

**Meeting:** IPSASB Consultative Advisory Group

**Meeting Location:** Virtual Meeting

**Meeting Date:** June 14, 2021

## Agenda Item 2

### PROGRAM AND TECHNICAL DIRECTOR'S REPORT

<b>Project summary</b>	The purpose of this session is to receive updates on changes on the work program.	
<b>Meeting objectives</b>	<b>Topic</b>	<b>Agenda Item</b>
<b>Discussion items</b>	<a href="#">Update on IPSASB Work Program</a>	<a href="#">2.1</a>
<b>Other supporting items</b>	<a href="#">IPSASB Work Program: June 2021</a>	<a href="#">2.2.1</a>
	<a href="#">Revenue and Transfer Expenses December 2020— Report Back</a>	<a href="#">2.2.2</a>
	<a href="#">Natural Resources December 2020—Report Back</a>	<a href="#">2.2.3</a>
	<a href="#">Accounting and Reporting by Retirement Benefit Plans— Report Back</a>	<a href="#">2.2.4</a>
	<a href="#">Mid-Period Work Program Consultation-May 2021— Report Back</a>	<a href="#">2.2.5</a>

## **Update on IPSASB Work Program**

### **Purpose**

1. To receive the Program and Technical Director's report on the work program, including key changes since December 2020.

### **Program and Technical Director's Report**

#### *Work Program Updates*

2. Staff highlights the following approvals since the December 2020 CAG meeting:
  - (a) Publication of ED 75, *Leases* and the related Request for Information, *Concessionary Leases and Other Arrangements Similar to Leases* in January 2021. These documents were issued on a 4-month consultation period ending May 17, 2021. The IPSASB will begin its analysis of responses at the July 2021 IPSASB check-in meeting. Analysis will continue throughout the 2021 meetings and into 2022;
  - (b) The following EDs were published in April 2021:
    - (i) [ED 76, Conceptual Framework–Limited Scope Update: Chapter 7, Measurement of Assets and Liabilities in Financial Statements](#);
    - (ii) [ED 77, Measurement](#);
    - (iii) [ED 78, Property, Plant, and Equipment](#); and
    - (iv) [ED 79, Non-Current Assets Held for Sale and Discontinued Operations](#).

These four EDs are interrelated, therefore, they have been issued as a package for constituents to consider holistically. These EDs all have a 6-month comment period to enable sufficient time for constituents to respond to the volume of material. Please encourage those in your jurisdiction with an interest in any of the above topics to please respond to these consultations by the comment end date of October 25, 2021.

3. Staff highlights the following changes to the work program since the March 2021 that the IPSASB will consider at its June 2021 meeting:
  - (a) **Revenue and Transfer Expenses.** The March 2021 version of the work program showed the approval of the final pronouncements in December 2021. There are still a number of fundamental issues related to the three projects which need to be agreed, so that the projects can be progressed. Staff do not believe the current timeline is realistic. Therefore, the proposed timeline has been adjusted to reflect current expectations to complete the projects. Staff note that the proposed extension at least partially reflect the significant challenges in operating the board in a virtual manner, in particular, when trying to manage complex technical issues across multiple projects. From a strategic point, staff highlight that the adjusted timeline and plan is intended to allow key issues to be resolved, so that the authoritative text (core text and application guidance) can be finalized by the end of 2021. Attention will then shift to finalizing the non-authoritative text (basis for conclusions, implementation guidance and illustrative examples), and consistency checks etc. The proposed completion date of the overall suite of pronouncements is June 2022.

- (b) **Leases.** The first discussion of the responses to ED 75, *Leases* was planned for June 2021, however, this discussion has been delayed because of the impact of COVID-19 on available agenda time and a delay in receiving some responses. Therefore, the timeline has been adjusted and the first discussion of the ED 75 responses will occur at the IPSASB July 2021 check-in meeting.

Furthermore, given the expected complexity of the public sector specific portion of the project, the work program has been updated to extend this phase of the project. This phase of the project is no longer tied to the same timeline as the IFRS 16 alignment portion. Staff believes it is more realistic to manage finalization of the proposals in ED 75 alongside the development of an ED addressing public sector issues, but expects the public sector phase to require more discussion with the IPSASB, hence the proposed later approval date for the ED. This will however need to be kept under review in the light of the responses received to the Request for Information.

- (c) **Natural Resources.** The work program currently shows the approval of the Consultation Paper (CP) in September 2021. There are still a number of issues and progress needed to advance the CP drafting for it to be ready for September approval. Staff have recommended that the IPSASB consider the timeline for this project at the end of the June 2021 meeting depending on progress and decisions made, when it should become clearer when the CP will be approved.
4. The IPSASB will review the work program included in [Agenda Item 2.2.1](#) (including consideration of the proposed changes noted in paragraph 3) at its upcoming June 2021 meeting.

### *Mid-Period Work Program Consultation*

5. The CAG received an overview presentation on the Mid-Period Work Program Consultation at the December 2020 meeting and was provided a draft of the document at the special May 2021 check-in meeting, where CAG comments were received. The IPSASB staff thanks CAG members for the many constructive comments, which have influenced and helped to shape the final proposed document that the IPSASB will consider for approval during its June 2021 meeting. See [Agenda Item 2.2.5](#) for a Report Back on the specific comments.

### *Responses to ED 74, IPSAS 5 Borrowing Costs-Amendments to Non-Authoritative Guidance*

6. Respondents to the ED strongly supported the proposals overall to add additional public sector relevant non-authoritative examples to the current standard. The ED did not propose any changes to the authoritative text in the standard (core text or application guidance). Issues raised by respondents included requests for minor clarifications to the proposed examples as well as additional request for more non-authoritative material, which was beyond the scope of the project. The IPSASB intends to approve these non-authoritative changes at the June 2021 IPSASB meeting.

