

**Approved Minutes of the Meeting of the
INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS BOARD
Held on June 18–21, 2019 in Toronto, Canada**

1. Attendance, Opening Remarks, and Approval of Minutes

Attendance

	Voting Members	Technical Advisors
Present:	Ian Carruthers (Chair)	Samuel Agbevem (Mr. Nyong)
	Mike Blake (Deputy Chair)	Clark Anstis (Mr. Blake)
	Stuart Barr	Claudia Beier (Mr. Wermuth)
	Todd Beardsworth	Henning Diederichs (Ms. Pamment)
	Lindy Bodewig	Takeo Fukiya (Mr. Jung)
	Michel Camoin	Baudouin Griton (Mr. Camoin)
	Francesco Capalbo	Anthony Heffernan (Mr. Beardsworth)
	Luzvi Chatto	Williard Kalulu (Ms. Kiure-Mssusa)
	Adrienne Cheasty	Leona Melamed (Mr. Monette)
	Do-Jin Jung	Fabrizio Mocavini (Mr Capalbo)
	Neema Kiure-Mssusa	Ayres Moura (Mr. Nascimento)
	Aracelly Méndez	Renée Pichard (Mr. Barr)
	Rod Monette	Annabelle Puserio (Ms. Luzvi)
	Leonardo Nascimento	Tsholofelo Tshoke (Ms. Bodewig)
	Chris Nyong	David Watkins (Mr. Carruthers)
	Lynn Pamment	Technical Advisor Apologies:
	Bernhard Schatz	Juan Moreno Real (Ms. Méndez)
	Marc Wermuth	Jakob Prammer (Mr. Schatz)

Non-Voting Observers

Present: Biodun Adeyemo (African Union Commission)
Bruno Gomes (European Commission)
Jerry Gutu (United Nations)
Chai Kim (ADB)
Thomas Müller-Marqués Berger (CAG Chair)
Iana Paliova (IMF)
István Varjas (Eurostat)

Apologies: Sagé de Clerck (IMF)
Guohua Huang (IMF)
Delphine Moretti (OECD)
Martin Koehler (European Commission)
Tak Ochi (IASB)
Fily Sissoko (World Bank Group)
John Verrinder (Eurostat)

IPSASB/IFAC Staff/Advisor

Present: Amon Dhliwayo, IPSASB
João Fonseca, IPSASB
Gwenda Jensen, IPSASB
Cristy Latalisa, IPSASB
Edwin Ng, IPSASB
Ross Smith, IPSASB
Joanna Spencer, IPSASB
John Stanford, IPSASB
Dave Warren, IPSASB
James Gunn, Managing Director, Professional Standards (Tuesday)
Paul Mason, Senior Advisor

- 1.1 The Chair welcomed members, technical advisors and observers to the meeting. The Chair also welcomed Cristy Latalisa, who had joined the IPSASB staff as an intern from Ryerson University in Toronto for the May–August period.
- 1.2 Members approved the minutes of the March 2019 meeting.
- 1.3 István Varjas, the Eurostat observer, updated members on developments in the European Public Sector Accounting Standards (EPSAS) project, including meetings of the EPSAS Cell on Principles in April and the EPSAS Working Group in May. The next meeting of the EPSAS Working Group will probably be in Luxembourg in November.
- 1.4 The Chair noted that the IPSAS-IFRS Dashboard had been amalgamated with the IASB Work Plan. Staff is in the process of updating the GFS Tracking Table in a similar manner by transforming the Tracking Table into an IPSAS-GFS Alignment Dashboard.

2. Report on Activities/Communication Activities (Agenda Item 2)

- 2.1. Francesco Capalbo updated members on developments in accrual accounting in Italy.

3. Governance (Agenda Item 3)

Consultative Advisory Group

- 3.1 Thomas Müller-Marqués Berger, the Chair of the IPSASB Consultative Advisory Group (CAG), provided a summary of the June 17, 2019 CAG meeting.

Public Interest Committee

- 3.2 James Gunn, Managing Director, Professional Standards, updated members on developments related to:
 - The Public Interest Committee;
 - The Monitoring Group review;
 - The search for the next IPSASB Program and Technical Director with the retirement of John Stanford, Technical Director, in 2020, including a request to IPSASB members to complete a survey of the desired skills and attributes for the role;
 - The transition of the International Accounting Education Standards Board from an independent standard setting board to a committee of IFAC; and
 - IFAC's development of a code of conduct for staff and volunteers.

