

Meeting: IPSASB Consultative Advisory Group
Meeting Location: Toronto, Canada
Meeting Date: June 18, 2018

Agenda Item 4

For:
☐ Approval
☒ Discussion
☒ Information

Technical Director's Report on the Work Plan and Report Back on December 2017 CAG Meeting

Objective of Agenda Item

1. To receive the Technical Director's report on the work plan.
2. To note the work plan and key changes to the work plan since the December 2017 meeting.
3. To note the IPSASB report back on the

Material(s) Presented

- | | |
|-----------------|---------------------------------------------------------|
| Agenda Item 4.1 | IPSASB Work Plan: June 2018 |
| Agenda Item 4.2 | Heritage–December 2017 Report Back |
| Agenda Item 4.3 | Infrastructure–December 2017 Report Back |
| Agenda Item 4.4 | IPSASB Strategy and Work Plan–December 2017 Report Back |

Summary of Changes agreed at December 2017 Meeting

4. The IPSASB undertook a detailed review of the work plan at its December 2017 meeting. The IPSASB agreed the work plan proposed by staff in the agenda papers with no amendments. As reported to the CAG at its December 2017 meeting, the work plan proposed by staff, and agreed by the IPSASB includes a deferral of work on the Heritage and Infrastructure projects until at least December 2018.

Summary of Further Changes since the December 2017 Meeting

5. At its December 2017 meeting, the Technical Director informed the CAG of the ongoing difficulties with the production of the 2017 Handbook. Publication of the 2017 Handbook had been delayed, in part because IFAC was amending the procedures for all standard-setting boards, with the aim of introducing electronic handbooks. The 2017 Handbook was published in February 2018, and work on the 2018 Handbook is progressing.
6. A new project, *Long-term Interests in Associates and Joint Ventures and Prepayment Features with Negative Compensation*, has been added to the work plan. This project has arisen as a result of the *Improvements* project and addresses two improvements that the IPSASB did not consider to be

appropriate to issue for consultation prior to the *Financial Instruments (Updates to IPSAS 28–30)* project culminating in an IPSAS. At its March 2018 meeting, the IPSASB approved the Exposure Draft for this project, and agreed to issue the ED immediately after the final IPSAS on *Financial Instruments (Updates to IPSAS 28–30)*. Completion of this project was expected to occur in March 2019.

7. At this meeting, staff is recommending that the IPSASB approve IPSAS 41, *Financial Instruments*. The work plan has been amended to reflect the expected early completion of this project at this meeting.
8. Due process requires the IPSASB to consult the CAG during the development and finalization of an international standard, and in particular on significant issues raised in comment letters on exposure drafts and the IPSASB's related response.
9. The CAG was consulted and its advice was incorporated into ED 62, *Financial Instruments*. Respondents to the ED strongly supported the principles (authoritative guidance) and did not identify any significant issues. The issues raised by respondents included requests for clarification to non-authoritative guidance to help with the application of the principles proposed in ED 62. As the CAG advice received was incorporated into the ED, and no significant issues have been raised by respondents, the view of the Technical Director and project staff is that a CAG session to discuss responses is not needed. CAG members seeking further details about the issues raised by respondents can refer to the March 2018 IPSASB meeting [Agenda Papers](#). The IPSASB has updated the non-authoritative guidance to address respondents' comments and, as noted above, is expected to approve IPSAS 41, *Financial Instruments*, at its June 2018 meeting.
10. As a consequence of the expected early approval of IPSAS 41, the improvements project *Long-term Interests in Associates and Joint Ventures and Prepayment Features with Negative Compensation* has been brought forward by one quarter, and is now expected to be completed in December 2018.

Questions for the CAG

11. The CAG is asked to note:
 - (a) The changes to the work plan;
 - (b) The fact that no significant issues requiring the IPSASB to consult with the CAG were identified by respondents to ED 62, *Financial Instruments*; and
 - (c) The report back on the *Heritage, Infrastructure* and the *IPSASB Strategy and Work Plan* projects,

And to provide comments to the IPSASB on any of these issues.

