

**Approved Minutes of the Meeting of the
INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS BOARD
Virtual Meeting
Held on September 14-18 and 22, 2020**

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 Rod Monette Chris Nyong Lynn Pamment Ajith Ratnayake Kamira Sanchez Nicosia Bernhard Schatz (September 14;15;17;18 & 22) Patrícia Siqueira Varela Scott Showalter Marc Wermuth Member Apologies: Do-Jin Jung	Clark Anstis (Mr. Blake) Claudia Beier (Mr. Wermuth) (September 15;16;17;18 & 22) Henning Diederichs (Ms. Pamment) Takeo Fukiya (Mr. Jung) Baudouin Griton (Mr. Camoin) Anthony Heffernan (Mr. Beardsworth) Williard Kalulu (Ms. Kiure-Mssusa) (September 14;16;17;18 & 22) Leona Melamed (Mr. Monette) Ayres Moura (Ms. Varela) Jakob Prammer (Mr. Schatz) (September 16; 18 & 22) Annabelle Puserio (Ms. Chatto) David Watkins (Mr. Carruthers) Technical Advisor Apologies: Kelly Ayamba (Mr. Nyong) Tsholofelo Tshoke (Ms. Bodewig)

	Non-Voting Observers
Present:	<p>Jerry Gutu (United Nations) (September 14;15;16;17 &18)</p> <p>Delphine Moretti (OECD) (September 14; 16; 17 & 22)</p> <p>Thomas Müller-Marqués Berger (CAG Chair)</p> <p>Gemma Preston (IMF)</p> <p>Lars Ruberg¹ (European Commission) (September 14; 15;16; 18 & 22)</p> <p>John Verrinder (Eurostat) (September 14; 15;16 & 22)</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>Chai Kim (ADB)</p> <p>Martin Koehler (European Commission)</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 (September 14 & 22)</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

- A.1. The Chair welcomed members, technical advisors, and observers to the September 2020 meeting.
- A.2. The Chair thanked staff, members and technical advisors for their continued engagements with constituents despite the challenges presented by the pandemic and engaging virtually.
- A.3. The Chair informed members that the IFRS-Alignment Dashboard and IPSAS-GFS Tracking Table will be considered when the IPSASB looks at the mid-period work program consultation at the December 2020 meeting.

1. Minutes & Communications Activities (Agenda Item 1)

June and July 2020 minutes

- 1.1 Members approved the minutes of the June 2020 meeting and the July 2020 check-in meeting.

IFAC Board Update

- 1.2 The Chair informed members that the IFAC Board approved the IPSASB membership for 2021 with the following new appointments:
 - Dr. Mari Kobayashi from Japan;
 - Counselor Hervé-Adrien Metzger from France; and
 - Ms. Renée Pichard from Canada.
- 1.3 The Chair further noted the following members had been reappointed:
 - Mr. Todd Beardsworth and Ms. Neema Kiure-Mssusa were each reappointed for a second three-year term; and
 - Mr. Bernhard Schatz and Mr. Marc Wermuth were each reappointed for a final one-year term.
- 1.4 With the 2021 appointments the IPSASB membership will achieve gender parity for the first time as it will comprise nine women and nine men. Additionally, Ms. Lindy Bodewig has been appointed Deputy Chair for 2021. The Chair thanked current Deputy Chair, Mike Blake for his excellent support in this important role over the past few years.
- 1.5 Rod Monette and Michel Camion will complete their second three-year terms in December 2020. Do-Jin Jung has not applied for a second three-year term for personal reasons.
- 1.6 James Gunn, Managing Director, Professional Standards, updated members on key developments, including:
 - The Chair's update to the IFAC Board on the IPSASB's:
 - Response to the COVID-19 pandemic²;
 - Challenging public sector specific work program; and
 - Continued efforts to promote IPSAS adoption and implementation.

² The IPSASB responded to the COVID-19 pandemic by embracing the virtual environment, issuing COVID-19: Relevant IPSASB Accounting Guidance and extending comment periods for Exposure Drafts (EDs) such as Revenue and Transfer Expenses.

- 1.7 The Managing Director, Professional Standards also provided an update on IFAC's approval of 2021 budgets, including the IPSASB's agreement to hold one of its four quarterly meetings in 2021 virtually. He also updated on developments related to the Monitoring Group and noted that in July 2020 the report of recommendations related to the governance and operations of the International Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants was published.