4. Technical Director's Report on Work Plan (Agenda Item 4)

Initial Review of Work Plan on Day One

- 4.1 The Technical Director introduced the current work program, noting that it would be reviewed on Day Four in the light of meeting developments.
- 4.2 The IPSASB noted:
 - The change of name from 'work plan' to "work program", reflecting the linkages between projects and the need for staff to work together across projects on interrelated issues;
 - The Revenue project's presentation as two streams, rather than three, to align with the proposed outputs of ED 70, *Revenue with Performance Obligation*, and ED 71, *Revenue without Performance Obligations*;

- The Leases project continues to have two timelines to accommodate a possible re-exposure, depending on the approach adopted for lessor accounting;
- If a project has a task force IPSASB agenda papers should be cleared with the task force chair before posting; and
- Going forward task forces will take an active role in developing project briefs.

4.3 The IPSASB discussed a process diagram and accompanying narrative on work program delivery. The IPSASB supported the diagrammatic format. The IPSASB **instructed** staff to modify the diagram to reflect the broader input of task forces to a number of delivery components, and to expand the supporting narrative.

Review of Work Plan on Day Four

4.4 The Technical Director indicated a number of changes in light of developments at the meeting:

- Early approval of ED 69, *Public Sector Specific Financial Instruments* would be reflected in the work program;
- The projected date for approval of ED 70, ED 71 and ED 72, *Grants and Transfers: Expense* was put back until December 2019; and
- The two streams of the Measurement project, with consequential amendments presented as a separate stream, will be consolidated into one stream.

4.5 The Technical Director indicated that the assumption should be that any significant departure from ED 64, *Leases* will result in further exposure.

4.6 The IPSASB **provided instructions** to staff on a number of issues relating to the sequencing and configuration of standing agenda papers:

- Effective from the September 2019 meeting staff will order the X.1.X series of agenda papers as:
 - X.1.1 Project Road Map
 - X.1.2 Instructions
 - X.1.3 Decisions
- Staff must follow the guidance set out in paragraphs 7 and 8 of the Technical Director's Report on the work program for the June 2019 meeting on recording decisions and instructions;
- The most recent instructions and decisions should be inserted at the top of the tables of instructions and decisions: for example, the June 2019 instructions will come above the March 2019 instructions and the June 2019 decisions will come above the March 2019 decisions;
- The agenda paper cover page should note the project Task Force members (if applicable); and
- The first slide presented at a meeting must be entitled 'Delivery against the Project Road Map' with staff explaining how they have responded to the instructions provided by the IPSASB at the previous meeting.

5. Public Sector Specific Financial Instruments (Agenda Item 5)

5.1 Staff presented draft ED 69, *Public Sector Specific Financial Instrument: Amendments to IPSAS 41, Financial Instruments*, and issues papers summarizing the Financial Instruments Task

Force recommendations on amendments to IPSAS 41 in order to incorporate guidance on monetary gold, currency in circulation, IMF quota subscriptions and IMF special drawing rights.

Decisions

5.2 The IPSASB **agreed** with the Task Force views that:

- Implementation guidance and basis for conclusions paragraphs be developed for monetary gold was appropriate;
- Implementation guidance for currency in circulation was appropriate;
- Existing guidance in IPSAS 41 adequately outlines considerations required in evaluating how to account for IMF quota subscriptions was appropriate; and
- Implementation guidance for IMF special drawing rights was appropriate.

5.3 The IPSASB approved ED 69, with a comment period closing on December 31, 2019. 18 members voted in favor. No members voted against or abstained.

6. Improvements (Agenda Item 6)

6.1 Staff presented draft ED 68, *Improvements to IPSAS, 2019*, for approval by the IPSASB together with an issues paper.