Agenda Item

4.1

IPSASB WORK PLAN: JUNE 2018

Project/ Initiative	Links	Jun 2018 (CAG)	Sep 2018	Dec 2018 (CAG)	Mar 2019	Jun 2019 (CAG)	Sep 2019	Dec 2019 (CAG)	H1 2020	H2 2020	H1 2021	H2 2021
A Update to IPSASs 28–30, Financial Instruments	B, K	IP CAG										
B Public Sector Specific Financial Instruments	A, E, F	DI	DI	DI/ED CAG	DI/ED	DI/ED			DI/RR	DI/IP		
C Leases	E		DI/RR	DI/RR CAG	DI/IP	IP						
D Social Benefits	E, F	DI/RR CAG	DI	IP								
E Revenue												
(i) Revenue from Contracts with Customers (IFRS 15)	B, C, D, F	DI CAG	DI/ED	DI/ED	ED			RR	DI/IP			
(ii) Limited Update of IPSAS 23		DI CAG	DI/ED	DI/ED	ED			RR	DI/IP			
(iii) Grants and Other Transfers (Category B Transactions)		DI CAG	DI	DI CAG	DI/ED	DI/ED	ED		RR	DI/IP	IP	
F Non-Exchange Expenses												
(i) Collective and Individual Services	B, C, D, E	DI CAG	DI/ED	DI/ED	ED			RR	DI/IP			
(ii) Grants and Other Transfers		DI CAG	DI	DI CAG	DI/ED	DI/ED	ED		RR	DI/IP	IP	
G Public Sector Measurement												
(i) Principles of Measurement	H, I	DI/ED	DI/ED	ED			DI/RR	DI/IP	IP			
(ii) Consequential Amendments		DI/CP	DI/CP	CP			DI/RR	DI/ED	DI/ED		RR/IP	
H Infrastructure Assets	G, I			DI	DI	DI/ED	DI/ED	DI/ED	ED		RR/IP	
I Heritage	G, H			DI	DI	DI/ED	DI/ED	DI/ED	ED		RR/DI	IP

IPSASB Work Plan: June 2018
IPSASB CAG Meeting (June 2018)

Project/ Initiative	Links	Jun 2018 (CAG)	Sep 2018	Dec 2018 (CAG)	Mar 2019	Jun 2019 (CAG)	Sep 2019	Dec 2019 (CAG)	H1 2020	H2 2020	H1 2021	H2 2021
J Improvements			RR/IP						DI/ED	RR/IP		
K Long-term Interests in Associates and Joint Ventures and Prepayment Features with Negative Compensation	A			RR/IP								
L Strategy and Work Plan Consultation			PI/RR	ST								
M IPSASB Handbook		Publish				Publish			Publish		Publish	

Key:

IP = Final Standard or Amendments to IPSAS(s); RP = Final Recommended Practice Guidance; ED = Approval of Exposure Draft; PB = Project Brief; DI = Discussion of Issues; RR = Review Responses; CP = Consultation Paper; **CAG = Consultative Advisory Group Meeting**; PI = Public Interest Committee Meeting; SB = Staff Background Paper; ST = Final Strategy and Work Plan

Approvals Key:

CP = Approval of Consultation Paper

ED = Approval of Exposure Draft

IP = Approval of Final Standard or Amendments to IPSAS(s)

RP = Approval of Final Recommended Practice Guidance

ST = Approval of Final Strategy and Work Plan


This Work Plan does not include projects that are currently the subject of the Strategy and Work Plan consultation. Projects will be added to the Work Plan once the IPSASB has considered responses to the consultation and formally agreed to add projects to the Work Plan.

June 2018

EXPECTED CONSULTATIONS DURING THE NEXT YEAR

Project details	Jun 2018	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019
Leases (Exposure Draft) Consultation closes June 30, 2018	30 th											
Strategy and Work Plan (Consultation Paper) Consultation closes June 15, 2018	15 th											
Improvements to IPSAS 2018 (Exposure Draft) Consultation closes July 15, 2018		15 th										
Long-term Interests in Associates and Joint Ventures and Prepayment Features with Negative Compensation (Exposure Draft) Approval expected at the March 2018 meeting, issued following completion of <i>Financial Instruments</i> project												
Public Sector Measurement: Principles of Measurement (Exposure Draft) Approval expected at the December 2018 meeting												
Public Sector Measurement: Consequential Amendments to IPSAS (Consultation Paper) Approval expected at the December 2018 meeting												
Revenue from Contracts with Customers (Exposure Draft) Approval expected at the March 2019 meeting												
Revenue: Update of IPSAS 23 (Exposure Draft) Approval expected at the March 2019 meeting												

IPSASB Work Plan: June 2018
IPSASB CAG Meeting (June 2018)

Project details	Jun 2018	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 219	Apr 2019	May 2019
Collective and Individual Services (Exposure Draft) Approval expected at the March 2019 meeting												

Key: 

Consultation document published (dates confirmed)



Consultation document not yet approved (dates not known, consultation period indicative)

