

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

Held on June 4, 23-26 and 30, 2020

1. Attendance, Opening Remarks, and Approval of Minutes

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 Rod Monette Chris Nyong Lynn Pamment Ajith Ratnayake Kamira Sanchez Nicosia Bernhard Schatz Patrícia Siqueira Varela Scott Showalter Marc Wermuth Member Apologies: Do-Jin Jung	Clark Anstis (Mr. Blake) Kelly Ayamba (Mr. Nyong) Claudia Beier (Mr. Wermuth) Henning Diederichs (Ms. Pamment) Takeo Fukiya (Mr. Jung) Baudouin Griton (Mr. Camoin) Anthony Heffernan (Mr. Beardsworth) Williard Kalulu (Ms. Kiure-Mssusa) Leona Melamed (Mr. Monette) Ayres Moura (Ms. Varela) Jakob Prammer (Mr. Schatz) Annabelle Puserio (Ms. Chatto) Tsholofelo Tshoke (Ms. Bodewig) David Watkins (Mr. Carruthers)

	Non-Voting Observers
Present:	<p>Sagé de Clerck (IMF)</p> <p>Pedro Guazo (UNDP)</p> <p>Jerry Gutu (United Nations)</p> <p>Guohua Huang (IMF)</p> <p>Thomas Müller-Marqués Berger (CAG Chair)</p> <p>Lars Ruberg¹ (European Commission)</p> <p>John Verrinder (Eurostat)</p>
Apologies:	<p>Biodun Adeyemo (African Union)</p> <p>Chai Kim (ADB)</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</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>

¹ Lars Ruberg attended the meeting on behalf of Martin Koehler

- 1.1 The Chair welcomed members, technical advisors and observers to the IPSASB's first virtual meeting. The Chair acknowledged that a lot had changed since the March 2020 meeting and the ongoing impact of the COVID-19 pandemic has changed how the IPSASB and staff will operate in the near term. The Chair thanked both members and staff for being flexible and innovative in adapting to the current circumstances.
- 1.2 The Chair thanked staff for their hard work, and their strong collaboration in developing the agenda papers for this meeting. The Chair also thanked members, particularly those that are task force members for their assistance in the process to develop and progress projects since March.

2. Minutes – March 2020 (Agenda Item 2)

- 2.1 Ms. Pamment questioned whether the minutes were now too concise, as the March minutes did not include some of the discussions related to the Natural Resources and Leases sessions, because the minutes format focuses on capturing decisions and instructions.
- 2.2 The Chair and The Program and Technical Director, Ross Smith cautioned against capturing all the discussions in the minutes and highlighted that the IPSASB moved away from the long form narrative minutes used in the past, to the new process which focuses on capturing action-oriented decisions and instructions. Focusing minutes on action points (decisions and instructions) allows staff to quickly progress projects following meetings. Further, as agreed when the minutes process was changed, the audio recordings of meetings are made publicly available on the website on the [meeting page](#).
- 2.3 Members approved the minutes of the March 2020 meeting.

3. Program and Technical Director's Report on Work Program (Agenda Item 3)

Initial Review of Work Program on Day One of Meeting

- 3.1 The Program and Technical Director introduced the following proposed changes to the current work program on a project-by-project basis to reflect the IPSASB's decisions at the March 2020 meeting and the impact of the COVID-19 pandemic:
 - Extension of the expected Exposure Draft (ED) approvals for the Measurement, Heritage and Infrastructure projects, from September 2020 to December 2020;
 - Update of the work program to show planned project timelines through the end of 2023 to be consistent with the Strategy and Work Program end date;
 - Addition of the Natural Resources, and the Conceptual Framework-Limited Scope Update projects, following the approval of those project briefs in March 2020;
 - Addition of the Non-Current Assets Available for Sale and Discontinued Operations project to the work program after the initial IPSASB agreement to add this project in March 2020²; and
 - Removal of the following projects from the June 2020 meeting agenda as result of the limited amount of plenary discussion time because of holding meetings virtually:
 - Improvements to IPSAS 2020 - delayed until 2021;

² The project brief on Non-Current Assets Available for Sale and Discontinued Operations was approved in June 2020 following discussion with the IPSASB Consultative Advisory Group (CAG) at its June 22, 2020 meeting.

- Natural Resources initial discussions - delayed until September 2020;
- Public Sector Specific Financial Instruments review of responses - delayed until the IPSASB virtual check-in on July 28, 2020; and
- The first discussion with the IPSASB on the Mid-Period Work Program Consultation delayed until December 2020.

The IPSASB agreed with the Program and Technical Director's proposals.