Public Interest Committee

- 1.8 The Managing Director, Professional Standards informed members that the Public Interest Committee (PIC), the oversight body of the IPSASB, will hold its annual meeting in October (to make up for the March 2020 meeting that was cancelled as result of the pandemic), where it will share an update on the IPSASB governance review.

System of National Accounts and Government Finance Statistics

- 1.9 The Chair highlighted that the IPSASB continued engagement with the International Monetary Fund (IMF) and statistical community who are currently starting the process to update the System of National Accounts (SNA).
- 1.10 The Chair thanked staff and members, particularly Ms. Cheasty and Mr. Wermuth for collaborating with the Government Finance Statistics (GFS) advisory committee to identify areas of potential alignment between IPSAS and GFS.

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

- 2.1 The Program and Technical Director, discussed the work program and in particular the following items:
- Extending the dates for the December 2020 meeting to accommodate its virtual nature and continue to make progress on the work program; and
 - Overall approach to consequential amendments arising from the various exposure drafts (EDs)³ which will include:
 - Preparing a consolidated list of consequential amendments from the various EDs; and
 - Incorporating all the changes to current IPSAS 17, *Property, Plant, and Equipment*, directly into [draft] ED 78, (IPSAS 17 Update), *Property, Plant, and Equipment*.
- 2.2 The IPSASB agreed to the additional days being added to the December 2020 meeting and the approach to consequential amendments.

3. ED 73, COVID-19: Deferral of Effective Dates (Agenda Item 3)

- 3.1 Staff presented agenda papers for Agenda Item 3 and:
- Provided the analysis of the comments received for ED 73, *COVID-19: Deferral of Effective Dates*;

³ Before the end of 2020, a number of EDs are up for approval and are expected to be published with overlapping comment periods. These EDs are ED 75, *Leases*; ED 76, *Conceptual Framework—Limited Scope Update*; ED 77, *Measurement*; ED 78, *IPSAS 17 Update (Comprehensive ED bringing together changes to IPSAS 17 from Measurement, Infrastructure Assets and Heritage Assets)*; and ED 79, *Non-Current Assets Held for Sale and Discontinued Operations*.

- Recommended the IPSASB to approve the final pronouncement; and The Program and Technical Director, asserted that due process had been followed and confirmed that no re-exposure was necessary.

Decisions

3.2 The IPSASB **decided** to:

- Approve the final pronouncement, *COVID-19: Deferral of Effective Dates*; and
- Set the effective date of the final pronouncement to be effective immediately.

4. ED 74, Amendments to IPSAS 5, Borrowing Costs (Agenda Item 4)

4.1 Staff presented agenda papers for Agenda Item 4 and:

- Proposed implementation guidance and illustrative examples for IPSAS 5, *Borrowing Costs*; and
- Recommended the IPSASB approve ED 74.

Decisions

4.2 The IPSASB **decided** to approve ED 74, *IPSAS 5, Borrowing Costs – Non-Authoritative Guidance* with an exposure period closing March 1, 2021.

Instructions

4.3 The IPSASB **instructed** staff to work with an editorial group to finalize ED 74 for issuance.

5. Public Sector Specific Financial Instruments (Agenda Item 5)

5.1 Staff and the Task Force Chair, Mr. Wermuth, presented agenda papers for Agenda Item 5 and:

- Summarized the revisions made to the [draft] pronouncement, *Amendments to IPSAS 41, Financial Instruments* (renamed to *Non-Authoritative Amendments to IPSAS 41, Financial Instruments*);
- Recommended the IPSASB to approve the final pronouncement; and
- The Program and Technical Director, asserted that due process has been followed and confirmed that no re-exposure was necessary.

Decisions

5.2 The IPSASB **decided** to approve the final pronouncement, *Non-Authoritative Amendments to IPSAS 41, Financial Instruments*, with the effective date January 1, 2023.

Instructions

5.3 The IPSASB **instructed** staff to:

- Work with an editorial group to finalize the pronouncement for issuance; and
- Include the project history in the Staff Q&A: *Public Sector Specific Financial Instruments*, when developed by staff.

