

Meeting: International Public Sector Accounting Standards Board

Meeting Location: Virtual Meeting

Meeting Date: December 1, 2, 8–11 and 15, 2020

Agenda Item 2

For:
 Approval
 Discussion
 Information

PROGRAM AND TECHNICAL DIRECTOR’S REPORT

Project summary	The purpose of this session is to receive updates on changes to the work program and approve those changes.	
Meeting objectives	Topic	Agenda Item
Project management	Instructions up to Previous Meeting	2.1.1
	Decisions up to Previous Meeting	2.1.2
Decisions required at this meeting	Program Management—IPSASB Work Program Update	2.2.1
Other supporting items	IPSASB Work Program: December 2020	2.3.1

INSTRUCTIONS UP TO SEPTEMBER 2020

Meeting	Instruction	Actioned
September 2020	1. No unresolved instructions at the end of September 2020 meeting.	1. N/A

DECISIONS UP TO SEPTEMBER 2020

Meeting	Decision	BC Reference
September 2020		1. N/A

Program Management—IPSASB Work Program Update

Purpose

1. To obtain IPSASB agreement on program delivery relevant items outlined in the report.

Recommendation

2. Staff recommends that the IPSASB:
 - (a) Agree to the proposed virtual check-in dates each quarter in 2021.
 - (b) Agree to the proposed extended meeting dates for the March 2021 virtual IPSASB meeting.
 - (c) Agree to the proposed addition of two narrow scope projects (update IPSAS 18, *Segment Reporting* and IAS 26, *Accounting and Reporting by Retirement Benefit Plans* in 2021 to the active work program).

Background

3. All updates following the September 2020 meeting are reflected in [Agenda Item 2.3.1](#). A timetable for Phase 2 of the Conceptual Framework—Limited Scope Update has also been added.
4. During the December 15th Board session, an update to the work program will be provided to the IPSASB, reflecting on progress made on projects during the meeting.
5. The analysis below highlights a number of key items relevant to program management and work program delivery.

Analysis

Program Management—Changes to Work Program

6. Program management will continue to be essential for delivery on the IPSASB's challenging work program commitments. Further, the IPSASB and staff need to consider the capacity of stakeholders to both input on consultations (volume and timing of consultations) as well as to implement final pronouncements (volume and effective dates of final pronouncements). These challenges are exacerbated by the impact of COVID-19.
7. Staff highlights that the timeline for approval of the Revenue and Transfer expenses standards arising from EDs 70-72 currently notes September 2021. However, given the extended comment period resulting from COVID-19 this timeline should be reconsidered. However, staff propose that the timelines be revisited in March 2021 when staff have developed detailed plans to address the comments received, and manage each project stream.

COVID-19 Impact Update

8. The COVID-19 pandemic continues to have a significant impact on the IPSASB's operations and on the work program. The pandemic's impact on meetings, presents a significant work program delivery challenge. To continue to deliver on the work program while the IPSASB continues to meet virtually, IPSASB meetings will need to be extended and the virtual check-ins will need to continue in between meetings. Therefore, staff proposed the following 2021 virtual check-in and March 2021 meeting dates:
 - (a) The proposed dates for the 2021 virtual check-ins with the IPSASB are:

- (i) Thursday, February 25, 2021;
- (ii) Thursday April 29, 2021;
- (iii) Thursday July 22, 2021; and
- (iv) Thursday October 28, 2021.

Closer to each virtual meeting date, these will either be confirmed or cancelled, depending on whether they are needed to move critical projects on the work program forward.

- (b) The IPSASB agreed during the October 27 virtual check-in meeting to make March 2021 meeting virtual because of the continued uncertainty as to when safe travel can resume. To facilitate this virtual meeting, additional meeting days are required to allow enough plenary time for the discussions. Assuming the planned approvals occur during the December 2020 meeting, staff propose adding one day to the March 2021 meeting. The following are the proposed dates:
 - (i) Sessions 1-4: Tuesday March 16–Friday March 19 (original planned meeting dates); and
 - (ii) Sessions 5: Tuesday March 23.