- 3.2 The Program and Technical Director added that the COVID-19 pandemic also impacts constituents and therefore the ED 70–72³ comment end dates have been extended from September 15, 2020 until November 1, 2020.
- 3.3 Further, the Program and Technical Director recommended that the IPSASB should publish an ED proposing that IPSAS and amendments to IPSAS⁴ with effective dates of January 1, 2022 be delayed by one year until January 1, 2023. The IPSASB agreed with the proposal and instructed that the ED be developed by staff and brought back for IPSASB approval during the June 30, 2020 session.
- 3.4 The IPSASB Program and Technical Director noted that the Public Sector Standards Setters Forum planned for September 2020 in Portugal has been delayed until September 2021, because of the COVID-19 pandemic. The IPSASB also discussed and agreed that the September 2020 meeting should be made virtual because of the continued uncertainty about the ability to travel and hold physical meetings. The Chair, members and staff expressed their thanks to the French member, for the Cour des Comptes' invitation to host the September 2020 meeting, and the sincere regrets that the current circumstances prevent the meeting from taking place in France.

Further Review of Work Program on Final Day of Meeting

- 3.5 The Program and Technical Director provided an update to their report discussed on June 4, 2020 (see [Initial Review of Work Program on Day One of the Meeting](#)). The following changes were made to the work program resulting from the June 2020 meeting:
- Addition of the ED on Amendments to IPSAS 5, *Borrowing Costs*;
 - Addition of the ED on Covid-19: Deferral of Effective Dates;
 - Adjustments to timing of Non-Current Assets Held for Sale and Discontinued Operations; and
 - Changes in the expected numbering of the upcoming 2020 EDs as follows:
 - The June 2020 Agenda Items referred to:
 - ED 73, *Leases*
 - ED 74, *Conceptual Framework-Limited Scope Update*
 - ED 75, *Measurement*

³ The IPSASB published three Exposure Drafts (EDs), ED 70, *Revenue with Performance Obligations*; ED 71, *Revenue without Performance Obligations*; and ED 72, *Transfer Expenses* in February 2020.

⁴ The IPSAS and amendments to IPSAS with effective dates of January 1, 2022 include: IPSAS 41, *Financial Instruments*, IPSAS 42, *Social Benefits, Long-term Interests in Associates and Joint Ventures* (Amendments to IPSAS 36) and *Prepayment Features with Negative Compensation* (Amendments to IPSAS 41), *Collective and Individual Services* (Amendments to IPSAS 19) and *Improvements to IPSAS, 2019*.

- ED 76, *IPSAS 17 Update*
- ED 77, *Non-Current Assets Available for Sale*
- As a result of additional EDs being agreed to on June 30, 2020 the following represent the revised numbers that will be used going forward:
 - ED 73, *COVID-19: Deferral of Effective Dates*
 - ED 74, *Amendments to IPSAS 5, Borrowing Costs*
 - ED 75, *Leases*
 - ED 76, *Conceptual Framework–Limited Scope Update*
 - ED 77, *Measurement*
 - ED 78, *IPSAS 17 Update / Heritage Assets / Infrastructure Assets*
 - ED 79, *Non-Current Assets Held for Sale and Discontinued Operations.*

Note: The Agenda Items in the minutes still refer to the original ED numbering, as that is what is reflected on the agenda papers.

The IPSASB agreed with the Program and Technical Director's proposed changes to the work program.

- 3.6 The Program and Technical Director presented ED 73, *COVID-19: Deferral of Effective Dates* for approval. The IPSASB voted to approve ED 73 with a 30 day comment period.

4. Leases – Initial Review of Strategic Decision BCs (Agenda Item 4)

- 4.1 Staff presented draft Basis for Conclusions (BCs) paragraphs which highlighted the history and key decisions related to the strategic direction of the Leases project.

Instructions

- 4.2 The IPSASB **instructed** staff to:
- Address the editorial amendments suggested by the IPSASB; and
 - Bring the revised BCs paragraphs and the draft ED, *Leases* in mark-up to the September 2020 meeting.

5. ED 74 & ED 75, Measurement – Coordination of Cross Cutting Issues (Agenda Item 5)

- 5.1 Staff presented agenda papers for Agenda Item 5 and provided:
- An overview of the issues addressed in the Conceptual Framework–Limited Scope Update and Measurement projects; and
 - A Coordinator's report which highlighted the cross-cutting issues and summarized the timing for these interrelated projects.

Instructions

5.2 The IPSASB **instructed** staff to:

- Develop a communications plan for inter-related projects for discussion at the December 2020 meeting;
- Provide members with draft ED, *Conceptual Framework–Limited Scope Update*, ED, *Measurement* and ED (IPSAS 17 Update), *Property Plant and Equipment* in stages throughout summer (because one package immediately prior to the relevant meetings will be difficult to review); and
- Provide a brief progress update on the Measurement, Heritage and Infrastructure projects at the IPSASB virtual check-in on July 28, 2020.