March 2018

PROJECTS COMPLETED SINCE LAST WORK PLAN CONSULTATION

Project	Date Issued
2017 Handbook of International Public Sector Accounting Pronouncements	February 2018 (online)
<i>Financial Reporting Under the Cash Basis of Accounting</i> (Revised 2017)	November 2017
IPSAS 40, <i>Public Sector Combinations</i>	January 2017
Emissions Trading Schemes—Staff Background Paper	December 2016
Narrow scope amendments: <i>Impairment of Revalued Assets</i> (Amendments to IPSAS 21, <i>Impairment of Non-Cash-Generating Assets</i> , and IPSAS 26, <i>Impairment of Cash-Generating Assets</i>)	July 2016
IPSAS 39, <i>Employee Benefits</i>	July 2016
2016 Handbook of International Public Sector Accounting Pronouncements	July 2016 (online) September 2016 (print)
Narrow scope amendments: <i>The Applicability of IPSASs</i>	April 2016
<i>Improvements to IPSAS 2015</i>	April 2016
2015 Handbook of International Public Sector Accounting Pronouncements	December 2015
RPG 3, <i>Reporting Service Performance Information</i>	March 2015
IPSAS 38, <i>Disclosure of Interests in Other Entities</i>	January 2015
IPSAS 37, <i>Joint Arrangements</i>	January 2015
IPSAS 36, <i>Investments in Associates and Joint Ventures</i>	January 2015
IPSAS 35, <i>Consolidated Financial Statements</i>	January 2015
IPSAS 34, <i>Separate Financial Statements</i>	January 2015
IPSAS 33, <i>First-time Adoption of Accrual Basis IPSASs</i>	January 2015
<i>Improvements to IPSASs 2014</i>	January 2015
Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities	October 2014
2014 Handbook of International Public Sector Accounting Pronouncements	June 2014

Agenda Item

4.2

Heritage—December 2017 Report Back

December 2017 CAG Discussions

1. Extracts from the draft minutes of the December 2017 CAG and how the IPSASB has responded to the Representatives' and Observers' comments are included in the table below.

Representatives' and Observers' Comments	IPSASB Response
December 2017 CAG Meeting Comments	
IPSASB Principal, Ms. Jensen introduced the agenda item, and provided the CAG with an overview of the responses received to the Heritage Consultation Paper. She then introduced for discussion some key public interest issues highlighted by respondents related to the description and meaning of heritage, as well as if the heritage items are used in an operational or non-operational manner.	
1. Ms. Cearns noted that the UK does distinguish between operational and non-operational heritage assets. However, in her view when heritage assets are used operationally there is a depreciation issue. For example, are these heritage assets being consumed, or are they a separate category that should be treated differently from other capital assets.	<i>Noted.</i> This project is currently paused while the measurement project progresses. These comments will be considered when the project resumes.
2. Ms. Sanderson noted a need to look at the definition. From her perspective the current definition in the CP and the list format is not effective, as it could be extended quite considerably if it was to include all heritage types. Her recommendation was it would be better to develop a principled definition. She also questioned the intent of holding heritage 'indefinitely'. In her view it is questionable if preserving heritage for future generations is the same as 'indefinitely' and this might need further consideration. Ms. Sanderson supported Ms. Cearns points in regards to operational heritage. Ms. Sanderson further noted that heritage assets should be considered in the same way as other assets; firstly do they meet the definition and satisfy the recognition criteria; and can they be reliability measured. If so they should be recognized in the financial statements.	<i>Noted.</i> See comment #1.

Representatives' and Observers' Comments	IPSASB Response
<p>3. Mr. Gisby noted it is hard to say social and religious heritage should not be added, but there is a risk it will become a set of rules. Some may fit into multiple categories, which could pose a challenge, but overall his view is that it is important to stick to principles. He further questioned if you can separate living organisms from the land and thinks this needs further consideration. He expressed his support for the operational heritage category. His view is that heritage assets should be recognized, even if they have to be recognized at a nominal value, if only to ensure that any subsequent capital expenditures can be appropriately accounted for and capitalized to the asset.</p>	<p><i>Noted. See comment #1.</i></p>
<p>4. Mr. Yousef recommended adding “not for current public needs” to description. Ms. Jensen noted that she believes this is a similar concept to operational heritage assets.</p>	<p><i>Noted. See comment #1.</i></p>
<p>5. Mr. Müller-Marqués Berger asked the CAG if there are any other suggestions or views to consider from respondents. Ms. Jensen noted that some respondents suggested a move away from relying on an entity’s intentions. However, she noted that this is an issue for some jurisdictions which currently define what heritage items are in legislation.</p>	<p><i>Noted. No action required.</i></p>
<p>6. Ms. Kiure-Mssusa noted that if animals are excluded from national parks, the value of such parks is likely to be quite low or non-existent in some African countries. She further noted her view that if heritage items are not recognized in the financial statements because they cannot be measured reliably, they should still be disclosed. For example, in Africa the trends in number of animals would be useful information for the management and sustainability purposes of those animals, maybe more important than any value recognized in the financial statements.</p>	<p><i>Noted. See comment #1.</i></p>