Information on the December ED Approvals Process

- 9. The agenda for December has been set up to focus on approvals, with more time allocated to items where staff anticipate discussion will be needed. In particular, ED 76, *Conceptual Framework-Limited Scope Update* and ED 77, *Measurement* have been allocated time across the meeting to allow staff time to address comments from members and bring back updates for IPSASB review and approval.
- 10. The following items are also planned for approval during the December meeting:
 - (a) ED 75, *Leases* and the related request for information; and
 - (b) ED 78, *Property, Plant, and Equipment*.
- 11. ED 77, *Measurement* is planned for approval in principle during the December 2020 meeting. This means that staff will be asking IPSASB to approve the full ED (core text, application guidance, basis for conclusions and implementation guidance). Staff will be providing a draft of the Amendments to Other IPSAS (consequential amendments) – but has only included these for information purposes and these are not planned for discussion at the meeting (members are free to share comments offline with staff). The reason these Amendments to Other IPSAS are not fully complete, is the final principles in ED 77 still require final review and decision during the meeting, so the consequential amendments will need be updated accordingly afterwards. The process related to ED 77 is as follows:
 - (a) A formal vote, approving ED 77 in principal (all portions of ED 77 except the Amendments to Other IPSAS) will be held in December 2020;
 - (b) Following the ED 77 approval in principle, staff will then begin the normal editorial review process in December 2020 and January 2021;
 - (c) During January 2021 and early February 2021 staff will update the Amendments to Other IPSAS (consequential amendments) arising from ED 77 to ensure the decisions reflected in the ED are captured accurately and appropriately throughout other IPSAS; and

- (d) The IPSASB will review and finalize the Amendments to Other IPSAS arising from ED 77 at the virtual check-in meeting on February 25, 2021, as well as considering any substantive issues emerging from the editorial process.
12. Similarly, ED 76, *Conceptual Framework-Limited Scope Update* is planned for approval during the December 2020 meeting. This means staff will be asking IPSASB to approve the full ED (core text and basis for conclusions). There are no consequential amendments arising from the limited scope review. All Amendments to Other IPSAS related to measurement are to be captured as part of the ED 77 Amendments to Other IPSAS Appendix (see paragraph 11). Following the December approval, staff will action the IPSASB's decision related to the structure of the ED 76 Basis for Conclusions (see Agenda Item 4.2.1). The IPSASB will then review and finalize the ED 76 BCs at the virtual check-in meeting on February 25, 2021.
13. The Board will also discuss the approach to the consultation process for the package comprising ED 76, ED 77, ED 78 and ED 79 during the December 2020 meeting. If it accepts staff proposals, then the planned timing for the approval of the relevant final pronouncements will need to be reviewed.

Work Program 2021—Theme B Projects

14. When the Board approved its IPSASB Strategy and Work Plan 2019-2023, it identified under Theme B-*Maintaining IFRS Alignment* a list of narrow scope projects available to address as a way to utilize staff and board resources when available¹. Assuming all projects up for approval at the December 2020 meeting are approved, a number of EDs are expected to be out for comment until the third quarter of 2021. This presents an opportunity in the work program in terms of available staff resources and agenda time to assume some limited resource projects.
15. Given the staff and board resources expected to be available, the Program and Technical Director recommends undertaking two limited scope projects under Theme B:
- (a) IPSAS 18, *Segment Reporting*, is based on IAS 14, *Segment Reporting*, which is an outdated standard that was replaced by IFRS 8, *Operating Segments*.² IFRS 8 allows for a management centric, principle-based approach to disclosing operating segments.
- (i) The benefits of undertaking this limited scope project are:
- Principle-based approach that provides information useful to users as it requires entities to present information consistent with how management views the entity and makes decisions about its operations;
 - Addresses adverse stakeholder feedback;

¹ Source: IPSASB Strategy and Work Plan 2019-2023, Page 13: Based on past experience, the IPSASB has evidenced that it can develop guidance aligned with IFRS with much less investment in terms of time and resources than compared to a pure public sector specific project. Therefore, the IPSASB believes it can work in some of the above selected topics in an efficient manner while public sector specific projects are out for consultation or as they are completed without a large impact on the Work Plan or timeline of the prioritized public sector specific projects.