6. Conceptual Framework – Limited Scope Update (Agenda Item 6)

6.1 Staff presented agenda papers for Agenda Item 6 which addressed:

- The measurement hierarchy and measurement bases for inclusion in the Conceptual Framework;
- Whether market value, replacement cost, and value in use are measurement bases or measurement techniques;
- Whether synergistic and equitable value are measurement bases for inclusion in the Conceptual Framework; and
- Whether the distinction between entry and exit values is useful.

Decisions

6.2 The IPSASB **decided** that:

- The measurement hierarchy in ED, *Conceptual Framework–Limited Scope Update* should comprise measurement models, measurement bases and measurement techniques;
- Market value is not a measurement basis, but is a measurement technique;
- Historical cost, fair value, fulfillment value (or cost of fulfillment), and current cost, should be defined in the Conceptual Framework;
- Replacement cost should be applied as a measurement technique rather than a measurement basis;
- Equitable value and synergistic value will not be included in ED, *Conceptual Framework–Limited Scope Update* and ED, *Measurement*; and
- The entry / exit value distinction should be discussed at a high-level in the Conceptual Framework. Selection of measurement bases should be linked to the measurement objective (especially financial capacity and operational capacity) rather than to entry / exit values.

Instructions

6.3 The IPSASB **instructed** staff to:

- Review terminology throughout the hierarchy for consistency and understandability;
- Include measurement techniques under the historical cost basis;
- Enhance the description of market value and consider under which bases it should be applied as a technique;
- Retain the measurement objective when selecting a measurement basis;
- Carry out additional analysis for the September 2020 meeting as part of work to develop / consolidate guidance on measurement techniques, in order to inform a decision on whether value in use is the same in practice as other measurement techniques, whether it continues to be needed for non-cash generating units, and if so, whether it is a basis or technique;
- Analyze which existing bases in the Conceptual Framework should not be retained and develop BCs paragraphs for review by the IPSASB explaining the reason for not retaining them;
- Analyze which measurement techniques are applied when estimating current cost. As part of ED 77, develop a paper identifying and describing these measurement techniques;
- Clarify what a “modern equivalent asset” is when determining current cost;
- Analyze whether terms such as cost approach and depreciated replacement cost are synonymous with replacement cost. Develop consistent terminology, and where not possible, clarify the need and rationale for continued use;
- Develop BCs paragraphs to explain why the concepts of equitable / synergistic values are similar to concepts that already exist in the Conceptual Framework, and so should be excluded from IPSASB literature;
- Recommend guidance for IPSASB to consider for inclusion in the Conceptual Framework on entry / exit value;
- Remove from Tables 1 and 2 in Chapter 7 of the Conceptual Framework the column on entry / exit;
- Consider the need for retention / revision of paragraphs 7.8 and 7.9 from Chapter 7 of the current Conceptual Framework; and
- Enhance existing principles to indicate that the selection of measurement bases is dependent on the measurement objective.

7. Measurement (Agenda Item 7)

7.1 Staff presented agenda papers for Agenda Item 7 which:

- Addressed measurement issues regarding the placement of measurement guidance;
- Addressed application of IFRS 13 *Fair Value Measurement* throughout IPSAS;
- Addressed Amendments to IPSAS 5; and

- Proposed improvements to existing guidance on fair value, fulfillment value, historical cost, and replacement cost, in response to concerns identified by respondents to Consultation Paper (CP), *Measurement*.

Decisions

7.2 The IPSASB **decided** to:

- Place the measurement guidance in the following locations:
 - **ED, *Conceptual Framework–Limited Scope Update***. Provide guidance on measurement models and measurement bases;
 - **ED, *Measurement***. Provide guidance on measurement bases and measurement techniques; and
 - **IPSAS Suite of Standards**. Provides guidance at the measurement basis level; and
- Agree that the use of the term fair value is consistent with the IFRS 13 based definition, to be included in the ED, *Conceptual Framework–Limited Scope Update* and ED, *Measurement* in IPSAS 16, *Investment Property*, IPSAS 27, *Agriculture*, IPSAS 34, *Separate Financial Statements*, IPSAS 39, *Employee Benefits* and IPSAS 41, *Financial Instruments*. Use of the term fair value is not appropriate in IPSAS 32, *Service Concession Arrangements: Grantor* and will need to be replaced in accordance with the consolidated guidance in ED, *Measurement*. It remains appropriate in certain situations in IPSAS 33, *First-time Adoption of Accrual Basis International Public Sector Accounting Standards* and IPSAS 36, *Investments in Associates and Joint Ventures* where the need for consequential amendments will be decided on a case by case basis in accordance with ED, *Measurement*.

