INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS BOARD

TERMS OF REFERENCE

History of the Terms of Reference

The Terms of Reference was issued in November 2004.

In November 2011 the IFAC Board issued a revised Terms of Reference. The revised Terms of Reference are effective from January 1, 2012.
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EFFECTIVE FROM JANUARY 1, 2012

1.0 Purpose

1.1 The mission of the International Federation of Accountants (IFAC), as set out in its constitution, is “to serve the public interest by contributing to the development, adoption and implementation of high-quality international standards and guidance; contributing to the development of strong professional accountancy organizations and accounting firms, and to high quality practices by professional accountants; promoting the value of professional accountants worldwide; and speaking out on public interest issues where the accountancy profession’s expertise is most relevant.” In pursuing this mission, the IFAC Board has established the International Public Sector Accounting Standards Board (IPSASB) to function as an independent standard-setting body under the auspices of IFAC.

1.2 The IPSASB develops and issues, in the public interest and under its own authority, high-quality accounting standards and other publications for use by public sector entities around the world in the preparation of general purpose financial reports. In this regard:

- The term “public sector” refers to national governments, regional (e.g., state, provincial, territorial) governments, local (e.g., city, town) governments and related governmental entities (e.g., agencies, boards, commissions and enterprises); and
- General purpose financial reports refers to financial reports intended to meet the information needs of users who are unable to require the preparation of financial reports tailored to meet their specific information needs.

1.3 The IFAC Board has determined that designation of the IPSASB as the responsible body under its own authority and within its stated terms of reference, best serves the public interest in achieving this aspect of its mission.

2.0 Objective

2.1 The IPSASB’s objective is to serve the public interest by developing high-quality accounting standards and other publications for use by public sector entities around the world in the preparation of general purpose financial reports.
2.2 This is intended to enhance the quality and transparency of public sector financial reporting by providing better information for public sector financial management and decision making. In pursuit of this objective, the IPSASB supports the convergence of international and national public sector accounting standards and the convergence of accounting and statistical bases of financial reporting where appropriate; and also promotes the acceptance of its standards and other publications.

3.0 PRONOUNCEMENTS

3.1 In fulfilling the above objective, the IPSASB develops and issues the following:

- International Public Sector Accounting Standards (IPSASs) as the standards to be applied by members of the profession in the preparation of general purpose financial reports of public sector entities.
- Recommended Practice Guidelines (RPGs) to provide guidance that represents good practice that public sector entities are encouraged to follow.
- Studies to provide advice on financial reporting issues in the public sector. They are based on study of the best practices and most effective methods for dealing with the issues being addressed.
- Other papers and research reports to provide information that contributes to the body of knowledge about public sector financial reporting issues and developments. They are aimed at providing new information or fresh insights and generally result from research activities such as: literature searches, questionnaire surveys, interviews, experiments, case studies and analysis.

3.2 The official text of the IPSASs and other publications is that published by the IPSASB in the English language.

4.0 MEMBERSHIP

4.1 The members of the IPSASB, including the Chair and Deputy Chair, are appointed by the IFAC Board on the recommendation of the IFAC Nominating Committee. The appointment as Deputy Chair does not imply that the individual concerned is the Chair-elect.

4.2 The IPSASB has 18 members, 15 of whom are nominated by IFAC Member Bodies and three of whom are appointed as public members. A public member is expected to reflect, and is seen to reflect, the wider public interest. The three public members may be members of IFAC Member Bodies.

4.3 The selection process is based on the principle of “best person for the job,” the primary criterion being the individual qualities and abilities of the nominee in
relation to the position for which they are being nominated. However, the selection process also seeks a balance between the personal and professional qualifications of a nominee and representational needs, including gender balance of the IPSASB. Accordingly, consideration will be given to other factors including geographic representation, sector of the accountancy profession, knowledge of institutional arrangements encompassed by its constituency, size of the organization, and level of economic development.

4.4 IPSASB members may be accompanied at meetings by a technical advisor. A technical advisor has the privilege of the floor with the consent of the IPSASB member he or she advises, and may participate in projects. Technical advisors are expected to possess the technical skills to participate, as appropriate, in IPSASB debates and attend IPSASB meetings regularly to maintain an understanding of current issues relevant to their role.