## **Agenda Item 2.2.1**

# IPSASB WORK PROGRAM THRU 2023: JUNE 2021

Project	Meetings										
	Jun 2021 (CAG)	Sep 2021	Dec 2021 (CAG)	Mar 2022	Jun 2022 (CAG)	Sep 2022	Dec 2022 (CAG)	Mar 2023	Jun 2023 (CAG)	Sep 2023	Dec 2023 (CAG)
<a href="#">Revenue</a>											
(i) Revenue with Performance Obligations	RR/DI CAG	DI/IP	DI/IP	DI/IP	IP						
(ii) Revenue without Performance Obligations [IPSAS 23 update]	RR/DI CAG	DI/IP	DI/IP	DI/IP	IP						
<a href="#">Transfer Expenses</a>	RR/DI CAG	DI/IP	DI/IP	DI/IP	IP						
<a href="#">Conceptual Framework—Limited Scope Update-Measurement</a>			RR CAG	RR/DI	RR/DI	CF					
<a href="#">Conceptual Framework—Limited Scope Update-Next Stage</a>	DI/ED	DI/ED	ED			RR/DI	RR/DI CAG	CF			
<a href="#">Measurement</a>			RR CAG	RR/DI	RR/IP	IP					
Amendments to IPSAS 5, <i>Borrowing Costs</i>	IP										
Property, Plant, and Equipment <sup>1</sup> [IPSAS 17 Replacement]											
(i) <a href="#">Infrastructure Assets (additional IPSAS 17 guidance)</a>			RR CAG	RR/DI	RR/IP	IP					
(ii) <a href="#">Heritage Assets (additional IPSAS 17 guidance)</a>			RR CAG	RR/DI	RR/IP	IP					
Non-Current Assets Held for Sale and Discontinued Operations <sup>2</sup>			RR/DI	RR/IP	IP						
<a href="#">Leases [IFRS 16 alignment]</a>		RR/DI	RR/DI CAG	RR/IP	IP						
<a href="#">Leases [Public sector specific]<sup>3</sup></a>			RR/DI CAG	RR/DI	RR/ED	ED			RR/DI	RR/DI	IP
<a href="#">Natural Resources</a>	DI/CP CAG	CP			RR	RR/DI	DI/ED	ED		RR	RR
Accounting and Reporting by Retirement Benefit Plans	DI	DI/ED	ED		RR	RR/IP	IP				
Improvements	ED		IP		ED		IP		ED		IP
Mid-Period Work Program Consultation	CP		RR/DI	RWP							
IPSASB Handbook	Publish				Publish				Publish		

<sup>1</sup> The amendments arising from Infrastructure Assets and Heritage Assets are included in ED 78, *Property, Plant, and Equipment*, which will replace IPSAS 17, *Property, Plant, and Equipment*.

<sup>2</sup> ED 79 was approved in September 2020 and will be published alongside EDs 76, 77 and 78, planned for publication as a package in April 2021.


<sup>3</sup> This Public Sector Specific Leases project will be informed by the Request for Information, which was issued along with the Leases ED in January 2021.


**Legend:**

DI = Discussion of Issues; RR = Review Responses; CAG = Discussion of Issue with CAG


 RFI = Approval of Request for Information

 PB = Approval of Project Brief

 CP = Approval of Consultation Paper

 ED = Approval of Exposure Draft

 IP = Approval of Final Standard or Amendments to IPSAS

 CF = Approval of Conceptual Framework or Amendments to Conceptual Framework

 RP = Approval of Final Recommended Practice Guidance

 RWP = Approval of Revised Work Program

 ST = Approval of Final Strategy and Work Program

 = Planned Consultation Period

**Project Management—Outputs:**

Exposure Drafts:

ED 75, *Leases* (Published January 2021)

ED 76, *Conceptual Framework—Limited Scope Update* (Published April 2021)

ED 77, *Measurement* (Published April 2021)

ED 78, *Property, Plant, and Equipment* [replacement of IPSAS 17—bringing together changes from *Measurement*, *Infrastructure Assets* and *Heritage Assets*] (Published April 2021)

ED 79, *Non-Current Assets Held for Sale and Discontinued Operations* (Published April 2021)

June 2021

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

Project	Date Issued
<i>Non-Authoritative Amendments to IPSAS 41, Financial Instruments</i>	December 2020
<i>COVID-19: Deferral of Effective Dates</i>	November 2020
<i>Collective and Individual Services, (Amendments to IPSAS 19)</i>	January 2020
<i>Improvements to IPSAS, 2019</i>	January 2020
<i>IPSAS 42, Social Benefits</i>	January 2019
<i>Amendments to IPSAS 36, Investments in Associates and Joint Ventures, and IPSAS 41, Financial Instruments</i>	January 2019

## Revenue and Transfer Expenses–December 2020 Report Back

### December 2020 CAG Discussions

1. Extracts from the draft minutes of the December 2020 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
<b>December 2020 CAG Meeting Comments</b>	
IPSASB Manager, Standards Development and Technical Projects, Eileen Zhou and IPSASB Principal, Edwin Ng introduced Agenda Item 3 and provided: <ul style="list-style-type: none"> <li>• A recap of the revenue and transfer expenses EDs (ED 70, <i>Revenue with Performance Obligations</i>, ED 71, <i>Revenue without Performance Obligations</i>, and ED 72, <i>Transfer Expenses</i>);</li> <li>• A preliminary review of the constituents' responses to ED 70, ED 71, and ED 72, including the overarching themes identified; and</li> <li>• A preliminary project timeline.</li> </ul>	
The CAG members commented on Question 1 as follows:	
1. Mr. Gisby cautioned it could be difficult to combine ED 70 and ED 71 into one standard and supported the option to begin with ED 71.	The IPSASB considered Option 1 (two separate standards, beginning with ED 71 principles) and Option 2 (a single revenue standard). One of the reasons the IPSASB decided to continue, for the time being, presenting revenue guidance using Option 1 (as two separate standards) is because it is expected to be less complex and lengthy for users of the final IPSAS.
2. Ms. Cearns supported option 1, begin with ED 71. Ms. Cearns advised that each standard should provide additional guidance that clarifies the appropriate standard for accounting for the different types of revenue transactions. This will assist users of the standard to easily identify and navigate to the appropriate relevant guidance.	During its discussion, the IPSASB considered adding introduction guidance to help users understand the delineation, and determine and apply the appropriate standard. The IPSASB also decided that guidance will be duplicated where necessary to ensure each revenue IPSAS is freestanding.