Instructions

7.3 The IPSASB **instructed** staff to:

- Determine ordering of sub-headings for Application Guidance (AGs) in ED, *Measurement* (public sector relevance, models, asset/liability, alphabetical, etc.);
- Determine how to present measurement techniques when the same technique is relevant to multiple measurement bases, considering any nuances of application in relation to different bases, and whether generic guidance is better presented in a separate Appendix or Appendices;
- Analyze the existing guidance in IPSAS and recommend whether additional clarification is required when determining primary measurement objective in cases where entities;
 - Hold different assets for both operational and financial capacity reasons (IPSAS 12, *Inventories*, IPSAS 21, *Impairment of Non-Cash-Generating Assets* and IPSAS 26, *Impairment of Cash-Generating Assets*); or
 - May not always hold them for the same purposes as other items in the scope of the same IPSAS or as held by its controlling entity (ED (IPSAS 17 Update), *Property, Plant, and Equipment*, IPSAS 31, *Intangible Assets*, IPSAS 35, *Consolidated Financial Statements* and IPSAS 40, *Public Sector Combinations*);
- Conduct a fair value analysis for the Revenue EDs (ED 70, *Revenue with Performance Obligations* and ED 71, *Revenue without Performance Obligations*), as well as ED (IPSAS 17

Update), *Property, Plant, and Equipment* to understand impact of removing fair value in particular instances, as proposed in these ongoing projects;

- Write a short paper recommending how to address the “grey area”, when entities hold both cash and non-cash generating assets as they pertain to the primary measurement objective, including whether use of the term fair value is consistent with IFRS 13, and any other existing IPSAS guidance for constituents to consider;
- Develop BCs paragraphs explaining why the IPSASB favors determining measurement bases in consideration of the primary measurement objective, as opposed to whether the item is specialized for the public sector;
- Action non-conceptual concerns identified by respondents related to fair value, as proposed in paragraph 4 of Agenda Item 7.2.4;
- Action non-conceptual concerns identified by respondents related to fulfillment value, as proposed in paragraph 4 of Agenda Item 7.2.5;
- Analyze whether to adopt the term fulfillment value, or whether to retain cost of fulfillment on the basis of its relevance to the public sector (specifically consider least costly amount and risk premium);
- Action non-conceptual concerns identified by respondents related to historical cost, as proposed in paragraph 4 of Agenda Item 7.2.6;
- Action non-conceptual concerns identified by respondents related to replacement cost, as proposed in paragraph 4 of Agenda Item 7.2.7;
- Clarify what a “modern equivalent asset” is when determining current cost, (instruction related to Agenda Item 6.2.4); and
- Address suggested wording changes received out of session from members and technical advisors, and prepare separate ED, Amendments to IPSAS 5, *Borrowing Costs* for approval at the September 2020 meeting.

8. ED 76, IPSAS 17 Update – Coordination of Cross Cutting Issues (Agenda Item 8)

8.1 Staff presented agenda papers for Agenda Item 8 and:

- Provided an overview of the Coordinator’s report addressing the interrelations between active projects;
- Provided a summary of proposed changes in ED (IPSAS 17 Update), *Property, Plant, and Equipment*; and
- Proposed to develop ED (IPSAS 17 Update), *Property, Plant, and Equipment* guidance consistent with the format used in IPSAS 41.

The IPSASB also discussed proposals for addressing the remaining cross-cutting issues for the Infrastructure and Heritage projects.

Decisions

- 8.2 The IPSASB **decided** that Infrastructure and Heritage guidance added to ED (IPSAS 17 Update), *Property, Plant, and Equipment* should follow the format of guidance in IPSAS 41.

Instructions

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

- Action changes to ED (IPSAS 17 Update), *Property, Plant, and Equipment* related to the development of ED, *Measurement*;
- Consider whether there is a public sector reason for making the other proposed changes from core text to AGs, or to non-authoritative material (Implementation Guidance (IGs) or Illustrative Examples (IEs));
- Recommend to the IPSASB which BCs paragraphs need to be retained from current IPSAS 17, *Property, Plant, and Equipment*;
- Update IGs based on IPSASB comments;
- Maintain consistency throughout all guidance when applying the concepts of “historical cost model” and “historical cost basis”;
- Incorporate the following detailed changes in ED (IPSAS 17 Update), *Property, Plant, and Equipment*:
 - Terminology change – throughout, the term “fair value” should be replaced with the placeholder “[current value]” while staff evaluates the appropriate measurement basis to apply;
 - Recognition – paragraph 20 of current IPSAS 17 supports the definition principle (weapons systems are property, plant, and equipment). Consider consistency of guidance with conclusion reached for heritage/infrastructure;
 - Recognition (initial costs) – text in paragraph 22 of current IPSAS 17 should be retained (no change for ED (IPSAS 17 Update), *Property, Plant, and Equipment*);
 - Recognition (initial costs) – text in paragraphs 23-25 of current IPSAS 17 on repairs and maintenance guidance should be considered for change in the context of infrastructure and heritage projects;
 - Classification – new text, update terminology focusing on “accounting policy choice” as opposed to “classification”;
 - Consider moving insertion to “Measurement after Initial Recognition”, and consider renaming “Decision after Recognition”;
 - Measurement at Recognition (elements of cost) – text in paragraphs 30-31 of current IPSAS 17 are generic measurement guidance and should be relocated to ED, *Measurement*;
 - Measurement at Recognition (elements of cost) – new text, include reference to ED on Measurement for generic measurement text relocated to ED, *Measurement*;