6. Leases-IFRS 16 Alignment (ED 75) (Agenda Item 6)

6.1 Staff presented agenda papers for Agenda Item 6 and recommended:

- That the issue of the difference between the lessee's incremental borrowing rate and the likely interest rate implicit in the lease, not be considered public sector specific, because the issue is also prevalent in the private sector;
- That the effective date of ED 75, *Leases* is later than the effective dates of IPSAS 41, *Financial Instruments* and the future IPSAS based on ED 70, *Revenue with Performance Obligations* and ED 79, *Non-Current Assets Held for Sale and Discontinued Operations*;
- Sections of [draft] ED 75 for approval; and
- Sections of the Request for Information (RFI) for approval.

Decisions

6.2 The IPSASB **decided** to:

- Align the lessee's discount rate requirements with those in IFRS 16, *Leases* as it is not a public sector specific issue because private sector entities encounter similar difficulties in determining the rate implicit in the lease and the incremental borrowing rate;
- Add paragraphs in the Basis for Conclusions (BCs) explaining the IPSASB's conceptual thinking on determining the lessee's discount rate based on paragraphs BC160-BC162 of IFRS 16;
- Set the effective date of [draft] ED 75 to be no earlier than the effective dates of IPSAS 41 and IPSAS based on ED 70 and ED 79. To require that public sector entities apply IPSAS 41 and IPSAS based on ED 70 and ED 79, at the same time or before applying ED 75;
- Approve the marked-up terminology changes in [draft] ED 75, subject to changes as a result of:
 - The instructions to staff related to "fair value", "economic benefits", and "service potential"; and
 - Any editorials identified;
- Retain the scope section of [draft] ED 75;
- Include a paragraph in the BCs of [draft] ED 75 on the concession component of a concessionary lease noting that this will be addressed in Phase Two of the Leases project;
- Include the IFRS 16 requirements related to COVID-19 in [draft] ED 75, and a paragraph in the BCs to [draft] ED 75 explaining the reason for retention of the paragraphs related to the uncertain duration and future impacts of the pandemic;
- Include in paragraph AG3 of [draft] ED 75 a similar paragraph as in paragraph AG28 of IPSAS 28, *Financial Instruments: Presentation* related to the application of the contract definition;
- Approve the BCs to [draft] ED 75, subject to replace the wording "notified" with the wording "advised" when referring to the Consultative Advisory Group (CAG);

- Approve the sections in [draft] ED 75 related to the core text, application guidance and amendments to other IPSAS, subject to the IPSASB's instructions to staff;
- Set the title of the Request for Information (RFI) as: "Request for Information on Concessionary Leases and Other Arrangements Similar to Leases";
- Add a footnote in the contract definition explaining that, once the IPSAS based on ED 70 is published, it will be removed from the IPSAS on Leases and will be replaced by a cross-reference to the IPSAS based on ED 70 (where the contract definition will be);
- Add a paragraph in the BCs to [draft] ED 75 explaining the IPSASB's conceptual thinking on low value leases;
- Agree that the objective of the RFI is to gather constituent input on the characteristics of concessionary leases and other arrangements similar to leases that are common in the public sector and seek information on how these arrangements are accounted for by various jurisdictions in their relevant national accounting standard; and
- Not to request views on the appropriate accounting for the concession component of a concessionary lease and other arrangements similar to leases in the RFI.

Instructions

6.3 The IPSASB **instructed** staff to:

- Assess whether to retain the 'fair value' definition in [draft] ED 75 by comparing it with IFRS 13, *Fair Value Measurement*, IFRS 16, and the IPSASB Measurement project;
- Consider adding the wording "service potential" after "economic benefits". Compare this to the approach in the current IPSASB's literature taking into consideration the definition of control and the definition of a lease;
- Coordinate with the Task Force and the RFI Review Group members on the suggested amendments to the RFI;
- Develop an Issues Paper for the December 2020 meeting on the due process requirements for the RFI; and
- Remove the wording "that are prevalent in the public sector or are public sector specific" in paragraph 8 of the RFI.

7. ED 76 and ED 77, Conceptual Framework-Limited Scope Update and Measurement (Agenda Item 7)

7.1 Staff presented agenda papers for Agenda Item 7 and:

- Provided an overview of the Coordinator's report of issues addressed in the Conceptual Framework – Limited Scope Update and Measurement projects; and
- Summarized the detailed analysis regarding the measurement hierarchy, measurement techniques, and considerations under measurement bases.

