

## **Public Interest Committee**

### **4th Meeting**

**1 March 2017**

1. The fourth meeting of the Public Interest Committee (“the Committee”), the oversight body for the International Public Sector Standards Board (IPSASB), was held at the OECD Headquarters in Paris on March 1, 2017.
2. The meeting was attended by all members of the Committee. In addition, the Chair and Technical Director of the IPSASB together with representatives of the leadership of the International Federation of Accountants (IFAC) and Inaugural Chair of the Consultative Advisory Group (CAG) attended parts of the meeting. See Appendix 1 for a complete list of participants.
3. This Summary Record is organized around the meeting agenda and reflects the ensuing discussions.

### **IPSASB Activities**

4. The Chair and Technical Director of the IPSASB presented a summary of recent Board’s activities. They noted that the Board approved two new standards in 2016, namely “IPSAS 40, Public Sector Combinations” and “IPSAS 39 Employee Benefits”, and made some substantial amendments to current IPSASs with the approval of two projects, “Impairment of Revalued Assets” and “The Applicability of IPSASs”.
5. The Chair and Technical Director of the IPSASB presented the Board’s work programme for 2017. The Board aims at publishing two consultation papers and three exposure drafts in 2017. It was emphasized that the majority of the Board’s projects are public sector specific in nature and aim at closing perceived gaps in the IPSASB framework.<sup>1</sup>
6. The Chair underlined that sustained outreach activities would take place in 2017. They aim at increasing exchanges with constituents and stakeholders, in order to better understand their broad needs in terms of public financial management and gather feedback on IPSASs.
6. The Chair also informed the Committee that the Board will be issuing a new consultation on its 2019-23 strategy in 2018, and the consultation document will be developed in 2017. The Chair sought the Committee’s inputs for developing this strategy.
8. The Committee welcomed the IPSASB’s 2016 achievements and 2017 work programme. The Committee emphasized stakeholders’ expectations that the Board will complete its major public sector-specific projects within the timeframe stated in its current strategy and work

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<sup>1</sup> The public sector specific projects are “Heritage Assets”, “Non Exchange Expenses”, “Revenue”, “Public Sector Specific Financial Instruments” and “Social Benefits”, “Infrastructure assets” and “Public sector Measurement”.

programme. The Committee advised to continue prioritising projects and focus the Board's resources on a small number of priority issues.

9. The Committee welcomed the Board's desire to gather inputs and feedbacks from constituents and stakeholders. It underlined that the Consultative Advisory Group and Standards Setters Forum were created for that purpose, and encouraged the Board to make optimal use of these two bodies. The PIC also welcomed, going forward, receiving regular updates on implementation issues reported by stakeholders.

9. The Committee welcomed the public consultation on the Board's strategy for 2019-2023, and confirmed that it will follow the development of the consultation paper. The Committee noted that this consultation should be an opportunity to seek comments and proposals on the Board's funding model.

### **Consultative Advisory Group**

10. The Chair of the Consultative Advisory Group (the CAG) presented a summary of the recent CAG activities, including overview of its second meeting, which took place in December 2016 in South Africa. The Chair highlighted the addition of the two new members representing parliamentary budget offices and parliamentarians.

11. The CAG Chair reflected on the significant evolution of the CAG discussions between the first and second meetings, with members focusing on the ways accrual accounting reforms and IPSASB activities could contribute to broader Public Financial Management and Public Sector reforms.

12. The CAG Chair and the IPSASB Chair appraised the PIC members on the status of the nominations process related to the election of the CAG Chair, which will take place during the upcoming CAG meeting in June, 2017.

13. The Committee welcomed the inputs provided by the CAG to the standard-setting process. The Committee noted the evolving focus of CAG meetings, and reminded of the need to keep the content of such meetings and associated activities within the scope of the original CAG Terms of References (ToRs).

14. The Committee took note of the status of the CAG Chair election process. It requested a review of the CAG Chair ToRs to be carried out prior to the upcoming Chair re-elections, to assure their compliance with the overall CAGs ToRs.