- Measurement at Recognition (elements of cost) – text in paragraphs 34-35 of current IPSAS 17 are generic measurement guidance and should be relocated to ED, *Measurement*;
- Measurement at Recognition (elements of cost) – text in paragraphs 36-36A of current IPSAS 17 supports the principle property, plant, and equipment is initially measured at cost and should be relocated to the AGs;
- Measurement at Recognition (elements of cost) – text paragraphs 37-41 of current IPSAS 17 are generic measurement guidance and should be relocated to ED, *Measurement*;
- Measurement after Recognition (cost model) – text in paragraphs 29-31 and 32-33 of current IPSAS 17 refer to existing terminology of cost model and revaluation model which should be updated for terminology proposed in ED, *Measurement* of historical cost and current value model;
- Measurement after Recognition (cost model) – text in paragraphs 45-48 of current IPSAS 17 are generic measurement guidance and should be relocated to ED, *Measurement*;
- Measurement after Recognition (cost model) – text in paragraphs 49-51 and 52-53 of current IPSAS 17 should be retained (no change for ED (IPSAS 17 Update), *Property, Plant, and Equipment*); and
- Depreciation – text in paragraphs 66-67, 69-73 and 76-78A of current IPSAS 17, should be considered for changes more broadly in the context of ED, *Conceptual Framework– Limited Scope Update* and ED, *Measurement*. Measurement team to develop recommendation for the IPSASB in September 2020.
- Update the list of cross-cutting issues as follows:
 - Update table for decisions and instructions from current and previous IPSASB meetings so it can be used as a project control tool by staff and the IPSASB going forward. Provide updated version with specific outputs in terms of IGs and/or IEs identified to accompany mid-period mailout of draft ED, (IPSAS 17 Update), *Property, Plant, and Equipment*;
 - For the mid-period review provide the IPSASB with draft ED (IPSAS 17 Update), *Property, Plant, and Equipment* implementing IPSASB's decisions:
 - On movement of material to ED, *Measurement*;
 - Deletion of Heritage scope exclusion, including AG material on Heritage and Infrastructure; and
 - Placeholders for specific AGs, IGs and/or IEs material to be provided to the IPSASB for September 2020;
 - Draft AGs, IGs and/or IEs material to be provided for all issues below for review by IPSASB in September 2020;
 - Consider consequential amendments to IPSAS 31 and IPSAS 33;

- In relation to Issue 1 – Characteristics discussed in June 2020 (see instructions in Agenda Item 9.2.2 and Agenda Item 9.2.3), draft the AGs and BCs paragraphs for IPSASB review in July and September 2020;
- In relation to Issue 2 – Separating land from infrastructure assets, draft IGs and/or IEs for IPSASB review in September 2020 (apply “cascading table⁵” to illustrate link between principle and text in AGs/IGs/IEs). Combine analysis with Issue 4. Discuss the different interpretations of the core text with the relevant members;
- In relation to Issue 3 – Accounting for spare parts, update text to reflect IPSASB decision that further guidance not needed as covered in both current IPSAS 17 and IPSAS 12;
- In relation to Issue 4 – Control of land over or under infrastructure assets, draft IGs and/or IEs for IPSASB review in September 2020 (apply “cascading table” to illustrate link between principle and text in AGs/IEs/IGs). Combine analysis with Issue 2;
- In relation to Issue 5 - Control discussed in June 2020 (see instructions in Agenda Item 10.2.3), draft the AGs and BCs paragraphs for IPSASB review in July and September 2020;
- In relation to Issue 6 – Control (Ownership/stewardship/held in trust), link to guidance developed to address Issue 5. Draft IGs and/or IEs for IPSASB review in September 2020 (apply “cascading table” to illustrate link between principle and text in AGs/IEs/IGs);
- In relation to Issues 7/8/11/12/13 – Measurement, draft IGs and/or IEs for IPSASB review in September 2020. Staff on infrastructure/heritage project to conclude which measurement bases are appropriate to apply in ED (IPSAS 17 Update), *Property, Plant, and Equipment*. Work with Measurement staff to develop additional guidance in ED, *Measurement*, if additional measurement guidance is necessary. Consider if practical expedients are necessary;
- In relation to Issue 9 – Threshold for initial measurement, consider how best to address issue outside ED (IPSAS 17 Update), *Property, Plant, and Equipment*. Draft IGs and/or IEs for IPSASB review in September 2020, considering options including Study 14, *Transition to the Accrual Basis of Accounting: Guidance for Public Sector* (Study 14 Update) and whether *Staff Q&A on Materiality* might be amended;
- In relation to Issue 10 – Costs to dismantle infrastructure assets, update text to reflect IPSASB decision that further guidance not needed as covered in both current IPSAS 17 and IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets*;
- In relation to Issue 14 – Threshold for subsequent measurement, address in conjunction with issue 9;
- In relation to Issue 15 – Subsequent expenditures (repairs and maintenance), draft IGs and/or IEs- for IPSASB review in September 2020 (apply “cascading table” to illustrate link between principle and text in AGs/IEs/IGs);

⁵ Cascading table will present proposed guidance by illustrating where it fits with related existing core text, application guidance, illustrative examples and implementation guidance.