Decisions

7.2 The IPSASB **decided** to:

- Develop (subject to review of the text at the October 2020 check-in session):
 - Guidance on measurement at initial recognition applicable to both the historical cost and current value models, to be included in the core text; and
 - The measurement hierarchy applicable to subsequent measurement;
- Retain:
 - The term cost of fulfillment; and
 - The cost of fulfillment principles included in the existing IPSASB conceptual framework;
- Set the measurement techniques as market approach, income approach (subject to further consideration of this terminology) and cost approach;
- Move generic guidance for market approach, income approach, and cost approach into the core text as follows:
 - Market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
 - The income approach converts future amounts to a single current amount; and
 - The cost approach reflects the amount that would be required to replace the service provided by an asset;
- Approve the use of measurement techniques as follows:
 - Market approach can be used to estimate the fair value and current cost measurement bases;
 - Income approach can be used to estimate the fair value, value in use, and cost of fulfillment measurement bases; and
 - Cost approach can be used to estimate assets under fair value and current cost measurement bases;
- Approve, subject to clarification of the terms service capacity and service potential in Agenda Item 7.2.12, the replacement cost principles developed in Consultation Paper (CP), *Measurement*, are consistent with those of the cost approach measurement technique proposed in ED, *Measurement*;
- Approve removal of the service capacity term, subject to better explanation that:
 - From the perspective of a market participant, the volume of service an asset can produce, should be assumed; and
 - From the perspective of the entity holding the asset, the volume of service an asset delivers in practice, should be assumed;
- Structure ED, *Measurement* as follows:
 - Generic principles should be included in the core text and application principles should be included in the appendices; and
 - Generic material on measurement techniques should be included in the core text;
- Not retain:
 - Cost of release as a measurement basis for liabilities;
 - Assumption price as a measurement basis for liabilities; and
 - Net selling price as a measurement basis for assets;

- Retain the wording of the measurement objective;
- Add Implementation Guidance in ED, *Measurement* relating to measurement basis for hybrid use assets, as follows:
 - Referring to principles in existing IPSAS; and
 - The need for an entity to apply professional judgment;
- Agree that no additional guidance is necessary on how determine measurement bases when assets held for operating capacity and assets held for financial capacity are within the scope of the same IPSAS;
- Include generic principles in the core text and application principles should be included in the appendices; and
- Agree that comments from respondents on the replacement cost text, historical cost text, fair value text, and fulfillment value text in the Illustrative ED, *Measurement* have been addressed appropriately.

Instructions

7.3 The IPSASB **instructed** staff to:

- Include draft initial measurement guidance in core text of ED, *Measurement* for IPSASB review in October 2020;
- Revise text on application of the measurement hierarchy on subsequent measurement for IPSASB review in October 2020;
- Update terminology throughout the measurement suite of projects to reflect the IPSASB decision to retain the term cost of fulfillment;
- Develop BCs to explain cost of fulfillment as follows:
 - Principles have been retained from the existing IPSASB literature; and
 - Does not include a risk premium (unlike the IASB definition of fulfillment value, which does include a risk premium);
- Clearly communicate which measurement techniques are linked to which measurement bases, and consider illustrating in tabular form;
- Carry out further analysis on techniques for the historical cost measurement basis;
- Review the applicability of the market approach to cost of fulfilment for liabilities;
- Carry out further analysis to determine whether the income approach is applicable when estimating the current cost measurement basis and provide examples to demonstrate applications of income approach to current cost measurement basis;
- Develop BCs explaining the structure of ED, *Measurement*;
- Clarify initial measurement in the core text and carry out further analysis as necessary to explain the principles;
- Refine the principles of current cost and explore other terminology to better explain the basis;
- Clarify the differences between current cost, value in use and fair value, and consider whether there can be measurement techniques hierarchies as for fair value;

- Develop examples illustrating how current cost is applied;
- Carry out further analysis whether value in use should be identified as a measurement basis. Consider this in conjunction with the current cost analysis and work performed on other measurement techniques;
- Draft BCs and an appropriate Specific Matter for Comment (SMC) for cost of release, assumption price, and net selling price;
- Consider the best approach to communicating how the likely rise in importance of distress sales following COVID-19 should be addressed in the IPSASB literature, in following the Board decision to remove net selling price as a measurement basis;
- Develop BCs reflecting IPSASB decision on measurement objective;
- Reword the Implementation Guidance (IG) relating to measurement basis for hybrid use assets to emphasize the need for professional judgment;
- Develop BCs reflecting the IPSASB decision for measurement basis for assets in the same IPSAS held for differing capacities;
- Consider the order of the appendices in the next iteration of ED, *Measurement* in the context of the arrangement of core material and usage of the measurement hierarchy;
- Accept drafting changes actioning respondent comments on the Illustrative ED proposed in the papers on improvements to replacement guidance, historical cost guidance, fair value guidance, and fulfillment value guidance; and
- Consider terminology throughout the measurement guidance as follows:
 - Consider whether “cost approach” best describes the measurement technique and evaluate alternative options;
 - The term “income approach” can be misleading. Inflows and outflows are included. Evaluate alternative terminology options;
 - The distinction between service potential and service capacity was unclear. Consider presenting the principle using different terminology to avoid reference to service capacity while maintaining references to service potential;
 - Is the IFRS 13 wording appropriate as proposed; and
 - Modern equivalent asset, comparable utility, etc.