4.5 The IPSASB may appoint as observers, representatives of appropriate organizations that have a strong interest in financial reporting in the public sector, provide ongoing input to the work of the IPSASB and have an interest in endorsing and supporting IPSASs. Observers may attend IPSASB meetings, have the privilege of the floor, and may participate in projects. Observers are expected to possess the technical skills to participate fully in IPSASB debates and attend IPSASB meetings regularly to maintain an understanding of current issues. The IPSASB will review the composition and role of observers on an annual basis.

4.6 IPSASB members are required to sign an annual statement declaring they will act in the public interest and with integrity in discharging their roles within IFAC. Nominating organizations of members of the IPSASB and the employing organization of the chair of the IPSASB (as applicable) are asked to sign similar independence declarations.

5.0 THE IPSASB CHAIR

5.1 The Chair is selected by the Nominating Committee and recommended to the IFAC Board for its approval.

6.0 TERMS OF OFFICE

6.1 The standard term for IPSASB members is three years, with approximately one-third of the membership rotating each year. A member may serve up to two consecutive terms, for an aggregate term of six years.

6.2 The Chair ordinarily may serve three consecutive terms (as Chair or as a member for one or two terms preceding the appointment as Chair), for an aggregate of nine years. In exceptional circumstances, to be specified by the Nominating Committee, the Chair may serve for one additional consecutive term, for an aggregate term of twelve years.
7.0 **MEETING PROCEDURES**

7.1 Each IPSASB meeting requires the presence, in person or by simultaneous telecommunications link, of at least twelve appointed members.

7.2 IPSASB meetings shall be chaired by the Chair, or in his/her absence, by the Deputy Chair. In the event of the absence of both, the members present shall select one of their number to take the chair for the duration of the meeting, or of the absence of the Chair and Deputy.

7.3 Each member of the IPSASB has one vote which can be exercised only by the appointed member. The affirmative vote of at least twelve of those present at a meeting in person or by simultaneous telecommunications link is required to approve or withdraw Consultation Papers, exposure drafts, IPSASs, and RPGs.

7.4 IPSASB meetings to discuss the development, and to approve the issuance or withdrawal of standards or other technical documents are open to the public. Matters of a general administrative nature or with privacy implications may be dealt with in closed sessions of the IPSASB; no decisions that would affect the content of the IPSASs and other pronouncements issues by the IPSASB are made in a closed session. Agenda papers for open sessions, including minutes of the meetings of the IPSASB, are published on the IPSASB’s website. The meetings and agenda papers are in English, which is the official working language of IFAC.

8.0 **DUE PROCESS**

8.1 The IPSASB is required to be transparent in its activities, and in developing IPSASs to adhere to due process.

8.2 The IPSASB issues exposure drafts of all proposed IPSASs and RPGs for public comment. In some cases, the IPSASB may also issue a Consultation Paper prior to the development of an exposure draft. This provides an opportunity for those affected by IPSASB pronouncements to provide input and present their views before the pronouncements are finalized and approved. The IPSASB considers all comments received on Consultation Papers and exposure drafts in developing an IPSAS or RPG.

8.3 The IPSASB cooperates with national standard setters in preparing and issuing IPSASs and RPGs to the extent possible, with a view to sharing resources, minimizing duplication of effort and reaching consensus and convergence in standards at an early stage in their development. It also promotes the endorsement of IPSASs and RPGs by national standard setters and other authoritative bodies and encourages consultation with users, including elected and appointed representatives; Treasuries, Ministries of Finance and similar authoritative bodies; and practitioners throughout the world to identify user needs for new standards and guidance.
8.4 In developing its pronouncements, the IPSASB seeks input from its consultative group and considers and makes use of pronouncements issued by:

(a) The International Accounting Standards Board (IASB) to the extent they are applicable to the public sector;
(b) National standard setters, regulatory authorities and other authoritative bodies;
(c) Professional accounting bodies; and
(d) Other organizations interested in financial reporting in the public sector.

8.5 The IPSASB will ensure that its pronouncements are consistent with those of IASB to the extent those pronouncements are applicable and appropriate to the public sector.

9.0 CONSULTATIVE GROUP

9.1 The objective of the IPSASB Consultative Group is to provide a forum in which the IPSASB can consult with representatives of different groups of constituents to obtain input and feedback on its work program, project priorities, major technical issues, due process and activities in general.

10.0 OTHER

10.1 The IPSASB reports annually on its work program, activities and progress made in achieving its objectives during the year. This information is normally included as part of the IFAC annual report.

10.2 The IFAC Board will review the terms of reference of the IPSASB at least every three years.