- In relation to Issues 16/17 – Depreciation, draft IGs and/or IEs for IPSASB review in September 2020 (apply “cascading table” to illustrate link between principle and text in AGs/IEs/IGs);
- In relation to Issue 18 – Componentization, consider in the context of the infrastructure assets characteristics discussion and draft IGs and/or IEs for IPSASB review in September 2020 (apply “cascading table” to illustrate link between principle and text in AGs/IEs/IGs);
- In relation to Issue 19 – Impairment, clarify the issue and draft IGs and/or IEs for IPSASB review in September 2020 (apply “cascading table” to illustrate link between principle and text in AGs/IEs/IGs);
- In relation to Issue 20 – Derecognition, draft IGs and/or IEs for IPSASB review in September 2020 (apply “cascading table” to illustrate link between principle and text in AGs/IEs/IGs);
- In relation to Issue 21 – Disclosure, draft IGs and/or IEs for IPSASB review in September 2020. Include recommendation for property, plant, and equipment held in different classes (financial/operational/hybrid); and
- In relation to Issue 22 – Heritage use/non-heritage use, update table for decision not to pursue this approach at previous IPSASB meetings.

9. Infrastructure (Agenda Item 9)

- 9.1 Staff presented the agenda papers for Agenda Item 9 and proposed the characteristics of heritage assets and infrastructure assets and the appropriate location for this guidance.

Characteristics of Heritage Assets

Decisions

- 9.2 The IPSASB **decided** that the characteristics of heritage assets that should be included in ED (IPSAS 17 Update), *Property, Plant, and Equipment* are “restrictions”, “irreplaceable”, and “long and sometimes unspecified useful lives” because they distinguish heritage assets from general property, plant, and equipment and present complexities in the application and implementation of existing principles in the current IPSAS 17.

Instructions

- 9.3 The IPSASB **instructed** staff to:
- Draft characteristics in a way that they point toward accounting challenges and do not give the impression of covering all characteristics of heritage;
 - Make minor revisions to the text leading into the three characteristics of heritage assets to address members’ comments then include in ED (IPSAS 17 Update), *Property, Plant, and Equipment*; and
 - Follow the IPSAS 41 format to draft IGs and/or IEs to clarify the complexities presented by the “restrictions”, “irreplaceable”, and “long and sometimes unspecified useful lives”

characteristics. The IGs and/or IEs should also link to the authoritative guidance in the AGs drafted.

Characteristics of Infrastructure Assets

Decisions

9.4 The IPSASB **decided** the characteristics of infrastructure assets that should be included in ED (IPSAS 17 Update), *Property, Plant, and Equipment* are “networks or systems” and “long useful lives” because they distinguish infrastructure assets from general property, plant, and equipment and present complexities in the application and implementation of existing principles in the current IPSAS 17.

Instructions

9.5 The IPSASB **instructed** staff to:

- Continue using the term, “characteristics of infrastructure assets”, and explain the usage of the term in the BCs paragraphs in terms of ‘accounting challenges’;
- Following an approach similar to heritage assets, prepare authoritative guidance that describe infrastructure assets and links the description to the characteristics of infrastructure assets included in ED (IPSAS 17 Update), *Property, Plant, and Equipment* of “networks or systems” and “long useful lives”. This could be helpful for presentational and disclosure purposes;
- Consider whether the characteristics included in ED (IPSAS 17 Update), *Property, Plant, and Equipment* of “networks or systems” and “long useful lives” might lead to additional presentation requirements;
- Follow the IPSAS 41 format to draft IGs and/or IEs to clarify the complexities presented by the “networks or systems” and “long useful lives” characteristics. The IGs and/or IEs should also link to the authoritative guidance drafted;
- Assess whether the complexities of impairment and subsequent costs also impact the “long useful lives” characteristic. Consider a need to draft IGs and/or IEs to clarify the complexities of impairment and subsequent costs pertaining to the “long useful lives” characteristic; and
- Draft BCs paragraphs that point toward accounting challenges and do not give the impression of covering all characteristics of infrastructure assets, and:
 - Clarify the characteristics of infrastructure assets of “networks or systems” and “long useful lives” included in ED (IPSAS 17 Update), *Property, Plant, and Equipment* are not the definition of infrastructure assets;
 - Clarify the characteristics of infrastructure assets of “networks or systems” and “long useful lives” included in ED (IPSAS 17 Update), *Property, Plant, and Equipment* are not exhaustive; and
 - Explain the IPSASB’s rationale for the characteristics included and those not included in ED (IPSAS 17 Update), *Property, Plant, and Equipment*.