Instructions

6.2 The IPSASB **instructed** staff to:

- Exclude the amendment related to the IASB's revised definition of 'business' in IFRS 3, *Business Combinations*. A separate narrow scope project to evaluate the potential impact of the IASB's revised definition of 'business' and the results of work related to IPSAS 40, *Public Sector Combinations*, in New Zealand and South Africa and by other national standard setters will be undertaken when time permits;
- Exclude the amendment related to the IASB's revised definition of 'material' from ED 68. This will initially be considered as part of the Limited Scope Review of the Conceptual Framework;
- Include in the Basis for Conclusions the IPSASB's rationale to exclude the IASB's revised definitions of 'business' and 'material' from ED 68;
- Update the wording for "amendments that should have been included when IPSAS 41, *Financial Instruments* was issued" to "amendments that were omitted when IPSAS 41 was approved for issue";
- Add the effective date paragraph for amendments to the Application Guidance of IPSAS 30, *Financial Instruments: Disclosures*; and
- Make editorial changes to reflect IPSASB comments before issuing ED 68.

Decision

6.3 The IPSASB approved ED 68, *Improvements to IPSAS, 2019* with a comment period closing on September 30, 2019. 18 members voted in favor. No members voted against or abstained.

7. Leases (Agenda Item 7)

7.1 Kimberley Crook, Chair of the New Zealand Accounting Standards Board, and David Bean, Director of Research and Technical Activities of the United States Governmental Accounting Standards

Board (GASB) presented on the lessor accounting model in IFRS 16, *Leases*, and the right of use lessor accounting model in GASB Statement No. 87, *Leases*.

- 7.2 The IPSASB thanked Ms. Crook and Mr. Bean for their presentations and discussing their views on lease accounting with the Board.

Instructions

- 7.3 The IPSASB **instructed** staff to:

- Reflect on the thinking behind the International Accounting Standards Board (IASB) and GASB approaches and report back to the IPSASB in September 2019 on whether the IPSASB has adequately addressed issues raised by these approaches;
- Carry out a detailed review of the comments directed at IPSASB's conceptual thinking behind lessor accounting in ED 64 and report back to the IPSASB in September 2019 on whether the IPSASB needs to rethink its approach, or whether the approach is robust and clearer explanation is needed; and
- Consolidate the list of issues raised by constituents and emerging from the presentations under a limited number of strategic headings to be agreed in discussion between the Leases Task Force Chair and IPSASB Chair in order to facilitate the eventual IPSASB decision on the overall project direction.

8. Infrastructure (Agenda Item 8)

- 8.1 Staff and the Infrastructure Task Force Chair, Marc Wermuth, presented the revised project brief for approval by the IPSASB and an issues paper detailing the history of the Infrastructure project to date.

Decision

- 8.2 The IPSASB **decided** to approve the revised project brief after staff had made a number of amendments identified by the IPSASB.

Instruction

- 8.3 The IPSASB instructed staff to develop a list of generic issues for review at the September 2019 meeting, consolidating issues raised at the 2016 and 2017 Public Sector Standard Setters' Forums, together with proposed plans for addressing these in accordance with the project roadmap.

9. Heritage (Agenda Item 9)

- 9.1 Staff and the Heritage Task Force Chair, Bernhard Schatz, presented an issues paper on financial reporting for heritage assets.

Decisions

- 9.2 The IPSASB **decided** that:
- There should be no separate heritage standard;
 - There should be no definition of heritage assets;

- The approach of classifying heritage assets as either operational or non-operational when developing guidance on their recognition and/or measurement should not be taken forward. However, the impact of heritage asset usage should be further explored; and
- Heritage issues are concerned with measurement and not recognition.

Instructions

9.3 The IPSASB **instructed** staff to:

- Consolidate the analysis of stakeholder responses under the generic headings presented at the meeting; analyze them according to recognition, measurement and presentation; and, consider whether additions or amendments will be required to guidance and which IPSAS (or ED, *Measurement*) will be impacted;
- Provide a plan to the September 2019 meeting, which has the order and timing for delivery of guidance/solutions on the issues. The plan should be consistent with the work program's timing; and
- Provide a first set of issues for discussion at the IPSASB's September 2019 meeting.

10. Revenue with Performance Obligations (Agenda Item 10)

10.1 Staff presented issues papers on draft ED 70, *Revenue with Performance Obligations*, setting out the issues that the IPSASB needed to consider in the Objectives section of the ED, the probability of collection criterion in paragraph 8(e), various definitions and terminology changes, and a listing of illustrative examples to be included in the ED, as well as the marked-up version of the ED.