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Representatives' and Observers' Comments	IPSASB Response
<p>3. Mr. Zhang advised retaining the current order for consistency with the proposals in ED 70 and ED 71. This option is less costly as fewer staff resources are required to make changes. Mr. Zhang advised the IPSASB to develop additional:</p> <ul style="list-style-type: none"> <li>○ Guidance that elaborates on identifying binding arrangements and the relationship between performance obligations and present obligations; and</li> <li>○ Illustrative examples to understand the unique recognition requirements of revenue transactions in the public sector.</li> </ul>	<p>While the IPSASB has decided to proceed with Option 1 (two separate standards, beginning with ED 71 principles), the IPSASB acknowledged the need to revise and clarify guidance to improve usability of the proposed revenue IPSAS. The IPSASB discussed binding arrangements and the distinction between performance obligations and present obligations from the revenue perspective, and instructed staff to revise and add guidance proposed on both issues. The Board discussions also emphasized the importance of clearly articulating the accounting principles, and using non-authoritative guidance as needed to clarify these principles.</p>
<p>4. Ms. Stachniak supported beginning with ED 71 because this option addresses constituents' concerns. If the option to begin with ED 71 is followed, Ms. Stachniak advised the IPSASB to:</p> <ul style="list-style-type: none"> <li>○ Develop guidance in ED 71 indicating the applicable standard that addresses the accounting for the types of revenue transactions incurred in the public sector;</li> <li>○ Develop guidance in ED 70 for commercial type revenue transactions using the performance obligation approach; and</li> <li>○ Provide additional guidance on how to delineate between performance obligations and present obligations.</li> </ul>	<p>See response to Comments #1-#3.</p>

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Representatives' and Observers' Comments	IPSASB Response
<p>5. Ms. Nehmeyer-Srocke supported option 2, combining ED 70 and ED 71, because this approach aggregates the accounting principles and guidance on revenue into one standard. This will assist constituents as they will only read one standard. Furthermore, alignment with IFRS should not be a priority when deciding on the appropriate structure and ordering of the revenue and transfer expenses EDs because constituents in the public sector do not consider the structure of IFRS.</p>	<p>See Comment #1. The IPSASB considered both options and decided that Option 1 was, on balance, better from a public sector user perspective. In considering options to presenting the proposed revenue guidance, the IPSASB agreed that IFRS alignment is not a key consideration. The IPSASB noted that both options would align with IFRS principles, but Option 1 would provide a clearer of alignment.</p>
<p>6. Ms. Colignon supported the idea that a performance obligation is a subset of a present obligation. Ms. Colignon cautioned that the decision tree / flowchart presented in ED 71 could be misleading because performance obligation is addressed first, as an overall principle. On the options, she has split views: from an effective communication perspective, option 1 would get her support, but option 3 may be less resource consuming. Ms. Colignon cautioned beginning with ED 71 or reordering the standards could lead to re-exposure which could negatively impact the IPSASB's reputation. Ms. Colignon advised the IPSASB to consider undertaking the option which requires the fewest resources.</p>	<p>See Comment #1.</p> <p>The IPSASB generally acknowledged the need for revisions and additional guidance to clarify the split between the revenue standards and the distinction between revenue with performance obligations and revenue without performance obligations.</p> <p>The IPSASB will consider whether re-exposure is necessary after approving the standard, in accordance the due process.</p>
<p>7. Ms. Kim supported beginning with ED 71 because this approach provides a better flow when considering public sector transactions and allows constituents to easily identify the appropriate standard to refer to.</p>	<p>See Comment #1. The IPSASB noted that Option 1 would better reflect the prevalence of revenue transactions in the public sector.</p>
<p>8. Ms. Busquets supported beginning with ED 71 and advised not to combine ED 70 and ED 71 because this option requires additional resources and it is not clear what the benefits would be.</p>	<p>See Comment #1.</p>

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Representatives' and Observers' Comments	IPSASB Response
<p>9. Mr. van Schaik supported the option to combine ED 70 and ED 71 to be consistent with the accounting guidance for expenses which is provided in one standard. Mr. van Schaik did not support the option to begin with ED 71 because in his view, the ordering of standards is not that important.</p>	<p>See Comment #1.</p> <p>The IPSASB noted that the scope of guidance being developed for transfer expenses transactions, as proposed in ED 72, is not intended to be consistent with the scope of revenue transactions as proposed in the revenue EDs, (ED 70 and ED 71). The revenue EDs cover a broader set of transactions, whereas ED 72 is intended to deal with a narrower scope of transactions, specifically transfers provided without any consideration in return to the provider.</p>
<p>10. Mr. Müller-Marqués Berger agreed that the ordering of standards may not be that important because currently, IPSAS 23, <i>Revenue from Non-Exchange Transactions (Taxes and Transfers)</i> comes after IPSAS 9, <i>Revenue from Exchange Transactions</i>.</p>	<p>See Comment #1.</p>
<p>11. Ms. Makgolo supported the option to begin with ED 71 and advised the standards should provide accounting guidance and illustrative examples for:</p> <ul style="list-style-type: none"> <li>○ Grants received from development partners with obligations and grants received from development partners for budget support; and</li> <li>○ Revenue support grants or subventions which may have shareholder agreement.</li> </ul>	<p>See Comment #1.</p> <p>The Board discussions also emphasized the importance of clearly articulating the accounting principles, and using non-authoritative guidance as needed to clarify these principles.</p>
<p>12. Ms. Sanderson did not support combining ED 70 and ED 71. Ms. Sanderson suggested the ordering of the standards is less important because the standards are likely at some point to be replaced but being able to navigate between the standards is important. When IPSAS are accessible in a digital format, users should be able to easily navigate the standards. Regardless of the option selected, Ms. Sanderson advised developing application guidance on how to navigate the different standards.</p>	<p>See Comments #1 and #3.</p>

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Representatives' and Observers' Comments	IPSASB Response
13. Ms. Cearns noted that commercial revenue transactions are prevalent in the public sector. For example, the United Kingdom has public bodies that charge fees to the public. Most State-Owned Entities are obliged to adhere to IFRS. Therefore, the alignment between IFRS and IPSAS is important. Ms. Cearns also supported the option to leave the order as-is.	See Comments #1 and #5.
14. Ms. Weinberg supported the option to begin with ED 71 because the approach because it ensures that the most relevant guidance for the majority of revenue transactions incurred in the public sector goes first.	See Comments #1 and #7.
15. Mr. Smith Mansilla supported combining ED 70 and ED 71 because the option is conceptually sound and makes it easier for preparers of financial statements to understand. This option should mirror the approach for transfer expenses. In Chile, there is only one standard on transfer expenses which mirrors IPSAS 23.	See Comment #1.  The IPSASB also noted that Option 1 would help communicate that there is no intention to mirror the transfer expenses standard.
16. Mr. Yousef supported combining ED 70 and ED 71 because the approach allows all issues to be consolidated into one standard which will be easier for users to understand. Mr. Yousef advised that alignment with IFRS should not be the main goal when deciding on the structure and ordering of the standards.	See Comments #1 and #5.