8. ED 79, Non-Current Assets Held for Sale and Discontinued Operations (Agenda Item 8)

- Staff presented the agenda papers for Agenda Item 8 recommended the IPSASB to approve ED 79.

Decisions

8.1. The IPSASB decided to:

- Not add extra disclosures to IPSAS 17 and IPSAS 31, *Intangible Assets* for surplus assets or assets to be transferred to another entity, as a result of this limited-scope alignment project;

- Use the IPSAS 26, *Impairment of Cash-Generating Assets* definition of a cash-generating unit rather than the definition in IFRS 5, *Non-Current Assets Held for Sale and Discontinued Operations*; and
- Approve ED 79 for issuance.

Instructions

8.2. The IPSASB **instructed** staff to work with an editorial group to finalize ED 79 for issuance.

9. ED 78, IPSAS 17 Update, Heritage and Infrastructure (Agenda Item 9)

9.1 Staff presented the agenda papers for Agenda Item 9 and:

- Provided an overview of the coordinators report addressing the interrelationships between active projects;
- Discussed the review of the remaining issues identified by constituents when accounting for heritage assets and infrastructure assets; and
- Provided a summary of proposed changes to [draft] ED 78.

Decisions

9.2 The IPSASB **decided** to:

- Approve the recommended implementation guidance approach to address control over heritage items, subject to drafting revisions as per the instructions;
- Approve the recommended implementation guidance approach, with revisions as per the instructions, to address treatment of subsequent expenditure on unrecognized heritage assets;
- Approve the recommended implementation guidance approach to address capitalization thresholds for property, plant and equipment, subject to drafting revisions as per the instructions;
- Approve the recommended implementation guidance approach to address measurement of heritage assets when there are either restrictions or the asset is viewed as irreplaceable, subject to drafting revisions as per the instructions;
- Approve the recommended implementation guidance approach to address separately accounting for land under or over infrastructure assets, subject to drafting revisions as per the instructions;
- Approve the recommended revision to core text, and implementation guidance approach to address identification of heritage assets with indefinite useful lives, subject to drafting revisions as per the instructions;
- Approve the recommended implementation guidance approach to address identifying parts of infrastructure assets, subject to drafting revisions as per the instructions;
- Discontinue the use of the term “renewals accounting” as it has different meanings and applications;
- Discontinue the use of the terms, “backlog maintenance” and “deferred maintenance” and that “under-maintenance of assets” should be used unless a better term can be identified;

- Approve the recommended implementation guidance approach to address under-maintenance of assets, subject to drafting revisions as per the instructions;
- Approve the recommendation that no additional implementation guidance is needed to address the impairment of heritage assets and infrastructure assets;
- Not add guidance for derecognition of infrastructure assets in ED 78 because sufficient authoritative guidance exists and the derecognition challenges identified by constituents appear administrative;
- Approve the rationale for not adding derecognition guidance in the BC paragraphs; and
- Add authoritative general requirements on disclosures about unrecognized assets in ED 78 and consider the need for adding non-authoritative guidance on heritage assets.