Representatives' and Observers' Comments	IPSASB Response
<p>7. Ms. Colignon questioned what “indefinitely” means in relation to animals and other living things. How does it relate to human lifespan? She believes that the living plants and organisms issue could be included as guidance in IPSAS 27, <i>Agriculture</i>. Further, she is of the view that heritage items that are capital in nature could be included as guidance in IPSAS 17, <i>Property, Plant, and Equipment</i>.</p>	<p><i>Noted. See comment #1.</i></p>
<p>8. Mr. Chowdhury questioned who makes the determination of whether an item is heritage or not? Should the definition state who makes that decision? Ms. Jensen noted it is a question of how the boundary is “operationalized”. The guidance should include objective factors.</p>	<p><i>Noted. See comment #1.</i></p>
<p>9. Ms. Cearns noted that the requirement for items to be held indefinitely may preclude items being recognized as heritage. This is because the entity may be willing to sell selected items from time to time to improve the overall value of collection, such as when a gallery sells an item of art to fund the purchase of another piece of art. She does not recommend going down the path of allowing recognition at a nominal value. In her view recognizing capital expenditures related to existing heritage items is not dependent the existing heritage asset being recognized.</p>	<p><i>Noted. See comment #1.</i></p>
<p>10. Mr. Carruthers noted the discussion has raised many interesting points that demonstrate the challenges the IPSASB faces with this project. He noted that the Conceptual Framework defines assets and when they should be recognized. The discussion raised a question in his view, that the board needs to consider if a specific definition of heritage is needed. He noted that the guidance in Government Finance Statistics (GFS) might be relevant. He further noted an interesting perspective that has arisen is why the heritage items are recognized on the balance sheet. Is it because they have a financial value, or is it for accountability, transparency and decision making purposes? Understanding the benefits of</p>	<p><i>Noted. No action required.</i></p>

Representatives' and Observers' Comments	IPSASB Response
accounting for heritage items better may help in dealing with some of the issues noted.	
11. Mr. Schatz noted that from a public interest perspective, there does not appear to be a risk that too many heritage items are accounted for. The problem appears to be that many heritage items are not recognized in the financial statements. So should the IPSASB rather be scoping things in, rather than scoping them out?	<i>Noted. No action required.</i>
12. Mr. Müller-Marqués Berger noted there is a need to better define the objective for this project.	<i>Noted. See comment #1.</i>
13. Mr. Matthews noted that one of the challenges is the valuation question. If the overarching approach is to get these items recognized in the financial statements, it might make sense to be more forgiving on the valuation issues and approaches. This might be the only difference from an accounting perspective between heritage assets and other assets (as heritage items likely qualify as other types of assets in IPSAS).	<i>Noted. See comment #1.</i>
14. Ms. Sanderson noted that in her view, the issue is more of an interpretation issue rather than a need for a separate heritage standard.	<i>Noted. See comment #1.</i>
15. Mr. Page noted that he likes the GFS definition. He further noted that to him, 'indefinitely' does not mean forever, rather it means for an unspecified amount of time.	<i>Noted. See comment #1.</i>
16. Mr. Yousef noted that in his view there should not be an exhaustive list in definitions.	<i>Noted. See comment #1.</i>
17. Ms. Jensen introduced other issues and noted the concern over recognition at one currency unit. She noted that most respondents support not including some assets because of the inability to measure them. She noted that respondents raised the cost of valuation of heritage items as an issue and that developing guidance that helps to limit valuation costs may be a way forward.	<i>No action required.</i>

Representatives' and Observers' Comments	IPSASB Response
<p>18. Ms. Cearns noted that in her view the range of types of heritage assets makes valuation challenging. She noted that some assets have markets and can be valued very easily. However, others have limited or no market and are impractical to measure. She further noted that within a category of heritage assets, there is also likely to be a continuum of those which you can value and those you cannot (with a range of assets in between). She further noted that the IPSASB should consider the extent it is comfortable with relaxing valuations requirements. Her view is that the IPSASB may need to further consider whether stewardship of an asset is dependent on recognizing the item in the financial statements and how important the stewardship issue is for the heritage project.</p>	<p><i>Noted.</i> See comment #1.</p>
<p>19. Mr. Chowdhury noted that obtaining the cost of heritage items can be a challenge. Take the Great Wall of China, it seems impractical or impossible to value. However, it could be disclosed. Maybe disclosure would be an appropriate way to ensure stewardship of heritage items?</p>	<p><i>Noted.</i> See comment #1.</p>
<p>20. Mr. Ramkumar asked what the motivation behind this project is. He asked if there is a risk that, if heritage assets are recognized and valued in the balance sheet, that they may be sold? Ms. Jensen noted the project was raised in the last strategy and work plan consultation. IPSAS 17, permits but does not require recognition, which is inconsistent. From the perspective of stewardship, some countries find that putting items on balance sheet reduces the risk of sale or loss and helps with preservation. However, it may be different from jurisdiction to jurisdiction.</p>	<p><i>Noted.</i> See comment #1.</p>

