

**Approved Minutes of the Meeting of the
INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS BOARD
Virtual Meeting**

Held on December 1-2, 8-11 and 15, 2020¹

A. Administrative Items

Attendance

	Voting Members	Technical Advisors
Present:	Ian Carruthers (Chair) Mike Blake (Deputy Chair) Todd Beardsworth Lindy Bodewig Michel Camoin Luzvi Chatto Adrienne Cheasty Neema Kiure-Mssusa (December 1, 2, 9, 10, 11 and 15) Rod Monette Chris Nyong Lynn Pamment Ajith Ratnayake Kamira Sanchez Nicosia Bernhard Schatz Patrícia Siqueira Varela Scott Showalter Marc Wermuth (December 8, 9, 10, 11 and 15) Member Apologies: Do-Jin Jung	Clark Anstis (Mr. Blake) Kelly Ayamba (Mr. Nyong) (December 1, 9, 11 and 15) Claudia Beier (Mr. Wermuth) Henning Diederichs (Ms. Pamment) Takeo Fukiya (Mr. Jung) Baudouin Griton (Mr. Camoin) (December 1, 2, 9, 10, 11 and 15) Anthony Heffernan (Mr. Beardsworth) Williard Kalulu (Ms. Kiure-Mssusa) (December 1, 2, 8, 10, 11 and 15) Leona Melamed (Mr. Monette) Fabrizio Mocavini (Ms. Sanchez Nicosia) Ayres Moura (Ms. Varela) Annabelle Puserio (Ms. Chatto) (December 1, 8 and 15) Jakob Prammer (Mr. Schatz) (December 1, 2, 9, 11 and 15) Tsholofelo Tshoke (Ms. Bodewig) (December 1, 2, 8, 9, 10, 11 and 12) David Watkins (Mr. Carruthers)

¹ For those interested in additional details on this meeting, please see the IPSASB webpage for additional information. All IPSASB agenda papers, presentations and recordings of this meeting are available here: <https://www.ipsasb.org/meetings/ipsasb-virtual-meeting-0>.

	Non-Voting Observers
Present:	<p>David Bailey (IMF)</p> <p>Jón Blöndal (OECD) (December 1)</p> <p>Jerry Gutu (United Nations)</p> <p>Chai Kim (ADB) (December 9)</p> <p>Thomas Müller-Marqués Berger (CAG Chair)</p> <p>John Verrinder (Eurostat) (December 1, 2, 8, 9 and 15)</p> <p>Lars Ruberg² (European Commission)</p>
Apologies:	<p>Biodun Adeyemo (African Union)</p> <p>Sagé de Clerck (IMF)</p> <p>Pedro Guazo (UNDP)</p> <p>Guohua Huang (IMF)</p> <p>Martin Koehler (European Commission)</p> <p>Delphine Moretti (OECD)</p> <p>Fily Sissoko (World Bank Group)</p>
	IPSASB/IFAC Staff
Present:	<p>Amon Dhliwayo, IPSASB</p> <p>João Fonseca, IPSASB</p> <p>James Gunn, Managing Director, Professional Standards (December 1 and 15)</p> <p>Gwenda Jensen, IPSASB</p> <p>Edwin Ng, IPSASB</p> <p>Ross Smith, IPSASB</p> <p>Joanna Spencer, IPSASB</p> <p>John Stanford, IPSASB</p> <p>Dave Warren, IPSASB</p> <p>Eileen Zhou, IPSASB</p>

² Lars Ruberg attended the meeting on behalf of Martin Koehler from the European Commission.

- A.1 The Chair welcomed members, technical advisors, and observers to the December 2020 meeting. The Chair also welcomed new members who were observing the meeting³.
- A.2 The Chair thanked staff, members and technical advisors for their continued engagement with constituents despite the challenges presented by the pandemic and virtual outreach.

1. Minutes and Communications Activities (Agenda Item 1)

PIC Governance Review

- 1.1 Jón Blöndal, Head of Budgeting and Public Expenditures, Organisation for Economic Cooperation and Development (OECD), Co-Chair of the Public Interest Committee (PIC), updated the Board on the public consultation exercise⁴ on the oversight arrangements of the IPSASB. He highlighted that the results of the consultation exercise were positive and have been summarized in a report issued November 12, 2020 [Review of the Oversight Arrangements for the International Public Sector Accounting Standard Board](#).