² IFRS 8 was approved in November 2006

- c. Furthers IFRS alignment by aligning with the most up to date equivalent IFRS, removing a case where an IPSAS has been superseded by an updated IAS/IFRS; and
 - d. Opportunity for increasing GFS alignment, as staff believes that the IFRS 8 disclosure model provides an opportunity for entities to disclose operating segments consistent with the IMF's Classification of the Functions of Government (CoFoG) when the entity's operations are managed from that perspective.
- (b) IAS 26, *Accounting and Reporting by Retirement Benefit Plans* sets out requirements for the preparation of financial statements of retirement plans. Currently, there is no IPSAS guidance provided for the accounting and reporting by retirement plans which are both important and prevalent throughout the public sector and international organizations. Constituents have identified this gap in IPSAS as an issue and encouraged the IPSASB to consider developing guidance.
- (i) The benefits of undertaking this limited scope project are:
 - a. Provides guidance in an area where currently there is a gap in IPSAS;
 - b. Addresses a concern raised by some IPSAS adopters, through a resource efficient narrow scope project; and
 - c. Further IFRS alignment by using the private sector standard.
- (c) Based on the positive experience with ED 79, staff believe that if both projects are undertaken as narrow scope projects under Theme B and operated as alignment projects as committed in the Strategy and Work Plan 2019-2023, that EDs can be developed and approved by end of Q3 2021. Staff therefore recommend that:
- (i) The IPSASB agree that staff undertake these projects and start work in early 2021; and
 - (ii) Staff develop project briefs and initial issues papers related to both topics for discussion at the March 2021 meeting.
16. Staff caution that there is only limited resources available to undertake these projects and it will be important to follow the approach agreed in the Strategy and Work Program 2019-2023, as well as for ED 79, and undertake these projects as Theme B – narrow scope projects. Any larger projects or initiatives that expand the scope of the ad hoc projects under Theme B are beyond what has been agreed under Theme B, and so would need to be considered through the work program consultation.

Decision Required

17. Does the IPSASB agree with the Staff recommendations in paragraph 2?

IPSASB WORK PROGRAM THRU 2023: DECEMBER 2020

Project	Meetings													
	Dec 2020 (CAG)	Mar 2021	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)	
Revenue														
(i) Revenue with Performance Obligations	RR/DI	RR/DI	RR/DI CAG	IP										
(ii) Revenue without Performance Obligations [IPSAS 23 update]	RR/DI CAG	RR/DI	RR/D CAG I	IP										
Transfer Expenses	RR/DI CAG	RR/DI	RR/D CAG I	IP										
Conceptual Framework—Limited Scope Update-Phase 1	ED ¹			RR	RR/DI CAG	RR/DI	CF							
Conceptual Framework—Limited Scope Update-Phase 2		DI	DI/ED	ED			RR CAG	RR/DI CAG	RR/DI	CF				
Measurement	ED			RR	RR/DI CAG	RR/DI	IP							
Amendments to IPSAS 5, Borrowing Costs			RR/IP											
IPSAS 17, Update ²														
(i) Infrastructure Assets (additional IPSAS 17 guidance)	ED			RR	RR/DI CAG	RR/DI	IP							
(ii) Heritage Assets (additional IPSAS 17 guidance)				RR	RR/DI CAG	RR/DI	IP							
Non-Current Assets Held for Sale and Discontinued Operations ³				RR/DI	RR/IP	IP								
Leases [IFRS 16 alignment]	ED		RR CAG	RR/DI	RR/DI	IP								
Leases [Public sector specific]⁴	RFI		RR CAG	RR/DI	DI/ED	ED			RR	RR/DI	RR/DI	IP		
Natural Resources	DI CAG	DI/CP	DI/CP CAG	CP			RR	RR/DI	DI/ED	ED		RR	RR	
Improvements			ED		IP		ED		IP		ED		IP	
Mid-Period Work Program	DI CAG	DI	CP			RR/DI	RWP							

¹ The Conceptual Framework–Limited Scope Update project will move forward in phases. Phase 1 will address issues related to measurement. Phase 2 will address the additional in-scope issues to be addressed in this limited scope project.

² The amendments arising from Infrastructure Assets and Heritage Assets will be included in one ED to update IPSAS 17.

³ ED 79 was approved in September 2020 and will be published alongside EDs 76, 77 and 78, planned for publication as a package in early 2021.

⁴ This Public Sector Specific Leases project will be informed by the Request for Information which will be issued along with the Leases ED expected in December 2020.

Project	Meetings												
	Dec 2020 (CAG)	Mar 2021	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)
IPSASB Handbook			Publish				Publish				Publish		

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:

Expected 2020 Exposure Draft Outputs:

ED 74, *Amendments to IPSAS 5, Borrowing Costs* (Published October 2020)

ED 75, *Leases*

ED 76, *Conceptual Framework—Limited Scope Update*

ED 77, *Measurement*

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

ED 79, *Non-Current Assets Held for Sale and Discontinued Operations* (Approved by IPSASB September 2020 – To be published with ED 76-78)

December 2020

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

Project	Date Issued
<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
<i>COVID-19: Deferral of Effective Dates</i>	November 2020
<i>Non-Authoritative Amendments to IPSAS 41, Financial Instruments</i>	Planned - December 2020