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Representatives' and Observers' Comments	IPSASB Response
<p>17. Mr. Carruthers explained that the current ordering and structure of the standards is a result of the IPSASB:</p> <ul style="list-style-type: none"> <li>○ Aligning with IFRS 15, <i>Revenue from Contracts with Customers</i> and applying it for the public sector;</li> <li>○ Addressing the issues identified when distinguishing between the exchange and non-exchange transactions and addressing the issues regarding the accounting for grants; and</li> <li>○ Developing a new standard that addresses the accounting for transfer expenses incurred in the public sector. The COVID-19 pandemic has already highlighted the importance of this standard.</li> </ul>	<p>No further action necessary.</p>
<p>The CAG members commented on measurement in Question 2 as follows:</p>	
<p>18. Ms. Cearns agreed only disclosures relevant to the public sector should be required. Ms. Cearns advised enhancing the disclosure for expenses incurred in the public sector because expenses have a higher level of risk and require more scrutiny than revenue.</p>	<p>The IPSASB decided to address concerns over the nature and length of disclosures by taking a principle-based approach, that focuses on the nature of the transactions in the public sector and their risks.</p>
<p>19. Ms. Nehmeyer-Srocke explained entities in the private sector have not complained about the issue of disclosure requirements because these entities only disclose material and relevant transactions in the financial statements. Ms. Nehmeyer-Srocke advised the IPSASB to not overweight the comments made by constituents on disclosures.</p>	<p>See Comment #18.</p>
<p>20. Mr. Müller-Marqués Berger added that auditors and preparers grapple with the issue of materiality. Preparers are cautious when excluding a required disclosure because the auditors ensure that requirement is met.</p>	<p>No further action necessary.</p>
<p>21. Ms. Stachniak agreed with the staff proposals and advised that disclosures made should be relevant to the public sector.</p>	<p>See Comment #18.</p>

Representatives' and Observers' Comments	IPSASB Response
<p>22. Mr. Carruthers recalled when developing the revenue and transfers expense EDs, the IPSASB added disclosure requirements to IPSAS 23 to align with IFRS 15. Constituents cautioned some of the disclosure requirements proposed were unnecessary. As a result, the IPSASB is contemplating following a principled approach when developing guidance for disclosure requirements.</p>	<p>No further action necessary.</p>
<p>23. Mr. Smith reminded the CAG members the IPSASB has published a <i>Staff Question and Answers (Q&amp;A) document on Materiality</i>. This document provides guidance indicating if a disclosure or accounting policy is not material, the relevant IPSAS does not have to be complied with. Mr. Smith added that for the EDs on revenue and transfer expenses are clear and explicit that only material disclosures should be provided.</p>	<p>No further action necessary.</p>
<p>24. Mr. van Schaik supported the proposals. He advised ED 70 disclosures should be consistent with IFRS 15 since the IPSASB did not deviate from the IASB requirements when it issued the disclosure requirements for the financial instruments standards when it developed IPSAS 41, <i>Financial Instruments</i>.</p>	<p>See Comment #18.</p> <p>The ED 70 disclosures proposed were consistent with IFRS 15, and developed in line with the IPSASB process for reviewing and modifying IASB documents. The IPSASB also included disclosures on compelled transactions, as these transactions are more prevalent in the public sector.</p>
<p>25. Ms. Sanderson advised that a principle-based approach should be followed when developing the guidance for disclosures because it is important to critically examine the usefulness of the information that is provided; the users of that information; and the purpose of that information.</p>	<p>See Comment #18.</p>
<p>26. Ms. Sanderson advised that in practice audit in the public sector is compliance focused and significant effort is required to prove when a transaction is not material. Therefore, disclosures that are not relevant in the public sector should not be included in the standard.</p>	<p>See Comment #18.</p>

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Representatives' and Observers' Comments	IPSASB Response
27. Ms. Busquets advised that disclosure requirements in ED 70 and ED 71 need to be practical, easy to understand and useful to the users of financial statements.	See Comment #18.
28. Mr. Chowdhury supported the IPSASB's view to consider materiality and what is relevant to disclose. Mr. Chowdhury cautioned that materiality judgments may vary amongst jurisdictions.	See Comment #18.

### Matters for CAG Consideration

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

### Natural Resources—December 2020 Report Back

#### December 2020 CAG Discussions

1. Extracts from the draft minutes of the December 2020 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
<b>December 2020 CAG Meeting Comments</b>	
<p>IPSASB Principal, Edwin Ng, introduced Agenda Item 4 and:</p> <ul style="list-style-type: none"> <li>• Provided background on the issues that were discussed at the September 2020 IPSASB meeting on whether a sovereign power to issue exploration licenses for subsoil resources could be recognized as an asset;</li> <li>• Presented an example timeline that clarifies the distinction between the sovereign power to issue exploration licenses and any potential asset arising from the sale of licenses; and</li> <li>• Highlighted constituent concerns that due to the current COVID-19 pandemic, governments which are under fiscal pressure may be incentivized to sell assets to raise funds by selling natural resources. Governments may then recognize windfall gains from the proceeds because these natural resources and the costs thereof were previously not recognized in the financial statements.</li> </ul> <p>Mr. Ng asked members to consider the following questions:</p> <ul style="list-style-type: none"> <li>• Question 1 - Is the example timeline proposed clear in explaining that the government's sovereign power should not be recognized as an asset?</li> <li>• Question 2 - Do CAG members share the concern, that governments may be incentivized to sell off natural resources and related licenses because of the COVID-19 pandemic?</li> </ul>	
The CAG members commented on Question 1 as follows:	
1. Ms. Cearns supported the example timeline and indicated the conclusions are clear and understandable.	Noted. No further action necessary.
2. Ms. Nehmeyer-Srocke noted the value of the natural resources may be tied to the value of the land. She enquired whether additional guidance on the accounting for the land would be provided. For example, should the land be depreciated as the natural resource is exploited.	Mr. Ng responded the accounting for land related to natural resources is scoped out from the Natural Resources project because the objective of the project is to provide accounting guidance for natural resources that are underneath the land which is not covered by other IPSAS. Land is excluded from the scope of the project and already addressed in IPSAS 17, <i>Property, Plant, and Equipment</i> .