Instructions

9.3 The IPSASB **instructed** staff to:

- Incorporate the following detailed changes in [draft] ED 78 as follows:
 - Non-exchange transactions (paragraph 11) – Consider the use of the term non-exchange transaction in the context of the IPSASB decision when ED 71, *Revenue without Performance Obligations* was approved;
 - Subsequent Costs (paragraphs AG 17-AG 19)– Consider the placement of guidance on subsequent costs in the core text of [draft] ED 78; and
 - Disclosure of idle assets and assets retired from use (paragraph 68) –_Following discussions related to surplus assets in developing ED 79, consider whether the encouraged disclosures related to temporarily idle, and retired from active use, property, plant, and equipment, should be made mandatory;
- Revise the implementation guidance in relation to control over heritage items, working with IPSASB members who identified changes, to address the following points:
 - Relate the period during which the entity holds the heritage item to its useful life;
 - Link clearly to the conceptual basis for assessments of control;
 - Apply professional judgement applied to the facts of each case (and remove text to the effect that more indicators mean more likely to control);
 - Link guidance clearly to the application guidance factors;
 - Reorder the examples to move the first question to the end with appropriate editorial changes; and
 - Further consideration of the guidance on collection items held on loan;
- Revise the heading to the implementation guidance on whether to capitalize or expense subsequent expenditure so that it only refers to heritage assets (not to infrastructure assets) and review other text, particularly the BCs for consistency;
- Add more explanation to the BCs to convey the circumstances in which this issue arises (i.e. circumstances in which subsequent expenditure on unrecognized heritage assets could be either capitalized or expensed);
- Revise the implementation guidance in relation to capitalization threshold, working with IPSASB members who identified changes, to address the following points:
 - Delete reference to the cost of capital management system;

- Reorder the text and have materiality as the main driver for considerations;
- Delete text that refers to management control; and
- Remove “substantially all” and replace with reference to materiality;
- Revise the implementation guidance in relation to measurement and replaceability, working with IPSASB members who identified changes, to address the following points:
 - Ensure terminology is consistent with measurement project developments;
 - Convey that measurement of heritage assets can be very difficult and complex;
 - Explain that estimates and judgement are part of accounting, so the need for an estimate (or a lack of precision in measurement) is not a sufficient basis for non-recognition; and
 - Refer to measurement project work on the impact of restrictions for valuation/measurement;
- Review the proposed non-authoritative implementation guidance for valuing land under or over infrastructure assets and:
 - Delete paragraph IG2 because the locational requirement is not necessary when valuing land under infrastructure assets; and
 - Consider the need for revisions to paragraph IG3 because of deleting paragraph IG2;
- Revise the core text on annual impairment reviews in relation to depreciation where assets have indefinite useful lives:
 - To clarify that the review is for indications of impairment only; and
 - For consistency with other IPSAS;
- Revise the core text and implementation guidance in relation to depreciation to:
 - Clarify application to all property, plant, and equipment (not just non-land);
 - Make text on entity’s preservation actions achievable, and
 - Convey on-going nature (not one-off); if factors not met refer back to IPSAS 17’s guidance for assets with finite useful lives;
- Clearly explain the rationale for revising the examples of significant parts of infrastructure assets in the BC paragraphs, explaining that in making these less detailed there is no intention to prevent entities continuing to use the current more detailed categories as the basis for their accounts;
- Review the proposed non-authoritative implementation guidance for identifying parts of infrastructure assets that should be separately depreciated and ensure it applies generically to infrastructure assets by:
 - Making the indicators of the parts in paragraphs IG3(a)-IG3(c) more generic through deleting the non-bold explanatory text; and
 - Consider revising paragraph IG3(c) references to useful lives;
- Clearly articulate the thinking on how condition-based information may provide the ‘systematic’ basis for calculating depreciation specified in IPSAS 17 and:
 - Explain in more detail the steps to enable condition-based information to be used in applying ED 78 to account for property, plant, and equipment (in particular, how it might be used in determining the useful life of assets and help to estimate depreciation);
 - Consider the need for an Illustrative Example to explain the approach; and

- Develop a SMC to ask whether condition-based information should only be applicable to infrastructure assets and not to other general property, plant, and equipment;
- Clearly explain the rationale for not using the terms “backlog maintenance” and “deferred maintenance” in the BC paragraphs;
- Review the proposed non-authoritative implementation guidance for under-maintenance of assets and revise the wording in the first and second questions to consider the IPSASB’s discussion;
- Revise the BCs to remove examples and emphasize use of the impairment standards to identify assets that could be impaired;
- Provide the IPSASB with a recommendation on the location of the authoritative guidance in relation to disclosure of heritage assets, which will be a core text requirement, supported, as appropriate, by application guidance; and
- Treat disclosures related to unrecognized assets as of general relevance to property, plant, and equipment, and then consider whether there is anything specific to heritage assets which indicates a need for heritage-related implementation guidance.