September and October 2020 minutes

- 1.2 Members approved the minutes of the September 2020 meeting and the October 2020 check-in meeting.

CAG Update

- 1.3 The IPSASB Consultative Advisory Group (CAG) Chair, Mr. Müller-Marqués Berger informed members of the inaugural CAG virtual update session held on October 29, 2020. In future, CAG virtual update sessions are planned to be held in between the normal CAG meeting dates⁵. The purpose of these sessions is to:
- Discuss the agenda of the upcoming CAG meeting; and
 - Inform CAG members on IPSASB developments and progress on its work program.

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

- 2.1 Ross Smith, IPSASB Program and Technical Director, discussed the work program and proposed the:
- Virtual check-in dates for each quarter in 2021;
 - Additional meeting days for the March 2021 virtual IPSASB meeting; and
 - Addition of two narrow scope projects (update IPSAS 18, *Segment Reporting* and IAS 26, *Accounting and Reporting by Retirement Benefit Plans*) in 2021 under Theme B: Maintaining IFRS Alignment⁶ to the active work program.
- 2.2 The IPSASB agreed to the virtual check-in dates and additional days to add to the March 2021 meeting.

³ Dr. Mari Kobayashi, Ms. Renée Pichard and Mr. Hervé-Adrien Metzger are joining IPSASB with effect from January 2021. Dr. Kobayashi, Ms. Pichard and Mr. Metzger observed portions of the December 2020 meeting.

⁴ On November 16, 2020, the Public Interest Committee (PIC) released a report: [Review of the Oversight Arrangements for the International Public Sector Accounting Standards Board](#) which addresses the oversight arrangements of the IPSASB.

⁵ CAG meetings are held bi-annually in June and December.

⁶ The IPSASB Strategy and Work Program 2019–2023 included these projects on the list of ad hoc projects available to be addressed by the IPSASB when resources were available during the strategic period.

- 2.3 The IPSASB cautioned that the IPSAS 18 project might be complex because of the nature of the public sector and that IAS 26 is an old Standard that has been adopted by only a few countries. The IPSASB instructed Staff to develop draft project briefs that outline key issues and timelines for each of the proposed projects at the March 2021 meeting for further consideration.

3. ED 77, Measurement (Agenda Item 3)

- 3.1 Staff introduced the agenda papers for Agenda Item 3 and highlighted the key changes since the October virtual check-in meeting related to the Exposure Draft (ED) 77, *Measurement* and recommended its approval.

Decisions

- 3.2 The IPSASB **decided** to:
- Give preliminary approval of ED 77⁷ with an exposure period of six months, subject to:
 - Review of Amendments to Other IPSAS resulting from ED 77;
 - Finalization of the definition of Current Operational Value;
 - Consistency review across ED 76, *Conceptual Framework-Limited Scope Update*, ED 77 and ED 78, *Property, Plant, and Equipment*;
 - Resolution of any significant issues identified during the editorial process; and
 - Implementation of instructions to staff.
- 3.3 Two members voted against ED 77. These members disagreed that it is appropriate to include the income approach as a measurement technique to estimate current operational value. Their alternative view has been included in ED 77.

Instructions

- 3.4 The IPSASB **instructed** staff to:
- Complete Amendments to Other IPSAS resulting from ED 77;
 - Amend the definition of Current Operational Value to reflect members' comments and flow through the core text and application guidance (AGs);
 - Review consistency across ED 76, ED 77 and ED 78;
 - Amend for editorial changes identified in the IPSASB editorial process, and reflect specific items identified by members, including:
 - Core text:
 - Paragraph 27 – Include in the Basis for Conclusions (BCs) or AGs explanation of how each measurement technique applies to current operational value;
 - Paragraph 28 – Delete;
 - Paragraph 29 – Remove “specialized”;
 - Paragraph 30 – Review consistency between the measurement bases not being based on information at the transaction date, and transaction costs being included in the measurement;

⁷ IPSASB members Mr. Blake and Mr. Beardsworth voted against ED 77. IPSASB Due Process allows for members that vote against an exposure draft to express an alternative view to be communicated in the basis for conclusions of the exposure draft.