Location for the Heritage Assets and Infrastructure Assets Characteristics Guidance

Decisions

- 9.6 The IPSASB **decided** the characteristics guidance for heritage assets and infrastructure assets will be located in the AGs section of ED (IPSAS 17 Update), *Property, Plant, and Equipment*.

Instructions

- 9.7 The IPSASB **instructed** staff to add BCs paragraphs to summarize the IPSASB's discussion on this topic, and that guidance should follow standardized format by first describing the asset type, followed by the list of specific characteristics that give rise to accounting challenges.

10. Heritage (Agenda Item 10)

- 10.1 Staff presented the agenda papers for Agenda Item 10 and discussed the amendments to remove the heritage scope exclusion in ED (IPSAS 17 Update), *Property, Plant, and Equipment*, and the cross-cutting issue related to control of property, plant, and equipment including heritage assets and infrastructure assets.

IPSAS 17's Heritage Assets Scope Exclusion

Decisions

- 10.2 The IPSASB **decided** to:
- Amend current IPSAS 17 to remove the heritage assets scope exclusion and related paragraphs, including deletion of paragraphs 10 and 11 when drafting ED (IPSAS 17 Update), *Property, Plant, and Equipment*, and
 - Amend paragraph 5 of current IPSAS 17 for consistency and in alphabetical order, and move the paragraph to the AGs when drafting ED (IPSAS 17 Update), *Property, Plant, and Equipment*.

Instructions

- 10.3 The IPSASB **instructed** staff to include agreed revisions (to remove heritage assets scope exclusion and related paragraphs) in ED (IPSAS 17 Update), *Property, Plant, and Equipment* circulated for mid-period review at the IPSASB virtual check-in on July 28, 2020.

Cross Cutting Issue - Control

Decisions

- 10.4 The IPSASB **decided** to:
- Not to insert the staff proposed term, "controlled by an entity" from the definition of property, plant, and equipment in the core text of ED (IPSAS 17 Update), *Property, Plant, and Equipment*, and
 - Add the proposed control guidance in the AGs and BCs paragraphs, subject to staff making the changes instructed by the IPSASB.

Instructions

10.3 The IPSASB **instructed** staff to:

- Check for unintended consequences in ED (IPSAS 17 Update), *Property, Plant, and Equipment*, before replacing the term “tangible items” with the term “tangible assets” in the definition of property, plant, and equipment. This would imply an entity controls the asset and there would be no need to add the term “controlled by an entity” to the definition of property, plant, and equipment;
- Revise the AGs paragraphs as follows:
 - Clarify the introduction to paragraph AG3 to state, “an item of property, plant, and equipment is an asset if it satisfies the following characteristics ...”;
 - Clarify paragraph AG3 to state “uncertainty about the entity that owns or controls the asset” and remove the phrase “uncertainty about the existence of the asset”; and
 - Add commentary on “resource” in or after paragraphs AG3(a)-(c) because paragraph A3 only focuses on control. There is both an uncertainty of a resource and uncertainty of control in the public sector;
- Revise the BCs paragraphs as follows:
 - Clarify paragraph BC14 to indicate that there is both an uncertainty of a resource and uncertainty of control in the public sector; and
 - Consider developing IGs and/or IEs to demonstrate the judgement required in deciding which entity should recognize an asset, by applying the indicators identified in paragraph AG5 to the challenges identified in paragraph BC18; and
- The proposed changes above need to be marked up in Draft ED (IPSAS 17 Update), *Property, Plant, and Equipment* for the IPSASB virtual check-in on July 28, 2020.

11. Accounting for Non-Current Assets Held for Sale (Agenda Item 11)

11.1 Staff presented agenda papers for Agenda Item 11 and discussed the:

- Revised project brief and outline for the project to develop an IPSAS aligned with IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*; and
- Scope and measurement requirements of the project.

Decisions

11.2 The IPSASB **decided** to:

- Approve the project brief and outline;
- Retain the IFRS 5 title “Non-current Assets Held for Sale and Discontinued Operations” for the project;
- Retain the scope and measurement requirements of IFRS 5; and
- Include additional disclosures for the fair value of assets that are classified as held for sale.