# Agenda Item

## 2.2.3

Representatives' and Observers' Comments	IPSASB Response
<p>3. Ms. Colignon supported the example timeline and noted the general principles of executory contracts would provide the same conclusion as the example timeline. Ms. Colignon noted that:</p> <ul style="list-style-type: none"> <li>○ The assertion made in the example timeline that, "an entity plans to exercise its sovereign powers...", may not be accurate. In some jurisdictions, entities may be required or directed to exercise the sovereign powers, but it's not its own. The entity accounts for the rights and obligations attached to the operation of the sovereign powers and not the sovereign power itself. This distinction is important in the public sector and should be highlighted in the example timeline;</li> <li>○ Guidance on the accounting for liabilities connected to sovereign powers should also be presented in a similar timeline; and</li> <li>○ Because the proposed example timeline is critical to a correct understanding of how the public sector operates, perhaps it should be included in the Preface to <i>The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities</i>.</li> </ul>	<p>The IPSASB agrees that only after sovereign powers have been exercised can there be a transaction to account for. This is consistent with the IPSASB Conceptual Framework and the definition of an asset, which requires the existence of a past event.</p> <p>The timeline is provided as an example only. An additional explanatory paragraph was added to caution readers it was not meant to cover all scenarios.</p> <p>The project objective is to develop guidance related to accounting for natural resources, which is why the focus is on whether the entity has a resource that meets the definition of an asset and the recognition criteria as set out in the Conceptual Framework.</p> <p>The staff noted that the concepts in the example are based on text that is already in the conceptual framework.</p>
<p>4. Mr. Gisby supported the example timeline and cautioned it may not be correct to always assume that all subsoil resources have a value. Mr. Gisby advised that the example timeline should also refer to electromagnetic spectrum whose value is worthless in the beginning and subsequently increases due to improvements in technology and is assigned once the contract is sold.</p>	<p>Noted. The IPSASB had previously decided to exclude electromagnetic spectrum from this project, so the discussion was intentionally narrow to only focus on subsoil resources as an example.</p>
<p>5. Mr. Chowdhury suggested more work be performed to better understand what the sovereign power empowers a government department or ministry to do.</p>	<p>Noted. No further action necessary in the Natural Resources project, as the suggested work is beyond the scope of this project.</p>

Representatives' and Observers' Comments	IPSASB Response
<p>6. Mr. Yousef enquired whether the exploration license is similar to concession agreements entered by governments to explore, produce and sell natural resources. Mr. Yousef noted that the example timeline highlights assets and liabilities are recognized when an entity enters into an agreement and revenue is recognized when the agreement is executed. Mr. Yousef enquired whether revenue should be recognized to account for future sales when concession agreements are sold in phases.</p>	<p>Mr. Ng responded that the example timeline proposed only refers to exploration licenses and does not refer to concession agreements. Mr. Ng advised it might not be appropriate to recognize potential future sales as revenue because the past event has not yet occurred, and that an entity should only recognize revenue when the sale occurs.</p> <p>Mr. Smith added that the example timeline refers to the government's sovereign power to issue exploration licenses. The Natural Resources CP provides guidance on the different regulatory frameworks across jurisdictions around the sovereign powers related to such resources.</p> <p>Mr. Carruthers highlighted the importance of the Natural Resources project. The IMF's Fiscal Monitor, <i>Managing Public Wealth</i><sup>1</sup> requires governments to focus on the broader fiscal picture beyond debt and deficits by recognizing both assets and liabilities in the financial statements. Countries could be tempted to recognize most transactions on the balance sheet. The project clarifies the criteria that justifies under what circumstances an asset should be recognized in the balance sheet.</p>

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<sup>1</sup> The IMF Fiscal Monitor, *Managing Public Wealth* brings together the entirety of what the state owns and owes. Once governments understand the size and nature of public assets, they can start managing them more effectively, raising considerable additional revenue.

# Agenda Item

## 2.2.3

Representatives' and Observers' Comments	IPSASB Response
<p>7. Mr. Simpson advised:</p> <ul style="list-style-type: none"> <li>○ The title, "Recognition of the Sovereign Power to Issue Exploration Licenses as an Asset" could be misleading. It is not the sovereign power that determines whether an asset should be recognized. The subsequent transactions determine whether an asset should be recognized; and</li> <li>○ The assertion made in the example timeline that no asset should be recognized when the legal framework to issue licenses is established because the entity may not have information on how to measure the asset could be incorrect. An entity could have a good idea of what is in the ground and the volumes thereof at this stage.</li> </ul>	<p>Noted. The title has been amended to remove all references to "recognition".</p> <p>This point relates to the ability to recognize the underlying subsoil resources. While there are geological and engineering estimates of resources which are considered appropriate for management decision-making purposes, the consensus from geologist community is these estimates are not reliably measured for the purpose of recognition in the financial statements because of the underlying existence uncertainty of those resources until significant exploration and development activities have been performed to establish the quantity, geological composition, quality of the resources, and whether they can be economically recovered.</p>
<p>8. Ms. Weinberg cautioned that the guidance developed in this project should not imply that government's power to tax should be recognized as an asset.</p>	<p>Agreed. The example has been developed in the Natural Resources Consultation Paper and is meant to apply the principles from the conceptual framework to natural resources only.</p>
<p>9. Mr. van Schaik advised the example timeline should also illustrate a scenario whereby the performance obligation is satisfied over time to illustrate the different recognition patterns of revenue.</p>	<p>The example was amended to remove all discussion of revenue recognition, as that issue is the subject matter of an ongoing separate IPSASB project.</p>
<p>10. Mr. Müller-Marqués Berger advised that alternatively, staff could retain the example timeline and only focus on the asset recognition because the accounting guidance on revenue recognition is provided in the revenue standards.</p>	<p>Yes, the example has been updated.</p>
<p>11. Mr. Zhang agreed the government's sovereign power should not be recognized as an asset.</p>	<p>Noted. No further action necessary.</p>