- Paragraph 30a – Review for consistency with paragraph B2; and
- Review scoping of impairment standards to include current value measurements;
- Current Operational Value Application Guidance:
 - Paragraph B1 – Revise and retain concept of “most economic manner”;
 - Paragraph B1 – Include the concept that measurement is an estimate;
 - Paragraph B2 – Clarify current operational value is an entity-specific value (consider paragraph 7.49);
 - Paragraph B2 – Remove “in rare circumstances”;
 - Paragraph B3 – Relocate the paragraph as necessary;
 - Paragraph B4 – Service delivery objective could be to earn cash flows. Since this is not the intent, consider wording carefully throughout; and
 - Paragraph B4 – Change example from ministry of defense to school or hospital;
- Modern Equivalent Asset:
 - Paragraph B7 – Clarify what is meant by “where appropriate”;
 - Paragraph B8 – Remove “permanent”;
 - Paragraph B8 – Consider moving modern equivalent asset guidance to the cost approach section in the AGs;
 - Paragraphs B8, B11, B19 and B21 – Review consistency of the school example; and
- Restrictions:
 - Paragraph B19 – Work with members to clarify guidance around restrictions; and
 - Paragraph B21 – Develop more appropriate example than the “size of land”.

4. ED 76 Conceptual Framework-Limited Scope Update (Agenda Item 4)

4.1. Staff introduced the agenda papers for Agenda Item 4 and:

- Highlighted the residual issues related to Chapter 7 of the Conceptual Framework (Measurement of Assets and Liabilities in Financial Statements); and
- Recommended the IPSASB approve ED 76.

Decisions

4.2. The IPSASB **decided** to:

- Give preliminary approval of ED 76⁸ with an exposure period of six months, subject to:
 - Review of the re-arranged or edited BCs;
 - Consistency review across ED 76, ED 77 and ED 78;
 - Resolution of any significant issues identified during the editorial process; and
 - Implementation of instructions to staff.

4.3. One member voted against ED 76. This member disagreed with the definition of current operational value on the grounds it is unclear, it risks not achieving the qualitative characteristics of financial

⁸ IPSASB member Mr. Beardsworth voted against ED 76. IPSASB Due Process allows for members that vote against an exposure draft to express an alternative view to be communicated in the basis for conclusions of the exposure draft.

reporting, and should rather focus on the costs of replacing an asset for its service potential. The alternative view has been included in ED 76.

Instructions

4.4. The IPSASB **instructed** staff to:

- Delete the sections and paragraphs of the BCs explaining the rationale for decisions which have been superseded and insert revised paragraphs explaining amendments arising from the current project;
- Review consistency across ED 76, ED 77 and ED 78;
- Amend for editorial changes identified in the IPSASB editorial process; and
- Consider and reflect specific items identified by members, including:
 - Historical Cost:
 - Paragraph 7.27 – Review consistency with paragraph 7.34; and
 - Current Operational Value:
 - Paragraph 7.50 – Review wording related to an asset or a group of assets;
 - Paragraph 7.51 – Delete the sentence related to optimized approach to eliminate confusion with capacity (update paragraph for consistency with modern equivalent asset guidance in ED 77);
 - Paragraph 7.51 – Remove “value” from first line;
 - Paragraph 7.52 – Align concept with current operational value;
 - Paragraph 7.54 – Work with members to update wording on operational capacity in relation to the income approach;
 - Paragraph 7.55 – Clarify wording in paragraph to “may”; and
 - Paragraph 7.56 – Reconsider overall focus and wording of the paragraph. In particular clarify the first sentence and end the paragraph on a more positive note (consider deleting final sentence).

5. ED 78, IPSAS 17 Update, Heritage and Infrastructure (Agenda Item 5)

5.1 Staff introduced the agenda papers for Agenda Item 5 and recommended the IPSASB approve ED 78.

Decisions

5.2 The IPSASB **decided** to:

- Give preliminary approval of ED 78, with an exposure period of six months, subject to:
 - Consistency review across ED 76, ED 77 and ED 78;
 - Resolution of location of disclosure requirements for unrecognized heritage items;
 - Review of BCs (including specific instructions below);
 - Resolution of any significant issues identified during the editorial process; and
 - Implementation of instructions to staff.