Representatives' and Observers' Comments	IPSASB Response
<p>21. Mr. Viana noted that some heritage assets will have cash flows associated with them and can be valued. Others may not, but have service potential. For operational heritage assets, maybe depreciated replacement cost could be used to value service potential. Some other types of heritage assets may be able to be valued by reference to comparable assets, such as land. He further noted that some items may be a challenge to measure, and others may have obligations related to them which should be recognized.</p>	<p><i>Noted. See comment #1.</i></p>
<p>22. Mr. Carruthers followed up on a point raised by Mr. Ramkumar and noted that using the project prioritization criteria in the strategy consultation, heritage items are prevalent, and may have significant consequences depending on the entity (material for a gallery, immaterial for the government that controls the gallery). The urgency of the issue again is dependent on the jurisdiction. The feasibility of the project is partly dependent on the results and progression of the measurement project. The hope is that the measurement project may provide the necessary tools to resolve the heritage valuation issues.</p>	<p><i>Noted. No action required.</i></p>
<p>23. Ms. Cearns noted that the IPSASB should be careful about considering the accounting requirements for the asset based on intentions. For example, selling heritage assets may be appropriate in some cases. Further, linking the management of heritage items and their stewardship to whether they are recognized in financial statements may be problematic, as the actual management of such items is not an accounting issue.</p>	
<p>24. Mr. Yousef noted that the Conceptual Framework tells us what assets are, so we should simply define what heritage items are. When heritage items meet the definition of an asset, satisfy the recognition criteria and can be reliably measured, they should be recognized.</p>	

Representatives' and Observers' Comments	IPSASB Response
25. Mr. Page noted that measurement will not solve everything. There are still questions to deal with in regards to accountability and decision making that will need consideration.	

Matters for CAG Consideration

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

Infrastructure—December 2017 Report Back

December 2017 CAG Discussions

1. Extracts from the draft minutes of the December 2017 CAG and how the IPSASB has responded to the Representatives' and Observers' comments are included in the table below.

Representatives' and Observers' Comments	IPSASB Response
December 2017 CAG Meeting Comments	
<p>Manager, Standards Development & Technical Projects, Ms. Spencer and Task Force Chair, IPSASB Member Mr. Blake, introduced the agenda and outlined the history of the infrastructure project. The CAG received an update on the ongoing staff research to identify the key issues related to infrastructure accounting which should be considered in the project, and the continuing development of the project proposal. The CAG also received an overview of the initial views on whether the project will include a CP stage or not.</p>	
<p>1. Ms. Cearns noted that previous UK GAAP requirements included the concept of renewals accounting, for major capital asset networks, which included maintenance costs being treated as a proxy for depreciation. From her perspective, there is no need to address infrastructure beyond existing standards and she notes that in her view the project should be limited only to networks.</p>	<p><i>Noted.</i> This project is currently paused while the measurement project progresses. These comments will be considered when the project resumes.</p>
<p>2. Ms. Sanderson notes that the HoTARAC has considered infrastructure and identified three issues. Firstly, control of infrastructure assets is challenging because of poor record keeping as well as the extent of infrastructure networks, their use and management, which can span different levels of government and several different entities. Further, the issue of how to treat subsequent expenditure on infrastructure to determine if it is capital in nature or a maintenance cost is an important issue. Lastly, infrastructure assets operated under a service concession arrangement give rise to the practical issue related to the access to information needed to account for the transaction (because often the operator has the information needed by the grantor for its accounting purposes).</p>	<p><i>Noted.</i> See comment #1.</p>

Representatives' and Observers' Comments	IPSASB Response
<p>3. Mr. Matthews noted there are linkages to other standards when dealing with infrastructure. Infrastructure purchases are often funded by senior governments which gives rise to the issues of accounting for the transfer payments. Mr. Müller-Marqués Berger noted that the IPSASB's revenue project will be considering the treatment of grants and other transfers – which should cover this issue.</p>	<p><i>Noted.</i> No action required, the revenue standard is covering the treatment of grants to fund infrastructure development.</p>
<p>4. Mr. Koehler noted that the European Union (EU) has a network of satellites used to provide the EU version of GPS. When accounting for these assets, IPSAS 17, <i>Property, Plant, and Equipment</i> is the applicable standard. However, IPSAS 17 refers to immovable assets, and satellites move, so in his view there is an issue with IPSAS 17 that should be considered and addressed in this project. Many other issues related to the satellite system arose when considering the accounting treatment, such as the question of who controls the system. Is it the EU or the companies involved in operating the satellites? A further issue leading from this point is whether the transaction between the EU and companies operating the network is a service concession arrangement? How to treat the intangibles related to the research and development stage of the system was another important issue considered. Componentization was another issue encountered and specifically what are the appropriate components to recognize. From his perspective he believes that IPSAS 17 provides, sound appropriate principles to account for the satellite system, however additional guidance and some further clarification would be helpful.</p>	<p><i>Noted.</i> See comment #1.</p>
<p>5. Mr. Yousef noted in his opinion there is a need to define service potential and how it can be recognized and measured is important in the context of infrastructure.</p>	<p><i>Noted.</i> See comment #1.</p>
<p>6. Ms. Kiure-Mssusa noted that it is important to set out how infrastructure should be measured and depreciated (including considering as to whether it should be depreciated). Also, should asset retirement obligations be built into cost of the asset and how does this apply to infrastructure?</p>	<p><i>Noted.</i> See comment #1.</p>