# Agenda Item

## 2.2.3

Representatives' and Observers' Comments	IPSASB Response
12. Mr. Williamson noted that exploration is only one point of the example timeline and agreed there is no asset to govern at the point of issuing the exploration license. Mr. Williamson advised that the example timeline should also highlight the distinct points at which the asset is recognized.	Noted. In the draft CP, the sovereign power example now feeds into a separate example on the accounting for extraction activities which does highlight the distinct points at which various assets are recognized.
13. Mr. Yousef advised that completeness and existence of the assets recognized in the financial statements is important with some countries being less transparent with their resources.	Noted. No further action necessary.
14. Ms. Cearns advised the example should refer to other guidance on natural resources when developing the Natural Resources CP. For example, the U.S. Securities and Exchange Commission (SEC) has guidance on related to the quantity and quality of information related to reserves and resources.	Such guidance is discussed in the subsoil resources chapter of the draft CP.
15. Ms. Weinberg advised that the title, "Recognition of the Sovereign Power to Issue Exploration Licenses as an Asset" may need to be revised.	Noted. See response to comment #7; the title has been revised.
The CAG members commented on Question 2 as follows:	
16. Mr. Zhang agreed due to the COVID-19 pandemic, governments might be incentivized to sell off its natural resources without considering the transfer costs incurred when selling the natural resources. Mr. Zhang advised to avoid this, governments should recognize the natural resources before the licenses to explore the natural resources are issued when the following conditions are met: <ul style="list-style-type: none"> <li>○ A legal framework is established;</li> <li>○ There is a market for the transaction;</li> <li>○ Licenses are issued within the normal business of the government; and</li> <li>○ The value of the licenses has been specified in the government's plans.</li> </ul>	Noted. The issue of whether governments could recognize the natural resources before licenses are issued is addressed in chapters 2-4 of the CP.

# Agenda Item

## 2.2.3

Representatives' and Observers' Comments	IPSASB Response
<p>17. Ms. Cearns cautioned there are limits to what accounting can do. If governments choose to do something in a specific way even though it might not be in the best interest of the country, accounting may not stop it. Ms. Cearns noted that the accounting should be focused on providing transparency. She suggested it may be beneficial to disclose the levels of reserves and resources, and to highlight market prices related to such reserves and resources when governments publish financial statements.</p>	<p>Agree and noted. The suggested disclosures are under development and intended to be included in Chapter 5 of the CP.</p>
<p>18. Ms. Colignon agreed with Ms. Cearns. Standard Setters should remain free from anticipating the impact standards have on the operations of an entity and these issues should be left for the auditors to deal with. Currently, IPSAS 1 provides general disclosure principles which governments may follow when accounting for the sale of natural resources and related licenses.</p>	<p>Noted. No further action necessary.</p>
<p>19. Mr. Gisby noted that there are increasing calls for accountants and standard setters to address broader questions and not just financial reporting. Mr. Gisby advised that non-financial statements detailing assets valuation could be useful. The IPSASB should also consider looking at longer term generational equity for recognizing assets and particularly carbon emissions and consider clean up, carbon, environmental factors as the downside to recognizing these assets as well.</p>	<p>Noted. These issues are not within the scope of the Natural Resources project. However, the IPSASB is actively engaged in the ongoing discussions related to sustainability reporting requirements as they relate to the public sector.</p>
<p>20. Mr. Chowdhury advised the IPSASB to find out how other jurisdictions have dealt with these matters.</p>	<p>See response to comment #19 above.</p>

# Agenda Item

## 2.2.3

Representatives' and Observers' Comments	IPSASB Response
<p>21. Mr. van Schaik suggested the question should be rephrased because it is not the IPSASB's concern that governments do something because of the COVID-19 pandemic. Rather, it should be concerned that governments do something because of the permissive accounting treatment that revenue is recognized without any related expenses.</p>	<p>See comment #17.</p> <p>Mr. Carruthers noted that governments are always tempted to sell off natural resources to deal with budget crises. This may have been exacerbated by the COVID-19 pandemic. The IPSASB needs to be clear that the objective of this project is to justify the transactions that are recognized in the financial statements. Mr. Carruthers responded to the debate around non-financial information and mentioned that statement of financial position cannot do everything. The IPSASB needs to be clear, what are assets, liabilities, revenues and expenses.</p>
<p>22. Ms. Weinberg advised the IPSASB to consider this topic in relation to inter-period equity because natural resources are being sold and will not be available for future generations.</p>	<p>Mr. Smith responded that the Natural Resources CP also covers the importance of intergenerational equity. Mr. Smith acknowledged that not much can be done from an accounting perspective but there is a role for financial statement information to help governments make better decisions.</p>

### Matters for CAG Consideration

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

### Accounting and Reporting by Retirement Benefit Plans

#### April–May 2021 CAG Correspondence

3. In April 2021, the CAG received, via email, The Accounting and Reporting by Retirement Benefit Plans Project Brief and Outline and were asked to provide any advice which CAG members thought the IPSASB should consider. Following are a summary of the comments received and the staff response.

Representatives' and Observers' Comments	IPSASB Response
<p>1. Mr. Van Schaik provided comments to staff by email and the issues raised are summarized as follows:</p> <p><i>Summary of Issues Highlighted</i></p> <ul style="list-style-type: none"> <li>Starting with IAS 26, <i>Accounting and Reporting by Retirement Benefit Plans</i> as the basis to develop a standard might pose challenges because it is an old standard, (dating back from 1988) and the conceptual thinking has progressed since it was issued;</li> <li>One issue to consider is IAS 26 allows disclosure of large liability, rather than recognition, because paragraph 17 allows a choice between (a) a statement showing the assets and liabilities and (b) a statement showing only the assets, and a note disclosure reporting on the actuarial valuation.</li> <li>Another issue to consider is the application of the IPSASB's policy document <i>Process for Reviewing and Modifying IASB Documents</i>. Strictly applying that policy is likely to only allow a deviation from IAS 26 for public-sector specific reasons which might mean that IAS 26.17(b) would be retained as an option. Therefore, allowing a pension liability to be disclosed rather than recognized. This may create a conflict with the IPSASB's <i>Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities</i>. Therefore, the IPSASB should remain faithful to its own Conceptual Framework and require recognition of pension liabilities and remove the option currently in IAS 26 to only disclose pension liabilities.</li> <li>It was suggested that IPSASB staff consult with the IASB to prompt an update IAS 26.</li> <li>Finally, it was recommended that the IPSASB consider providing guidance for those</li> </ul>	<p>IPSASB Staff responded, via email directly to the CAG member. The summary of the key points responded to are noted below:</p> <ul style="list-style-type: none"> <li>The IPSASB is aware that a criticism of IAS 26 is that preparers have the option of only disclosing the obligation for promised retirement benefits rather than presenting it on the face of the financial statements. Whether to retain this option is one of the areas the IPSASB will consider in this project.</li> </ul> <p>In considering this option, the IPSASB approach is to consider what other standard setters have done when developing guidance based on IAS 26 (for example, some only allow the presentation on the face of the statements in their frameworks – removing the option).</p> <p>The IPSASB has agreed that this project will be an adaption of IAS 26 rather than an alignment therefore any changes made to IAS 26 requirements may be made for reasons other than public sector reasons. Therefore, the IPSASB will also be considering whether the options in IAS 26 are consistent with the Conceptual Framework.</p> <p>Staff are not aware any plans for the IASB to update IAS 26. IAS 26 is not included in the recent Third Agenda Consultation document. IPSASB staff continue to monitor the work of the IASB on all projects.</p>