Decisions

10.2 The IPSASB **decided** to:

- Approve the revised Objective paragraphs;
- Retain the probability of collection criterion in paragraph 8(e) with a requirement for additional disclosures where collection of consideration is not probable;
- Retain the defined terms and definitions of 'binding arrangement asset', and 'binding arrangement liability';
- Include a definition of 'third-party beneficiary' and add 'third-party beneficiary' to 'purchaser' where appropriate in the ED;
- Not define 'counterparty';
- Retain the defined term and definition of 'transaction price';
- Retain the term 'distinct';
- Replace the term 'stand-alone selling price' with 'stand-alone price';
- Replace the terms 'sell' and 'sold' with 'provide' and 'provided';
- Retain or modify most IFRS 15 examples as they illustrate the application of different parts of ED 70; and
- Include additional examples on scope, hybrid transactions which fall within scope of both ED 70 and ED 71, *Revenue without Performance Obligations*, enforceability by mechanisms other than legal means, and three-party arrangements.

Instructions

10.3 The IPSASB **instructed** staff to:

- Develop a disclosure(s) for transactions that an entity was compelled to enter into by legislation where collection of consideration is not probable, and present the disclosure(s) at the September 2019 meeting;
- Reconsider whether changes are required to paragraphs 14 and 15 and/or whether application guidance is needed as a result of the decision to retain paragraph 8(e);
- Explain, in the Basis for Conclusions, the IPSASB's decision to retain paragraph 8(e) with the potential requirement for additional disclosure;
- Develop the definition of 'third-party beneficiary', ensure it is consistent in ED 70, ED 71, and ED 72, *Grants and Transfers: Expense*, and present it at the September 2019 IPSASB meeting;
- Ensure the consistent and appropriate use of the term 'third-party beneficiary' in ED 70;
- Prepare a Basis for Conclusion paragraph that explains the IPSASB's decision to retain the term 'transaction price';
- Consider the need for application guidance, an additional example, and Basis for Conclusions paragraphs on 'stand-alone price', as well as replacement of the terms 'sell' and 'sold' with 'provide' and 'provided' in the public sector context, including where the 'stand-alone price' will be based on an exit or entry value;
- Review the ED for consistent use of the new terms;
- Reconsider whether to modify example 7;
- Retain example 63 and solicit input from Board members on actual examples;
- Consider if the illustrative examples in IPSAS 9, *Revenue from Exchange Transactions*, and IPSAS 11, *Construction Contracts*, should be added to ED 70;
- Consider including a basis for conclusion paragraph explaining that the illustrative examples are not authoritative, and that commercial transactions are illustrated in IFRS 15 *Revenue from Contracts with Customers*;
- Develop further illustrative examples to be presented to the IPSASB in December 2019;
- Mark up changes to the Basis for Conclusions for presentation to the IPSASB in December 2019; and
- Include a Basis for Conclusion paragraph that explains the approach the IPSASB has taken in determining which examples should be brought over from IFRS 15 and which additional examples should be included, and if changes are recommended, include the draft changes with the recommendations.

11. Revenue without Performance Obligations (Agenda Item 11)

- 11.1 Staff presented an issues paper on revenue options for ED 71, *Revenue without Performance Obligations*, which provides two approaches for revenue recognition – immediate recognition and a deferral approach. Within the deferral approach there were four options for the timing of revenue recognition.

Decision

- 11.2 The IPSASB **decided** that transactions that are not enforceable because there is no binding arrangement will result in revenue being recognized when receivable. This confirmed the tentative decision made in December 2018.

Instructions

11.3 The IPSASB **instructed** staff to:

- Develop a paper examining the differences and interaction between a present obligation and a performance obligation (as defined in ED 70, *Revenue with Performance Obligations*). The paper should also consider the accounting consequences of a breach of 'terms' associated with the transaction, as well as presenting different presentation models for various accounting approaches. Staff are also to consider the terminology used when developing this paper;
- Draft text for enforceable transactions with terms on the basis that revenue is recognized when receivable unless there is a liability at the inception of the arrangement. If a liability arises later, this is a separate event;
- Consider how to account for hypothecated taxes; and
- Update an issues paper on capital grants to consider the implications of the present obligation/performance obligation paper.

12. Grants and Transfers: Expense (Agenda Item 12)

12.1 Staff presented issues papers outlining the proposed project scope and key definitions, how to account for subsidies and premiums, and next steps in developing ED 72, *Grants and Transfers: Expense* for consideration by the IPSASB in September 2019.