Instructions

5.3 The IPSASB **instructed** staff to:

- Review consistency across ED 76, ED 77 and ED 78;
- Work with members to develop an alternative core text option (related to unrecognized heritage assets) to enable members to take final decision on whether or not to adopt proposed application guidance approach developed to reflect balance of views in an earlier IPSASB debate;
- Amend for editorial changes identified during the IPSASB editorial process;
- Consider and reflect specific items identified by members, including:
 - Specific Matters for Comment (SMCs):
 - SMCs – Re-order SMCs to align with text in the ED;
 - SMC 7 – Remove “additional” from question;
 - Disclosure of unrecognized assets:
 - Paragraph 7 – Address subsequent expenditures on previously unrecognized assets separately as these should be capitalizable and may potentially need to be separately disclosed;
 - Fair Value Option:
 - Paragraphs 22 and 23 – Retain fair value when initially measuring property, plant, and equipment acquired through an exchange transaction;
 - Paragraphs 29 and 30 – Provide more flexibility in measuring property, plant, and equipment at fair value or current operational value. Remove the link between selection of the measurement basis with why the asset is held;
 - BCs:
 - Include the relevant BCs from IPSAS 17, *Property, Plant, and Equipment* in ED 78 and retain the BCs on consistency with Government Finance Statistics (GFS);
 - Paragraph BC41 – Review the wording related to “alternative” view in the context of the fair value option; and
 - Implementation Guidance (IGs):
 - Paragraph IG31 – Review whether the guidance should reference “derecognition” or “impairment”.

6. ED 75, Leases (Agenda Item 6)

6.1 Staff introduced the agenda papers for Agenda Item 6 and:

- Highlighted the residual issues related to the ED 75, *Leases* and the Request for Information, *Concessionary Leases and Other Arrangements Similar to Leases* (RFI); and
- Recommended the approval of ED 75 and the RFI.

Decisions

6.2 The IPSASB **decided** to:

- Add the term "service potential" after "economic benefits" in the AG section of ED 75 when identifying a lease, where appropriate;

- Retain the fair value definition from IFRS 16 *Leases* and IPSAS 13, *Leases* in ED 75;
- Include three SMCs in ED 75 on:
 - How the IPSASB modified IFRS 16 for the public sector;
 - The addition of "service potential" where appropriate; and
 - Retention of IPSAS 13 (IFRS 16) fair value definition in ED 75;
- Approve ED 75 with an exposure period of four months; and
- Approve the RFI with an exposure period of four months.

Instructions

6.3 The IPSASB **instructed** staff to work with the editorial group to finalize ED 75 and the RFI for issuance.

7. Natural Resources (Agenda Item 7)

7.1 Staff introduced the agenda papers for Agenda Item 7 and presented:

- The feedback and advice from the CAG meeting held on December 7, 2020; and
- Chapter 2 of the Natural Resources Consultation Paper (CP).

Decisions

7.2 The IPSASB **decided**, subject to the instructions below to:

- Include the example timeline reflected in the IPSASB's decision on sovereign powers from the September 2020 meeting in the Natural Resources CP; and
- Consider unextracted subsoil resources as resources in the context of the *Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities* (the Conceptual Framework).

Instructions

7.3 The IPSASB **instructed** staff to:

- Amend the example timeline on sovereign powers to clarify the principles and reflect the feedback from the CAG regarding the underlying resources and revenue recognition;
- Amend the CP to capture the IPSASB's discussions on project scope and the decision to not provide guidance on broader public finance management issues, sustainability, and intergenerational equity;
- Develop a diagram to clarify and illustrate where the Natural Resource project fits and to explain how it links with other IPSASB guidance;
- Clarify the analyses on whether:
 - Unextracted subsoil resources are a resource, as defined in the Conceptual Framework;
 - An entity can demonstrate control over unextracted subsoil resources; and
 - Unextracted subsoil resources can be reliably measured;
- Present the updated analyses to the IPSASB at the March 2021 meeting;

- Develop an analysis on the potential incorporation of IFRS 6, *Exploration for and Evaluation of Mineral Resources*, into IPSAS literature; and
- Reconsider the Preliminary View on whether exploration, evaluation, development, and extraction activities are relevant to the public sector.