# Agenda Item

## 2.2.4

Representatives' and Observers' Comments	IPSASB Response
governments that have multi-employer pension plans for both public sector and private sector employees in their country. These governments might find it challenging to account for such a scheme under IPSAS 39 for their own employees and IAS 26 for the private sector employees, when they belong to the same pension scheme.	
2. Mr. Van Schaik further asked whether that are plans to include guidance to those governments that themselves run a multi-employer pension plan for both public sector and private sector employees in their country which may cause issues between IPSAS 39 and IAS 26?	Noted. The IPSASB agreed the scope of the project is to address the gap in IPSAS literature related to retirement benefit plans because constituents noted concerns over the lack of guidance when accounting for retirement benefit plans in their own right.



# Agenda Item

## 2.2.4

<p>3. Mr. Gisby provided comments to staff by email and the issues raised are summarized as follows:</p> <ul style="list-style-type: none"> <li>• Has the IPSASB been in touch with the IASB in respect of their plans for updating IAS 26?</li> <li>• One of the biggest issues with IAS 26 is the optionality in respect of the use of current salary versus expected salary. In the public sector, in most EU countries, there is some kind of a guarantee that salaries will follow inflation. In addition, salaries in the public sector are based on salary scales which are predetermined, so salaries increase with years of service. Therefore, using current salaries to determine future pension obligations, could seriously undervalue the current accrued cost of future pension payments. This is a key issue the IPSASB should consider. Further, the IPSASB should consider if the IAS 26 guidance is consistent with the guidance in IPSAS 39.</li> <li>• Related to Key Issue #2, the reporting entity, this could be relevant as well, especially if one talks about defined benefit plans. Defined benefit plans are becoming more and more marginal in the private sector (definitely for people joining), but in the public sector, a government pension is guaranteed if certain conditions like years of service, etc are fulfilled, so these governments pensions could be seen basically as defined benefit plans. Over the last many years, the major issue with pension plans has been the decreasing interest rates, meaning it became more difficult to build up the pension plan to the level needed to guarantee a certain benefit later on based on more risk-free investments. It is therefore very important to determine who or which (reporting) entity is responsible to pay for the deficit created and, if it is decided that central government is to be responsible for making up deficits, how this is reported and by whom. It is often considered that government commitments in areas such as these are practically inviolable.</li> <li>• Also, the optionality on the presentation of Actuarial Present Value of Promised Retirement Benefits in IAS 26 is a key criticism the standard, and an issue the IPSASB should consider in its project.</li> </ul>	<p>IPSASB Staff responded, via email directly to the CAG member. The summary of the key points responded to are noted below:</p> <ul style="list-style-type: none"> <li>• There are no public plans for the IASB to update IAS 26. IAS 26 is not included in the IASB's recent Third Agenda Consultation document.</li> <li>• The project includes consideration of the optionality allowed in IAS 26. Regarding current salary vs expected salary the IPSASB will be looking at the approach other standard setters have taken (some have removed the current salary option) and will also be considering it for consistency with IPSAS 39, <i>Employee Benefits</i>.</li> <li>• This scope of this project is to address the gap in IPSAS literature for retirement benefit plans.</li> <li>• The option for disclosing the obligation for promised retirement benefits rather than presenting it on the face of the financial statements is another area the IPSASB will consider. The intention is to review the approach taken by other standard setters (some presentation on the face of the statements only).</li> <li>• The IPSASB will also be considering whether the options in IAS 26 are consistent with the Conceptual Framework.</li> </ul>
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# Agenda Item

## 2.2.4

Representatives' and Observers' Comments	IPSASB Response
<ul style="list-style-type: none"> <li>• In respect of Key Issue #1, Scope, the IPSASB should be cautious not to expand the scope beyond what would normally be considered retirement benefits.</li> <li>• In respect of Key Issue #3, the proposed standard should not only provide guidance, but should consider mandating the treatment of retirement benefit plans to avoid potential divergences in treatment and increase comparability.</li> </ul>	
<p>4. Ms. Colignon provided comments to staff by email and the issues raised are summarized as follows:</p> <ul style="list-style-type: none"> <li>• The Board should take an overall approach and discuss first whether incorporating IAS 26 requirements in the suite of IPSASs is in the scope of General Purpose Financial Statements, or a broader within General Purpose Financial Reports (outside financial statements). Depending on how the public sector is organized, location of that information may differ. Also, the IPSASB should consider the options, and the related rationale, presented in IAS 26.28 specifically, and whether it should be retained.</li> <li>• The IPSASB should consider the link between information presented in accordance with IAS 26 and what is presented in a full set of financial statements in accordance with IAS 1 (IPSAS 1) to determine what information is useful for users to understand the operations of the retirement benefit plan.</li> <li>• The IPSASB should consider the terms used in any guidance developed, including: <ul style="list-style-type: none"> <li>• The definitions of defined benefits and defined contributions in IPSAS 39 (aside from the measurement of the actuarial present value of promised retirement benefits, as duly noted in the Project Brief); and</li> <li>• Terms such as "net assets", that might need to be accompanied by the extension "available for benefits" (see for instance paragraph 2.5 of the Project Brief, as</li> </ul> </li> </ul>	<p>IPSASB Staff responded, via email directly to the CAG member. The summary of the key points responded to are noted below:</p> <ul style="list-style-type: none"> <li>• The IPSASB will be looking closely at the options available in IAS 26 and the approach taken by other standard setters to determine which best serves the public interest. Similarly with the terminology and which financial statements required by a retirement benefit plan entity will be considered in this project.</li> </ul>

## Agenda Item 2.2.4

Representatives' and Observers' Comments	IPSASB Response
compared to the actual wording used in IAS 26.28), or actuarial present value of promised retirement benefits rather than "benefit obligation" (see for instance paragraph 2.8 of the Project Brief).	