Representatives' and Observers' Comments	IPSASB Response
7. Mr. Romooah notes that the recognition of infrastructure can be an issue. For example, one entity recognizes the asset, while another entity receives the revenue arising from the asset.	<i>Noted. See comment #1.</i>
8. Mr. Nazaroedin noted a need to define what is infrastructure. Further, the treatment of transfers from central government to local governments is important and in particular consideration of who controls the asset. Whether the source of financing play a role in assessing control is an issue that should be considered.	<i>Noted. See comment #1.</i>
9. Mr. Page noted that a current issue related to infrastructure relates to climate change and its impact on assessing the useful life of infrastructure assets. Engineers performing assessments of useful lives are currently struggling with this.	<i>Noted. See comment #1.</i>
10. Ms. Cearns highlights that some of the discussion points raised issues that relate to assets that are wider than infrastructure, and the project should be cognizant of this and be careful of scope creep.	<i>Noted. See comment #1.</i>
11. Ms. Kiure-Mssusa highlighted the links between funding and future maintenance. What are the common issues across different types of networks, such as road, rail, water, and telecommunications? What principles can be developed and applied to these types of infrastructure networks? Land is also an issue that the project will need to consider, specifically how to treat land under roads.	<i>Noted. See comment #1.</i>
12. Mr. Carruthers highlighted that a key issue the IPSASB is still considering is what the appropriate scope of the project is. The IPSASB needs to consider further where IPSAS already provides guidance and what additional guidance is needed (what problems should this project be addressing).	<i>Noted. No action required.</i>
13. Mr. Ramkumar raised the question, what is meant by public interest when dealing with infrastructure assets, and accounting for these? In his experience there are problems with accounting records in India. He has seen evidence of double counting for infrastructure assets, as well as issues with existence of infrastructure projects. Are these the	<i>Noted. See comment #1.</i>

Representatives' and Observers' Comments	IPSASB Response
types of issues that can be addressed through the infrastructure project?	
14. Ms. Sanderson noted a big issue from her perspective is control. For example, a water system may have many different public sector entities and various levels of government operating different parts of the same network. Assessing control and which entity should account for the infrastructure network is a big challenge.	<i>Noted.</i> See comment #1.
15. Ms. Sanderson commented on whether or not the infrastructure project should include a Consultation Paper (CP) or not. From her view it should be decided on a case by case basis. Where issues being dealt with are complex or breaking new ground and include many different options, a CP might be needed. However, where the issues are less complex and the options are limited, progressing to an ED might be appropriate. In her view, you need to consider the issues on their merits and then decide how to consult on those. She noted support of the approach of undertaking further research and survey to gather information and evidence to determine whether a CP is needed for the infrastructure project.	<i>Noted.</i> The IPSASB plans to issue a survey in the second half of 2018 to gather information to inform the infrastructure project when it resumes.
16. Mr. Gisby noted his agreement with Ms. Sanderson. From his perspective the IPSASB should adopt a process that gives it the information needed to appropriately progress the project.	<i>Noted.</i> See comment #15.
17. Mr. Koehler also views a survey as good and an opportunity to be innovative. From his perspective he would view the need for additional guidance as a need for additional public sector applicable examples of how to apply the existing IPSAS to infrastructure.	<i>Noted.</i> See comment #15.
18. Ms. Cearns noted that from her perspective if you are not reconsidering the definition of an asset or the recognition criteria, it seems appropriate to move directly to ED. However, if the IPSASB is reopening such issues, which are wider, a CP might be more appropriate.	<i>Noted.</i> See comment #1.