8. Revenue & Transfer Expenses-ED 70-72 (Agenda Item 8)

8.1 Staff introduced the agenda papers for Agenda Item 8 and presented:

- Feedback and advice from the CAG meeting held on December 7, 2020; and
- An overview and preliminary analysis of the responses to ED 70, *Revenue with Performance Obligations*, ED 71, *Revenue without Performance Obligations* and ED 72, *Transfer Expenses*.

Decisions

8.2 The IPSASB **decided** to:

- Reorder the draft guidance in ED 70 and ED 71 to begin with ED 71, either as a separate standard, or a combined standard; and
- Address concerns over the nature and length of disclosures in all three EDs by taking a principles-based approach focusing on the nature of the transactions and their risks.

Instructions

8.3 The IPSASB **instructed** staff to:

- Reflect on constituents' responses to the EDs and specific feedback from the December 2020 CAG and IPSASB meetings and;
 - Consider the best option either to, reorder ED 70 and ED 71, either as separate standards (Option 1) or a combined standard (Option 2);
 - Perform a detailed analysis on the structure of the EDs, focusing on the structure and arrangement that is most understandable, that best addresses issues, and provides the most clarity for constituents;
 - Consider providing a preliminary overview of how the resulting standard(s) would look under both Options 1 and 2;
 - Consider options for clarifying the scope of each proposed standard; and
 - Regarding the staff's proposal to revise the disclosures in the three EDs based on the nature and risks of the various types of revenue and transfer expenses applicable to the public sector, revisit the analysis in more detail and include consideration of which types of revenue and transfer expense transactions are the most prominent in the public sector; and
- Present a project timeline and management plan and detailed analyses of other selected key issues, at the March 2021 meeting.

9. Mid-Period Work Program Consultation (Agenda Item 9)

9.1 Staff provided a presentation for Agenda Item 9 on the mid-period work program consultation process and timeline.

Decisions

9.2 No IPSASB decisions for this item.

Instructions

9.3 No IPSASB instructions for this item.

10. Closing Remarks and Conclusion of the Meeting

10.1 The Chair noted the approval ED 75, and the related Request for Information, and the preliminary approval of ED 76, ED 77 and ED 78, as well as the extensive progress on other projects, as substantial achievements at this meeting.

10.2 The Chair reminded members of the IPSASB virtual check-in on February 25, 2021, when ED 76, ED 77 and ED 78 will be finalized.

10.3 Finally, The Chair thanked members, technical advisors, observers and staff for their contributions during a difficult year during 2020 and noted that despite the challenges, the IPSASB as a group had achieved a great deal.

Appendix 1: Vote – Preliminary Approval Exposure Draft (ED) 77, Measurement

Agenda Item 3	Minutes Item 3	Date Vote Taken	December 15, 2020
Description	<i>Exposure Draft</i>	<i>Measurement</i>	Preliminary approval at meeting. To be finalized in Q1, 2021

Final Standard <input type="checkbox"/>	ED <input checked="" type="checkbox"/>	CP <input type="checkbox"/>	Other <input type="checkbox"/>	ABSENT	TOTAL
IPSASB MEMBER	FOR	AGAINST	ABSTAIN		
Ian Carruthers, Chair	√				
Mike Blake, Deputy Chair		√			
Todd Beardsworth		√			
Lindy Bodewig	√				
Michel Camoin	√				
Luzvi Chatto	√				
Adrienne Cheasty	√				
Do-Jin Jung				√	
Neema Kiure-Mssusa	√				
Rod Monette	√				
Chris Nyong	√				
Lynn Pamment	√				
Ajith Ratnayake	√				
Kamira Sanchez Nicosia	√				
Bernhard Schatz	√				
Patrícia Siqueira Varela	√				
Scott Showalter	√				
Marc Wermuth	√				
TOTAL	15	2	0	1	18

Appendix 2: Vote – Preliminary Approval Exposure Draft (ED 76), *Conceptual Framework-Limited Scope Update*

Agenda Item 4	Minutes Item 4	Date Vote Taken	December 15, 2020
Description	<i>Exposure Draft</i>	<i>Conceptual Framework-Limited Scope Update</i>	Preliminary approval at meeting. To be finalized in Q1, 2021