15. Going forward, the Committee stressed the importance of addressing outstanding membership issues, including the current underrepresentation of a few regions, and ensuring the adequate attendance rate on part of the active CAG members. It also requested that as part of the future members outreach and nominations process the CAG clarifies responsibilities and time commitment expected from the prospect members. It noted that the time commitment expected from the CAG Chair should be capped, in order to encourage candidatures.

16. The Committee was pleased to receive the positive feedback from the CAG Chair and the IPSASB Chair with regards to the collaboration between the two organizations. The Committee encouraged maintaining and further strengthening this process, focusing on the CAG's advisory role as its key pillar.

## **Nomination Process for IPSASB Members**

17. IFAC President and IFAC's Secretary of Nominating Committee briefed the committee members on the status of the current nomination process. They acknowledge that the Nominating Committee continues to experience difficulties in addressing issues related to the regional and gender diversity. They reiterated IFAC's and IPSASB's commitment to the diversity and inclusion agenda.

18. The Committee stressed the paramount importance of demonstrating tangible results linked to the regional and gender diversity agenda as part of the ongoing nominations process, and acknowledged the need and value to have a medium- to long-term focus on building a pipeline of potential candidates.

19. The Committee requested the IFAC and IPSASB leadership to prepare a short strategy paper, which will identify specific actions that will be taken in this regard.

20. The Committee also noted that while it cannot play an active role in identifying suitable candidates for the Board membership, given its oversight function and the potential conflict of interest, it would be pleased to support the IFAC's outreach effort during the upcoming nominations process.

## **Due Process**

21. The Committee questioned the Chair and Technical Director of the IPSASB on the due process followed on a number of priority projects.

22. The Chair and Technical Director of the IPSASB provided detailed explanations.

23. The Committee concluded that due process appeared to be followed with due regard for the public interest.

24. The Committee sought information on a number of elements of the due process, including:

- The criteria for setting up *Task-Based Groups* and *Task Forces* and selecting participants;
- The criteria for issuing Consultation Papers (CPs), including the practice to not issue CPs for so-called *IFRS Convergence Projects* and to issue CPs for *Public Sector Specific* projects.

The Committee advised that these criteria be detailed as part of the next revision of the IPSASB *Due Process and Working Procedures (Effective—June 2016)*.

25. The Committee advised the Board to consider issuing CPs, when risks surrounding specific proposals of the Board need to be assessed, for both *IFRS Convergence Projects* and *Public Sector Specific* projects.

## **Next steps**

26. The next meeting of the Committee will take place in September 2017. This meeting will aim at discussing the development of the consultation paper on the Board's strategy for 2019-2023.

## **Annex 1: List of participants**

### **Public Interest Committee (PIC) meeting 1 March 2017**

#### **Committee's members**

Jon Blondál, Head of Budgeting and Public Expenditures Division, Organization for Economic Cooperation and Development (OECD)

Manal Fouad, Chief of the Public Financial Management Division II, Fiscal Affairs Department (FAD), International Monetary Fund (IMF)

Ed Olowo-Okere, Director, Governance Global Practice, World Bank Group.

Dominique Pannier, INTOSAI's representative, and Principal Auditor of the Government Financial Statements, Court of Accounts (France)<sup>2</sup>.

#### **IFAC (by phone)**

Rachel Grimes, IFAC President, Chair of the IFAC Nominating Committee

Fayez Choudhury, IFAC CEO and Secretary, IFAC Nominating Committee

Sylvia Tsen, IFAC, Executive Director

#### **IPSASB**

Ian Carruthers, IPSASB Chair

Thomas Müller-Marqués Berger, Inaugural Chair of the Consultative Advisory Group (by phone)

John Stanford, Technical Director

Ross Smith, Principal

James Gunn, Managing Director, Professional Standards

#### **Committee's Secretariat**

Svetlana Klimenko, Lead Financial Management Specialist, World Bank

Delphine Moretti, Senior Policy Analyst, Budgeting and Public Expenditures Division, Organization for Economic Cooperation and Development (OECD)

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<sup>2</sup> Rapporteur général de la certification des comptes de l'État, Cour des comptes (France).