10. Natural Resources (Agenda Item 10)

10.1 Staff presented agenda papers for Agenda Item 10 and discussed:

- Whether a government’s sovereign power, in and of itself, can be recognized as an asset;
- The informal survey to gather information regarding various jurisdictional legal frameworks for subsoil resources exploration; and
- The overall structure and draft introduction and chapter 1 of the Natural Resources CP.

Decisions

10.2 The IPSASB **decided** to:

- Articulate that a government’s sovereign power, in and of itself, does not meet the criteria for recognition as an asset;
- Provide the revised survey to members, technical advisors and other individuals as identified by the staff, as an informal information gathering survey to inform the development of the CP; and
- Subject to instructions below, make no major changes to the overall proposed structure of the [draft] CP.

Instructions

10.3 The IPSASB **instructed** staff to:

- Regarding sovereign powers:
 - Clarify the distinction between the ability to issue licenses and the transaction of issuing licenses, and include more detailed consideration of when an asset could exist and be recognized;
 - Include a more detailed analysis of measurement considerations;

- Use language that is consistent with other IPSASB projects (e.g., binding arrangements defined in ED 70, *Revenue with Performance Obligations*, ED 71, *Revenue without Performance Obligations* and ED 72, *Transfer Expenses*);
- Cross-reference to discussion of a similar issue in the Social Benefits project; and
- Include an analysis of sovereign powers, considering the recognition and measurement considerations noted above, possibly in an Appendix to the [draft] CP;
- Regarding the informal survey:
 - Expand the introduction to provide more information regarding the purpose of the survey as well as information on surface and subsurface rights;
 - Add a question regarding the current public sector accounting practices for unextracted subsoil resources in the jurisdiction;
 - Postpone the deadline for responses to six weeks (October 30, 2020); and
 - In addition to members and technical advisors, circulate the survey to key jurisdictions where natural resources are significant—e.g., Norway, United Arab Emirates etc.; and
- Regarding the [draft] CP:
 - Revise the introduction and chapter 1 for comments received from the members;
 - In the analysis of sovereign powers, distinguish between sovereign powers in their own right from activities arising from the use of sovereign powers, and expand on the discussion of control and when an item can be recognized as an element of the financial statement; and
 - Expand on the application of existing IPSAS guidance on potential cash outflows, as this was an issue identified by the CAG.

11. Closing Remarks and Conclusion of the Meeting

- 11.1 The Managing Director, Professional Standards, updated members on one further decision at the recent IFAC Board meeting. This was the re-appointment of the Chair for a third and final term of service through to the end of 2024.
- 11.1 The Chair expressed his appreciation of the re-appointment. He noted the approval of two pronouncements, COVID-19: *Deferral of Effective Dates* and *Non-Authoritative Amendments to IPSAS 41, Financial Instruments*, as well as the approval of two EDs, ED 74 and ED 79, and additionally the extensive progress made across all other projects, as substantial achievements at this meeting.
- 11.2 The Chair reminded members of the IPSASB virtual check-in on October 27, 2020, and then closed the meeting.

Appendix 1: Vote – Approve Final Pronouncement, COVID-19: Deferral of Effective Dates

Agenda Item 3	Minutes Item 3	Date Vote Taken		September 14, 2020	
Description	<i>Final Pronouncement</i>	<i>COVID-19: Deferral of Effective Dates</i>		Approved at meeting	
Final Standard ■	ED □	CP □	Other □	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

Appendix 2: Vote – Approve Exposure Draft (ED) 74, IPSAS 5, Borrowing Costs – Non-Authoritative Guidance

Agenda Item 4	Minutes Item 4	Date Vote Taken	September 22, 2020
Description	<i>Exposure Draft</i>	<i>ED 74, IPSAS 5 Borrowing Costs – Non-Authoritative Guidance</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

Appendix 3: Vote – Approve Final Pronouncement, *Non-Authoritative Amendments to IPSAS 41, Financial Instruments*

Agenda Item 5	Minutes Item 5	Date Vote Taken	September 14, 2020
Description	<i>Final Pronouncement</i>	<i>Non-Authoritative Amendments to IPSAS 41, Financial Instruments</i>	Approved at meeting

Final Standard ■	ED □	CP □	Other □	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

Appendix 4: Vote – Approve Exposure Draft (ED) 79, Non-current Assets Held for Sale and Discontinued Operations

Agenda Item 8	Minutes Item 8	Date Vote Taken	September 17, 2020
Description	<i>Exposure Draft</i>	<i>ED 79, Non-current Assets Held for Sale and Discontinued Operations</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