### Matters for CAG Consideration

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

### Mid-Period Work Program Consultation

#### May 2021 In-Period Check-In

- Summary of the advice provided by CAG members from the May 2021 In-Period CAG Meeting and how the IPSASB has responded to the Representatives' and Observers' comments are included in the table below.

Representatives' and Observers' Comments	IPSASB Staff Response
<b>May 2021 CAG Meeting Comments</b>	
Dave Warren, Deputy Director, provided an overview of the process followed in developing the Draft Mid-Period Work Program Consultation and a summary of how the Task Force prioritized projects for inclusion in the document.	
The CAG members commented as follows:	
<ol style="list-style-type: none"> <li>Mr. Page asked if this was the right time for the IPSASB to pursue this consultation. He indicated: <ul style="list-style-type: none"> <li>Governments are still navigating difficult times with significant uncertainty;</li> <li>Many governments have amassed significant debt loads and are focussed on how these should be addressed;</li> <li>The public sector's primary focus is on interest rates and inflation.</li> </ul> </li> </ol>	The IPSASB had planned to undertake its mid-period consultation in 2020. However, the IPSASB delayed the project for one year because of the pandemic. With several projects nearing completion, the IPSASB now needs to consult on which projects should be added to the work program when resources become available.
<ol style="list-style-type: none"> <li>Ms. Grässle advised the process should enhance its focus on COVID and include more emphasis on Theme D and Theme E.</li> </ol>	The IPSASB's response to COVID, along with details on Themes D and E will be communicated in the 2019-2020 Biennial Review, which will be published together with the mid-period consultation. The purpose of the mid-period consultation is to concisely communicate the proposed projects to allow constituents to inform the IPSASB's decisions on future projects.
<ol style="list-style-type: none"> <li>Ms. Sanderson advised the IPSASB's response to COVID be included in the Consultation. This emphasizes what the IPSASB has accomplished and that it has been considered.</li> </ol>	See comment #2.

Representatives' and Observers' Comments	IPSASB Staff Response
<p>4. Mr. Melo noted politicians are terrified accounting will provide different answers than national accounting. In spreading IPSAS globally the IPSASB needs to consider the impact of brining IFRS to the public sector.</p>	<p>This concern is outside the scope of this consultation (however, it is addressed in the IPSASB current Strategy under Theme D and E). Continued education and advocacy is the key to responding to these concerns (as set out in the IPSASB's current Strategy). The Consultation does highlight the need to maintain resources for Theme D and E initiatives. This allows the IPSASB to partner with other organizations and undertake opportunities to better inform on the benefits of accrual accounting.</p>
<p>5. Ms. Caron asked if more of a focus should be placed on sustainability, given the importance it currently has in the public sector sphere.</p>	<p>This message has evolved and has been updated in the latest iterations of the Consultation. More focus is placed on the IPSASB's role is in the process and what tools available for public sector entities to report on sustainability programs, including the use of IPSAS literature (IPSAS and the Recommended Practice Guidelines 1–3).</p>
<p>6. Ms. Weinberg liked that the document emphasized public sector specific standards are developed in circumstances where there are public sector specific issues.</p>	<p>Noted. Emphasis remains in the document.</p>
<p>7. Mr. Müller-Marqués Berger indicated the section on delivery was critical to the document. It worked as an accountability tool and shows the IPSASB considered advice from its constituents during the development of its current Strategy.</p>	<p>Noted. The delivery section has been retained in the document.</p>
<p>8. Ms. Busquets advised it would be good to encourage constituents to response considering the broad context in which the IPSASB operates. She also indicated, reading the questions on page 10 is too late in the document.</p>	<p>An overview has been added at the beginning of the document. Questions have been updated to ask constituents what the IPSASB should prioritize as an international standard setter.</p>

# Agenda Item

## 2.2.5

Representatives' and Observers' Comments	IPSASB Staff Response
9. Mr. Müller-Marqués Berger suggested it was unclear what the difference was between a resource intensive and limited resource project. It is not overly useful to respondents as this is a distinction relevant to the IPSASB.	The document has been updated to better clarify the difference.
10. Ms. Makgolo noted the projects prioritized mostly focussed on changes to existing standards. She asked whether the differential reporting project risked reducing consistency across IPSAS.	Differential reporting is a high priority project for many constituents. This project, which will be fully explored during the consultation phase, is expected to ease reporting requirements for certain entities while still complying with IPSAS principles. Staff notes that the consultation only proposes projects, the IPSASB will consider the feedback before deciding which projects to add to the work program.
11. Mr. Smith Mansilla agreed with Ms. Busquets and added the prioritized projects appear late in the document. He suggested most of the introduction existing in other published documents.	See comment #8.
12. Mr. Gibsy advised more focus be placed on the current conditions in which the IPSASB operates. He suggested more focus on sustainability and indicating it would be considered as part of the next Strategy.	See comment #5.
13. Mr. Gisby advised adding more information on why the projects included in the Consultation were prioritized.	Appendix B has been updated to indicate projects with "high" rankings in all four categories were prioritized. Additional background on how the projects were selected was also added.
14. Mr. van Schaik advised updating the description of the IPSAS 33 project to remove reference to a PIR because the IPSASB has yet to perform a PIR.	Reference to the post implementation review in the core text and Appendix B has been removed.
15. Ms. Sanderson noted additional research on discount rates should be performed. This is an important topic that could become very important soon. The IPSASB should be ready to act.	The Consultation now clarifies discount rates remains a candidate for further research.

# Agenda Item

## 2.2.5

Representatives' and Observers' Comments	IPSASB Staff Response
16. Ms. Stachniak asked if the digitalization of information had been raised as a priority for the IPSASB.	As part of the development of the current Strategy, one respondent suggested the IPSASB undertake a project on XBRL. The IPSASB considered this project and concluded IPSAS principles do not preclude XBRL reporting. However, at present it was not the best use of the IPSASB's standard setting resources.
17. Ms. Colignon advised the Presentation of Financial Statements project could be broader than just a Theme A project.	An introductory paragraph has been added to the projects section indicating the projects prioritized are primarily related to Theme A. The paragraph further notes some projects also have an impact on Themes B, D and E.
18. Ms. Grässle reminded the IPSASB to always consider implementation when developing standards.	The two resource intensive projects being proposed are expected to help with accrual implementation challenges (differential reporting project) and usefulness to the users of the financial information (presentation of financial statement project).

### Matters for CAG Consideration

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