Representatives' and Observers' Comments	IPSASB Response
19. Ms. Colignon suggested that an approach such as the survey for the public sector measurement project could be explored. She asked whether that survey had provided useful information and how relevant the information gained from that survey was? Her view is that even if the IPSASB's output is additional guidance to existing standards, the appropriate standard setting due process steps should be followed to ensure that public sector specific issues are addressed.	<i>Noted. See comment #1.</i>
20. Mr. Carruthers noted that a survey was also used at start of long term fiscal sustainability project and it was found to be very useful.	<i>Noted. No action required.</i>
21. Mr. Watkins provided information on the measurement project survey and noted it was limited to only IPSASB members, technical advisors and observers. He noted it was useful, some points gained related directly to infrastructure, which has been passed on to the infrastructure project team.	<i>Noted. No action required.</i>
22. Mr. Blake, IPSASB Board member and Chair of the Infrastructure task force noted that he perceived the message he was hearing from CAG was to do the survey and further research, then make a decision on the project output.	<i>Noted. No action required.</i>

Matters for CAG Consideration

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

Agenda Item

4.4

IPSASB Strategy and Work Plan Consultation–December 2017 Report Back

December 2017 CAG Discussions

1. Extracts from the draft minutes of the December 2017 CAG and how the IPSASB has responded to the Representatives' and Observers' comments are included in the table below.

Representatives' and Observers' Comments	IPSASB Response
December 2017 CAG Meeting Comments	
<p>Mr. Smith, IPSASB Deputy Director, introduced the agenda item and outlined the history of the development of the Strategy and Work Plan 2019-2023 project. Specifically, the process steps in engaging with a broad group of constituents at the March 2017 event hosted by the IMF were explained. Further, key discussions with the PIC were highlighted and the discussions with the CAG in December 2016, June 2017 and the CAG teleconference in October 2017 were noted. The CAG was provided with an overview of key decisions taken by the IPSASB in responding to advice from both the PIC and CAG in developing the proposed strategy. The CAG also received an overview of the planned outreach approach, including a discussion on the proposed three regional roundtables to be held during the comment period in Africa, Asia and Europe.</p>	
1. Mr. Müller-Marqués Berger commented that CAG members had considered the due process followed and had not identified any concerns in the development of the consultation document.	<i>No action required.</i>
2. Mr. Barra inquired if the roundtables might be extended beyond the currently planned three, noting a particular need for such an event in Latin America. He noted that the FOCAL network might be a good forum for such an event.	Yes. The IPSASB has expanded the regional roundtables to include a fourth one in Latin America. The IPSASB Member from Brazil, Leonardo Nascimento, organized an event in Brasilia on April 25, 2018, which was attended by IPSASB staff and run in a roundtable format. This will be included in the formal due process feedback from such events.
3. Mr. Müller-Marqués Berger noted support for the outreach approach. He questioned how the CAG fits into the outreach approach. Mr. Smith noted that he viewed the CAG members as very important in raising awareness of the Strategy Consultation and encouraging constituents in their jurisdiction to engage in the strategy process and to submit comments.	<i>Noted.</i> Staff highlights that the roundtable events have been very well attended and include a broad constituency.

Representatives' and Observers' Comments	IPSASB Response
<p>4. IPSASB member, Mr. Schatz noted that the IPSASB could look to use institutions such as audit networks in different regions.</p>	<p>Yes. The IPSASB staff has been engaged with the INTOSAI Financial Audit and Accounting Subcommittee (FAAS) and attended their annual meeting in March 2018, where the Strategy and Work Plan Consultation was shared with the attendees and discussed. The INTOSAI FAAS secretariat was also very helpful in sharing information with the regional INTOSAI networks in regards to the IPSASB's Strategy Consultation.</p>
<p>5. Mr. Matthews encouraged the IPSASB to go even wider and to try to get public accounts committees interested and involved in the strategy process. He further noted that one group he thinks needs to be more involved is the academic community. From his perspective universities are not engaged with the developments in public sector accounting. Their curriculums often do not have regard for public sector accounting and this group in his opinion are generally not well aware of current developments. Mr. Matthews noted this is troubling as universities are the main training ground for the next generation of accountants. If we want to see development of public sector accounting more broadly, improvement in this area is needed.</p>	<p>Yes. The IPSASB roundtables included a broad range of constituents, including some ministers of finance, academics and representatives from non-governmental organizations focused on development initiatives related improving public financial management and reforms related to IPSAS adoption and implementation. Further, several local events have been held to raise awareness with different constituencies about the Strategy Consultation.</p>
<p>6. Ms. Sanderson noted that academics, national standard setters, accounting firms, and public accounting organizations more broadly, all appear to be appropriately considered in the proposed outreach and engagement approach. However, she urges that this approach is something which the IPSASB might want to sustain going forward and that it may want to consider it for specific projects as well. Mr. Smith acknowledged that using roundtables as planned for the strategy consultation, would be good for all projects, however, there are resource constraints and roundtables are extremely resource intensive. The IPSASB and staff will need to learn from the</p>	<p><i>Noted.</i> Staff is considering how such roundtable events might be used on strategically important projects going forward to continue to build on the momentum and relationships developed through the Strategy events.</p>