Instructions

11.3 The IPSASB **instructed** staff to:

- Develop additional disclosure requirements to be included in ED (IPSAS 17 Update), *Property, Plant, and Equipment* and IPSAS 31 for surplus assets and for assets that are to be transferred to another public sector entity;
- Develop guidance to be included in ED (IPSAS 17 Update), *Property, Plant, and Equipment* and IPSAS 31 to address how to account for assets that are to be transferred to another public sector entity, both for individual assets and those assets that will be accounted for under IPSAS 40. This guidance should address how accumulated depreciation and impairment are treated and the measurement of the asset for the transferor's and transferee's perspectives (e.g., net book value);
- Consider the linkages between IPSAS 16 and ED (IPSAS 17 Update), *Property, Plant, and Equipment* in relation to surplus assets;
- Ensure the issue of transferred assets is clearly articulated in the 'At a Glance' document;
- Develop a visual which illustrates where transactions within the ED scope, and outside its scope, are accounted for;
- Consider whether the use of 'commercial transaction' is appropriate for this project;
- Develop disclosures that require the fair value of an asset classified as held for sale to be provided in the notes to the accounts;
- Consider any interactions with IPSAS 32;
- Develop a paper on which Specific Matters for Comment (SMC) to include in the draft ED and why. Specifically include an SMC regarding whether assets classified as held for sale should be measured only at fair value less costs to sell, using IFRS 5 requirements with added disclosure or IFRS 5 requirements only;
- Develop a paper that considers if the ED, *Non-Current Assets Held for Sale and Discontinued Operations* would apply if fair value cannot be determined. This should consider if net selling price should be used if the fair value of an asset could not be measured;
- Ensure that the linkages between IFRS 5 and IFRS 3, *Business Combinations* regarding discontinued operations are maintained between ED, *Non-Current Assets Held for Sale and Discontinued Operations* and IPSAS 40; and
- Ensure the BCs paragraphs reflect the discussions and decisions made.

12. Leases – IFRS 16 Alignment (Agenda Item 12)

12.1 Staff presented the following agenda papers for Agenda Item 12 and discussed the:

- Process for development of ED, *Leases*;
- Draft framework for developing the Request for Information (RFI); and
- Types of open questions to be included in the RFI.

Decisions

12.2 The IPSASB **decided** to:

- Align the ED, *Leases* outline to IFRS 16, *Leases* as in Appendix A of Agenda Item 12.2.1;
- Retain IFRS 16 guidance in ED, *Leases* as in Appendix A of Agenda Item 12.2.1;
- Include the ED 64, *Leases*, lessee accounting requirements in ED, *Leases* (which are based on IFRS 16 and will take into consideration the responses to ED 64);
- Include the lessor accounting requirements based on IFRS 16 in ED, *Leases*;
- Exclude the IFRS 16 manufacturer or dealer lessor requirements from ED, *Leases*;
- Include in ED, *Leases* the public sector terminology changes to IFRS 16 as in Appendix B of Agenda Item 12.2.1;
- Recommend a working title including considering if the title, “Request for Information on Arrangements Similar to Leases” is appropriate. This is subject to the IPSASB reviewing the RFI;
- Adopt the outline of the RFI as in Appendix A of Agenda Item 12.2.2 but expand the objective of the RFI to include other types of arrangements and make it consistent with the new working title;
- Include in the RFI the following arrangements:
 - Concessionary leases/arrangements;
 - Leases for zero or nominal consideration;
 - Contracts containing lease type clauses;
 - Social housing rental contracts;
 - Shared premises with or without a lease contract; and
 - Access rights;
- Include open type questions but targeted to the objectives of the RFI;
- Include questions related to the new issues added to the RFI; and
- Include closed types of questions if consistent with the objectives of the RFI.

Instructions

12.2 The IPSASB **instructed** staff to:

- Consider what borrowing rate to use when the rate implicit in a lease contract cannot be determined and propose how to address this in the ED, *Leases*; and
- Coordinate with the task force and selected members to review the RFI prior to the September 2020 meeting.

13. Closing Remarks and Conclusion of the Meeting

13.1 The Chair noted the approval of the project brief on Accounting for Non-current Assets Held for Sale and Discontinued Operations and the approval of ED 73, as well as the extensive progress

made across all other projects as substantial achievements at this meeting, especially considering this was the IPSASB's first virtual meeting.

- 13.2 The Chair reminded members of the IPSASB virtual check-in on July 28, 2020, and then closed the meeting.

Appendix 1: Vote – Approve Project Brief—Accounting for Non-current Assets Held for Sale

Agenda Item 11 Description	Minutes Item 11 <i>Project Brief</i>	Date Vote Taken <i>Accounting for Non-current Assets Held for Sale and Discontinued Operations</i>	June 26, 2020 Approved at meeting		
Final Standard <input type="checkbox"/>	ED <input 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 2: Vote – Approve Exposure Draft (ED) 73, COVID-19: Deferral of Effective Dates

Agenda Item 3	Minutes Item 3	Date Vote Taken	June 30, 2020
Description	<i>Exposure Draft</i>	<i>COVID-19: Deferral of Effective Dates</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