

PROJECT HISTORY

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Structure of the Consultation Paper (CP)

The IPSASB considered an Issues Paper and draft chapters of the CP (Introduction and Objective and, Monetary Gold).

The IPSASB agreed that the Introduction and Objective chapter should discuss how this project has evolved in order to communicate why the various topics are included in the CP and their public sector importance.

The IPSASB agreed for the organization of the CP to be as follows:

- Chapter 1: Introduction and Objective;
- Chapter 2: Monetary Gold;
- Chapter 3: Currency and Coin Issued by the Entity;
- Chapter 4: IMF Special Drawing Rights and Other IMF Transactions;
- Chapter 5: Statutory Receivables;
- Chapter 6: Statutory Payables; and
- Chapter 7: Securitizations.

Monetary Gold – Definition

The IPSASB agreed that all components of the definition should be defined (gold bullion, monetary authorities and reserve assets). The IPSASB directed staff to consider further aligning with the definitions in GFS and SNA. The IPSASB also directed that monetary gold should be considered against the existing financial instruments definitions in IPSASs.

Scope

The IPSASB directed that full consideration of the different types of gold and gold instruments should be undertaken, with consideration as to the nature of each type/instrument and the intention or use for which it is held.

Measurement

The IPSASB noted that a measurement objective should be developed for different types of gold, given the different perspective of the users.

The IPSASB further guided staff to be mindful that this is a CP and that conclusions about which concepts are appropriate are not required. The CP should set out reasons for holding gold, measurement objectives and fully discuss options.

Derecognition

The IPSASB again reaffirmed that the CP should not reach conclusions on accounting concepts such as how to treat unrecognized gains and losses on monetary gold if a current value basis is used.

Further work needs to be undertaken on the derecognition point for each stream of transactions; is it the decision to sell or the point of sale?

Disclosures

The IPSASB noted that users' needs should be identified, so that a disclosure objectives can be based on such needs.

June 2014

The IPSASB considered an Issues Paper on the following public sector specific topics:

- Statutory receivables;
- Statutory payables; and
- Securitizations.

A central bank working group established by the IMF, World Bank and the Bank for International Settlements, is considering issues prevalent in financial reporting for central banks and government finance departments. Staff is working to communicate with this group to understand the issues being considered and with the hope of identifying qualified individuals to join the task force being established for this IPSASB project.

Staff presented research and findings related to:

- Taxes;
- Government Transfers;
- Fines and Penalties;
- Fees; and
- Social Benefits.

These types of transactions are generally non-contractual and arise through laws, legislation and/or regulation.

Staff presented an analysis of the current IPSAS literature and highlighted key issues and areas where gaps exist for each topic in the IPSASB's literature.

A summary of the main areas where gaps exists are:

- Statutory Receivables—Lack of guidance for subsequent measurement, impairment and derecognition;
- Statutory Payables—Lack of guidance for subsequent measurement, derecognition/impairment when accounting for non-contractual payables and in some cases lack of guidance for initial recognition; and
- Securitizations—Contractual in nature with guidance existing in IPSAS 6-8 and IPSAS 28-30. Concern was expressed about "future flow" securitizations where entities securitize rights to items that are not recognized in the entity's financial statements such as future taxation or rights to administer and collect fees.

The IPSASB determined that developing a specific view was not appropriate at this time and that staff should continue to develop options for inclusion in the CP

Since the topics currently within the scope of the project are varied and do not have a natural conceptual connection, the IPSASB considered whether a single CP should be developed or whether multiple CPs would be more appropriate. The IPSASB agreed to continue to develop a single CP. This will allow constituents to consider and respond to all issues at one time. Initial draft chapters of the CP will be considered at the IPSASB meeting in September 2014.

March 2014

The IPSASB considered an issues paper on public sector specific financial instruments, following the approval of a project brief at the December 2013 meeting.

The issues paper prepared by staff focused on the following:

- Monetary gold;
- Currency and coin in circulation; and
- International Monetary Fund (IMF) quota subscriptions and Special Drawing Rights (SDRs).

Other issues in the scope of the project, such as statutory receivables and statutory payables (as well as securitization schemes in the public sector), will be covered at the June 2014 meeting.

Staff presented research findings on accounting by a sample of central banks. The IPSASB also noted that these instruments are not limited to central banks and a transactional rather than entity-specific approach should be undertaken.

The IPSASB noted variation in accounting for transactions related to these instruments. Given the importance of these transactions in the public sector, the IPSASB indicated that further research should consider the following:

- Accounting for banknotes and coins in circulation: specifically how to account for items not yet issued/circulated, impairment and derecognition, and development costs for new series of notes and coins;
- The similarity of monetary gold to cash; and
- The situation where governments in distress use the IMF loan facilities and SDRs to increase reserve assets (as IMF quota subscription members), to provide better insight on how these liquidity instruments are used.

Further, the IPSASB emphasized it would be useful to establish the project task force to help understand the technical accounting issues.

The IPSASB discussed the outputs of the project and agreed that the goal is to develop one or more IPSASs.

December 2013

The IPSASB considered a project brief on accounting for public sector specific financial instruments. For work planning purposes the project is intended to address public sector specific financial instruments issues. However, as noted in the project brief, the issues identified do not meet the current definitions of a financial instrument, financial asset and/or financial liability in IPSAS 28, *Financial Statements: Presentation*.

The IPSASB considered the scope of the project. It was agreed to address the following issues:

- Monetary Gold
- Currency and coin in circulation
- IMF Special Drawing Rights (SDRs) and reserve position in the IMF
- Statutory receivables
- Statutory payables

The IPSASB specifically considered whether to include concessionary loans and financial guarantees issued in non-exchange transactions in the scope of the project. It was agreed by the IPSASB that these issues should not be in the scope, because there are requirements and guidance in IPSAS 28–30, and the implementation date for those standards was January 1, 2013. Further, it was agreed that this project would remain separate from any work related to maintaining alignment with International Financial Reporting Standards in, IPSAS 28–30.

The IPSASB noted that it was difficult to determine if the scope of issues was exhaustive at this time and therefore decided to proceed with an initial research phase of the project. This initial phase is anticipated to be completed by the end of 2014 and culminate with the issuance of a consultation paper and a revised project brief.

The IPSASB considered a proposal to make the current Task Based Group (TBG) a Task Force (TF) based on the complexity of some of the issues identified and the lack of accounting literature available. The IPSASB agreed with the staff proposal to attempt to add 1 to 2 members outside of the IPSASB to the TBG to form a TF. These members would be expected to have specific experience related to central bank accounting and/or accounting for IMF SDRs/reserve position in the IMF.