and

Agenda Item 9.3.1

- (d) Address the editorials raised by the IPSASB during the page-by-page review of the draft Exposure Draft.

10. 3rd Academic Research Forum – Call for Papers Results (Agenda Item 10)

- 10.1. Andreas Bergman, Chair of the Academic Advisory Group (AAG), introduced Agenda Item 10. Mr. Bergman provided an overview of the process followed by the AAG in selecting and reviewing the research papers presented. He then summarized each of the three research papers and moderated a discussion between members and authors.

Decisions

- 10.2. There were no decisions.

Instructions

- 10.3. There were no instructions.

11. Differential Reporting (Agenda Item 11)

- 11.1. Staff presented Agenda Item 11 beginning the IPSASB discussion on two issues related to differential reporting – what type of relief should a public sector differential reporting model provide, and which entities should be eligible to apply differential reporting.

Decisions

- 11.2. There were no decisions.

Instructions

- 11.3. There were no instructions.

12. Closing Remarks and Conclusion of the Meeting

- 12.1. The Chair highlighted that it had been a highly successful meeting, and emphasized the strong progress achieved at the third in-person meeting in 2022.
- 12.2. The Chair thanked members, technical advisors, observers, and staff for their contributions. The IPSASB plans for its next meeting to be in Toronto in December 2022.

Appendix 1: Vote – Reporting Sustainability Program Information

Agenda Item 7	Minutes Item 7	Date Vote Taken		September 14, 2022	
Description	<i>Exposure Draft</i>	<i>Reporting Sustainability Program Information</i>		Approved at meeting	
Final Standard <input type="checkbox"/>	ED <input type="checkbox"/>	CP <input checked="" type="checkbox"/>	Other <input type="checkbox"/>	ABSENT	TOTAL
IPSASB MEMBER	FOR	AGAINST	ABSTAIN		
Ian Carruthers, Chair	√				
Lindy Bodewig, Deputy Chair	√				
Abdullah Al-Mehthil	√				
Todd Beardsworth	√				
Claudia Beier	√				
Luzvi Chatto	√				
Maik Esser-Müllenbach	√				
Neema Kiure-Mssusa	√				
Mari Kobayashi	√				
Hervé-Adrien Metzger	√				
Chris Nyong	√				
Lynn Pamment	√				
Renée Pichard	√				
Ajith Ratnayake	√				
Kamira Sanchez Nicosia	√				
Scott Showalter	√				
Patrícia Siqueira Varela	√				
Liang Yang	√				
TOTAL	18	0	0	0	18