Final Standard <input type="checkbox"/>	ED <input checked="" type="checkbox"/>	CP <input type="checkbox"/>	Other <input type="checkbox"/>	ABSENT	TOTAL
IPSASB MEMBER	FOR	AGAINST	ABSTAIN		
Ian Carruthers, Chair	√				
Mike Blake, Deputy Chair	√				
Todd Beardsworth		√			
Lindy Bodewig	√				
Michel Camoin	√				
Luzvi Chatto	√				
Adrienne Cheasty	√				
Do-Jin Jung				√	
Neema Kiure-Mssusa	√				
Rod Monette	√				
Chris Nyong	√				
Lynn Pamment	√				
Ajith Ratnayake	√				
Kamira Sanchez Nicosia	√				
Bernhard Schatz	√				
Patrícia Siqueira Varela	√				
Scott Showalter	√				
Marc Wermuth	√				
TOTAL	16	1	0	1	18

Appendix 3: Vote – Preliminary Approval Exposure Draft (ED 78), *Property, Plant, and Equipment*

Final Standard <input type="checkbox"/>	ED <input checked="" type="checkbox"/>	CP <input type="checkbox"/>	Other <input type="checkbox"/>	ABSENT	TOTAL
IPSASB MEMBER	FOR	AGAINST	ABSTAIN		
Ian Carruthers, Chair	√				
Mike Blake, Deputy Chair	√				
Todd Beardsworth	√				
Lindy Bodewig	√				
Michel Camoin	√				
Luzvi Chatto	√				
Adrienne Cheasty	√				
Do-Jin Jung				√	
Neema Kiure-Mssusa				√	
Rod Monette	√				
Chris Nyong	√				
Lynn Pamment	√				
Ajith Ratnayake	√				
Kamira Sanchez Nicosia	√				
Bernhard Schatz	√				
Patrícia Siqueira Varela	√				
Scott Showalter	√				
Marc Wermuth	√				
TOTAL	16	0	0	2	18

Appendix 4: Vote – Approve Exposure Draft (ED 75), Leases

Agenda Item 6	Minutes Item 6	Date Vote Taken		December 8, 2020	
Description	<i>Exposure Draft</i>	<i>Leases</i>		Approved at meeting	
Final Standard <input type="checkbox"/>	ED <input checked="" type="checkbox"/>	CP <input type="checkbox"/>	Other <input type="checkbox"/>	ABSENT	TOTAL
IPSASB MEMBER	FOR	AGAINST	ABSTAIN		
Ian Carruthers, Chair	√				
Mike Blake, Deputy Chair	√				
Todd Beardsworth	√				
Lindy Bodewig	√				
Michel Camoin	√				
Luzvi Chatto	√				
Adrienne Cheasty	√				
Do-Jin Jung				√	
Neema Kiure-Mssusa				√	
Rod Monette	√				
Chris Nyong	√				
Lynn Pamment	√				
Ajith Ratnayake	√				
Kamira Sanchez Nicosia	√				
Bernhard Schatz	√				
Patrícia Siqueira Varela	√				
Scott Showalter	√				
Marc Wermuth	√				
TOTAL	16	0	0	2	18

Appendix 5: Vote – Approve Request for Information, Concessionary Leases and Other Arrangements Similar to Leases

Agenda Item 6	Minutes Item 6	Date Vote Taken	December 9, 2020		
Description	<i>Request for Information</i>	<i>Leases</i>	Approved at meeting		
Final Standard <input type="checkbox"/>	ED <input checked="" type="checkbox"/>	CP <input type="checkbox"/>	Other <input type="checkbox"/>	ABSENT	TOTAL
IPSASB MEMBER	FOR	AGAINST	ABSTAIN		
Ian Carruthers, Chair	√				
Mike Blake, Deputy Chair	√				
Todd Beardsworth	√				
Lindy Bodewig	√				
Michel Camoin	√				
Luzvi Chatto	√				
Adrienne Cheasty	√				
Do-Jin Jung				√	
Neema Kiure-Mssusa	√				
Rod Monette	√				
Chris Nyong	√				
Lynn Pamment	√				
Ajith Ratnayake	√				
Kamira Sanchez Nicosia	√				
Bernhard Schatz	√				
Patrícia Siqueira Varela	√				
Scott Showalter	√				
Marc Wermuth	√				
TOTAL	17	0	0	1	18