Decisions

12.2 The IPSASB **decided**:

- That the scope of ED 72 should follow the GFS definition of 'transfers';
- To adopt the term 'transfer expense';
- Research grants where the research is provided to the transfer provider should be outside the scope of ED 72; only research grants where the research is not provided to the transfer provider should be within the scope of ED 72;
- To adopt the definition of 'transfer expense' without amendment;
- To adopt the term 'financial support' for the items previously referred to as subsidies, to avoid conflicts with Government Finance Statistics terminology;
- That fulfilment value should be used in measuring non-contractual payables;
- To include guidance on levies (based on IFRIC 21, *Levies*); and
- That transfers conditional on appropriations would only give rise to an obligation for the current appropriation period.

Instructions

12.3 The IPSASB **instructed** staff to:

- Include research grants in the examples of scope in ED 72;
- Refine the scope diagram to provide better clarity for use with stakeholders;
- Keep testing the definition of 'transfer expense' to ensure there are no problems;
- Revise the definitions of 'transfer provider' and 'transfer recipient' to avoid the current circularity;

- Develop accounting requirements for financial support where explicit, separately identifiable financial support is accounted for separately; account for all other payments using the PSPOA; and
- In developing the guidance on financial support, review the Australian Accounting Standards Board's approach, which, in the context of subsidies, uses a rebuttable presumption that transaction price is a market price.

13. Public Sector Standard Setters Forum (Agenda Item 13)

13.1 The IPSASB Chair updated the IPSASB on arrangements for the Public Sector Standard Setters Forum scheduled for Niagara-on-the Lake on 24 and 25 June 2019, including the agenda items and their format. He identified the members who would be table leaders. The Chair thanked all the members and technical advisors who would attend the Forum.

14. Closing Remarks and Conclusion of the Meeting

14.1 The Chair noted the approvals of two EDs and substantial progress on other projects. He acknowledged that a number of members would attend the Public Sector Standard Setters Forum on June 24th and 25th. The Chair then closed the public part of the meeting.

Appendix 1: Vote – Approve ED, Public Sector Specific Financial Instruments, Amendments to IPSAS 41, Financial Instruments

Agenda Item 5	Minutes Item 5	Date Vote Taken	June 18, 2019
Description	<i>Exposure Draft</i>	<i>Public Sector Specific Financial Instruments</i>	Approved at meeting

Final Standard <input type="checkbox"/>	ED <input checked="" type="checkbox"/>	CP <input type="checkbox"/>	Other <input type="checkbox"/>	ABSENT	TOTAL
IPSASB MEMBER	FOR	AGAINST	ABSTAIN		
Ian Carruthers, Chair	√				
Mike Blake, Deputy Chair	√				
Stuart Barr	√				
Todd Beardsworth	√				
Lindy Bodewig	√				
Michel Camoin	√				
Francesco Capalbo	√				
Luzvi Chatto	√				
Adrienne Cheasty	√				
Do-Jin Jung	√				
Neema Kiure-Mssusa	√				
Aracelly Méndez	√				
Rod Monette	√				
Leonardo Nascimento	√				
Chris Nyong	√				
Lynn Pamment	√				
Bernhard Schatz	√				
Marc Wermuth	√				
TOTAL	18	0	0	0	18

Appendix 2: Vote – Approve ED 68, *Improvements to IPSAS, 2019*

Agenda Item 6 Minutes Item 6 Date Vote Taken June 18, 2019

Description *Exposure Draft* *Improvements to IPSAS, 2019* Approved at meeting

Final Standard <input type="checkbox"/>	ED <input checked="" type="checkbox"/>	CP <input type="checkbox"/>	Other <input type="checkbox"/>	ABSENT	TOTAL
IPSASB MEMBER	FOR	AGAINST	ABSTAIN		
Ian Carruthers, Chair	√				
Mike Blake, Deputy Chair	√				
Stuart Barr	√				
Todd Beardsworth	√				
Lindy Bodewig	√				
Michel Camoin	√				
Francesco Capalbo	√				
Luzvi Chatto	√				
Adrienne Cheasty	√				
Do-Jin Jung	√				
Neema Kiure-Mssusa	√				
Aracelly Méndez	√				
Rod Monette	√				
Leonardo Nascimento	√				
Chris Nyong	√				
Lynn Pamment	√				
Bernhard Schatz	√				
Marc Wermuth	√				
TOTAL	18	0	0	0	18