Representatives' and Observers' Comments	IPSASB Response
experience of carrying out the strategy roundtables and consider how and when to use these for other projects.	
7. Mr. Boutin noted that the INTOSAI community has been engaged to help provide feedback to the IPSASB. Further, he noted he will provide the members of the INTOSAI Financial Audit and Accounting Subcommittee (FAAS) the draft strategy and ask them to comment and share with their constituents. Mr. Boutin further noted that he has liaised with the INTOSAI regional bodies, providing them quarterly updates on the IPSASB's ongoing work plan process and developments.	<i>Noted.</i> The IPSASB staff has been engaged with the INTOSAI Financial Audit and Accounting Subcommittee (FAAS) and attended their annual meeting in March 2018, where the Strategy and Work Plan Consultation was shared with the attendees and discussed. The INTOSAI FAAS secretariat was also very helpful in sharing information with the regional INTOSAI networks in regards to the IPSASB's Strategy Consultation.
8. Mr. Carruthers noted that the Strategy Consultation is an opportunity to engage with some important groups, such as ratings agencies, allowing the IPSASB to initiate a conversation, which hopefully can be sustained going forward.	<i>No action required.</i>
9. Mr. Gisby noted that it is important to engage with civil society organizations. These organizations value transparency and sustainability and are likely to support the IPSASB's strategy and emphasis these important messages. Mr. Gisby also noted that it is important to establish contacts with a few people in the press.	Yes. Civil society organizations have attended the Strategy Roundtables and provided feedback.
10. Ms. Cearns emphasized the importance of raising general awareness with the press. She noted that an ongoing relationship would need to be developed and maintained. She noted that this approach in the UK was helpful in putting pressure on ratings agencies to be more engaged.	Yes. The IFAC communications team has supported the Strategy Consultation process with a media outreach plan which has been helpful in getting coverage of the Strategy Consultation. Further, some of the Strategy Roundtable events had press coverage through the supporting organizations which has helped to generate greater regional awareness of the consultation.
11. Mr. Müller-Marqués Berger recalled that in a previous discussion Mr. Page noted a need to link to broader topics to engage the general public.	<i>No action required.</i>

Representatives' and Observers' Comments	IPSASB Response
<p>12. Mr. Yousef suggested a need for a forum for preparers. Such a forum would allow public sector financial statement preparers to discuss important issues. He noted that this would require someone to provide resources, as well as establish operating procedures and processes. However, he notes from his perspective this is important and needed.</p>	<p><i>Noted.</i> The IPSASB staff acknowledge that such a forum would be useful. However, at this time the IPSASB's focus is on developing standards through the set processes already in place (such as using Task Forces, the Public Sector Standard Setters Forum and the Consultative Advisory Group for input).</p>
<p>13. Mr. Ramkumar highlighted a need to expand the audience engaged with beyond accountants and auditors. In his view there is scope for greater engagement by asking CAG members to contact different groups, such as non-governmental organizations. However, the context for such engagement needs to be defined or it may not lead to meaningful engagement or more responses to the IPSASB's consultation. It may also be risky in that it may raise unrealistic expectations.</p>	<p>Yes. The IPSASB has been very proactive in engaging with a broad group of constituents and highlights the regional roundtables in Africa, Asia, Europe and Latin America as efforts to receive direct feedback on the proposals in the Strategy Consultation. It further allowed the IPSASB to begin to expand its relationships in the various regions which will help with ongoing engagement with constituents.</p>
<p>14. Mr. Stanford noted that the IPSASB does have the public sector standard setters forum (PSSSF), which was engaged to discuss in detail the IPSASB's developing strategy and work plan 2019-2023. He further noted that the next PSSF is planned for 2019, when the new strategy will have been approved and the IPSASB will be beginning the implementation of the strategy and the research process for its new projects.</p>	<p><i>No action required.</i></p>
<p>15. Mr. Carruthers noted that there are a number of different audiences the IPSASB needs to engage with. However, he noted that what engages civil society will be different to what engages fiscal councils. He noted the IPSASB may look to contact CAG members for guidance and assistance to help connect with their communities. Mr. Carruthers noted that the approach taken so far with INTOSAI is a good template.</p>	<p><i>No action required.</i></p>

Representatives' and Observers' Comments	IPSASB Response
16. Mr. Müller-Marqués Berger asked CAG members to contact Mr. Smith in regards to any outreach activities so the IPSASB is aware of what is going on, and for support for presentations. Members were also asked to contact Mr. Smith if there are any particular groups or individuals that should be contacted through a formal letter. Mr. Carruthers asked that if CAG members already have relationship with groups or individuals that the IPSASB should engaged with, to let staff know.	<i>No action required.</i>

Matters for CAG Consideration

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