

## **Public Interest Committee**

### **6th Meeting, 28 February 2018**

1. The sixth meeting of the Public Interest Committee (“the Committee”), the oversight body for the International Public Sector Standards Board (IPSASB), was held in the OECD Headquarters in Paris on 28 February 2018.
2. The meeting was attended by three members of the Committee. The other member’s comments were conveyed in the meeting. In addition, the Chair and Technical Director of the IPSASB together with the Chair of the Consultative Advisory Group (CAG) attended parts of the meeting. Representatives of the leadership of the International Federation of Accountants (IFAC) joined the meeting via conference call. See Appendix 1 for a complete list of participants.
3. The Committee welcomed its new member, Ms. Jennifer K. Thomson, Director of Operational Policy and Country Services, Chief Financial Management Officer, World Bank, who replaces Mr. Ed Olowo-Okere, Director, Governance Global Practice, World Bank Group.
4. This Summary Record is organized around the meeting agenda and reflects the ensuing discussions.

### **IPSASB Activities and Strategy 2019-2023**

#### **Strategy**

5. The IPSASB Chair summarized progress in preparing the new IPSAS strategy. He highlighted that:
  - Previous PIC recommendations have been taken on board;
  - Additional inputs are being collected through the ongoing regional consultations, including Europe, Africa, in collaboration with the African Union, Asia, in collaboration with the Asian Development Bank, Latin America, in collaboration with the World Bank, and through the outreach campaign targeting key stakeholder, including EPSAS/Eurostat, CAG, and selected national bodies;
  - Standard setting will remain the core IPSASB activity;
  - New strategy will not cause structural changes in the IPSASB budget allocation;
  - Official comments period is expected to be completed in June, with the strategy finalized in December 2018.
5. The committee highlighted the need to granulate the final strategy document in such a way that it will speak to a cross-cutting range of stakeholders, coming from different geographical areas and economies. It also suggested establishing closer coordination mechanisms with the INTOSAI, and other stakeholder representing other groups contributing to the public finance agenda.

- 6. The Chair presented an overview of the ongoing work program, highlighting moderate progress achieved in moving forward the project focused on Social Benefits, which remains to be the priority. The Committee highlighted the importance of this theme for the broader public financial management agenda, and encouraged the IPSASB to steadily move forward.

### **Consultative Advisory Group**

7. The Committee questioned the Chair of the Consultative Advisory Group (CAG) on the CAG's 2017 activities and membership strategy.

8. The Chair of the CAG presented activities in 2017 as well as the strategy for the development of CAG activities. The CAG met twice in 2017, with good level of attendance from members. Meetings are conceived as a forum for identifying public interest issues in relation with implementation of existing IPSAS standards, development of new IPSAS standards and the IPSASB's work programme. The Chair of the CAG noted that comments were provided on all projects currently on the IPSASB work programme. The Chair of the CAG also noted that membership could be increased from 21 to 25 members, with a view to increase gender and regional diversity.

9. The Committee congratulated the Chair of the CAG for the successful development of CAG activities.

10. The Committee recommended building up a pipeline of candidates that meet gender and regional diversity criteria and sequencing members' renewal in order to insure balance between experienced and new members going forward.

### **Nomination Process for IPSASB Members**

11. The Committee questioned the President and Chief Executive of IFAC on the nomination process for IPSASB members, especially progress on ensuring diversity by gender, region and professional background.

12. The President and Chief Executive of IFAC provided an update on the IPSASB Nominations Process and the IPSASB Rotation Schedule for 2018. There are a total of seven positions whose term ends in 2018, including one due to exceptional circumstances. Five of the positions are eligible for re-appointment. A total of 25 nominations were received by IFAC, including eight self-nominations. IFAC was not in a position to provide the Committee with indications of the efficacy of individual nominations received. The deadline for receiving nominations had been two weeks prior to the meeting of the Committee and IFAC had not been able to review them due to other commitments.

13. At every meeting since its foundation, the Committee has emphasized the importance of achieving progress on ensuring diversity and engaged in extensive dialogue with IFAC towards that end. The President and Chief Executive stated their commitment to that goal and outlined a number of initiatives that IFAC had undertaken to promote greater diversity.

14. The Committee expressed its disappointment at the results of these initiatives, especially in terms of gender diversity. The Committee believes strongly that numerical targets need to be published and more fundamental actions are required if the goals are to be achieved.

15. In this regard, the Committee invited IFAC to reconsider the system of reappointing the current members whose first terms are ending. Specifically, the Committee believes that all openings on the IPSASB board should be treated equally as the present system of re-appointments serves to perpetuate the existing and unbalanced profile of IPSASB members. Such a reform would also demonstrate concretely the commitment to increased diversity and may as a result serve to attract additional nominations. The Committee also encouraged IFAC to continue its efforts of building IPSASB membership pipeline, especially for potential candidates from underrepresented groups.

16. The Committee also invited IPSASB to review the time commitment required of members, which is currently estimated at 48-70 days per year excluding travel. The Committee believes that new ways of working, including teleworking, could reduce the need for physical presence while retaining the necessary technical expertise. This would also serve to attract a greater number of nominations from all backgrounds.

### **Due Process**

17. The Committee questioned the Chair and Technical Director of the IPSASB on the due process followed on the following priority projects: Social Benefits, Revenue and Non-Exchange Expenses, Leases and Public Sector Measurement.

18. The Chair and Technical Director of the IPSASB provided detailed explanations on due process and expected completion dates on these projects. The Chair of the IPSASB underlined that the Board was handling interconnected public-sector specific projects at the moment, and hence had to carefully sequence decisions on each of the individual consultation papers and exposure drafts. Successful public consultations also resulted in receiving a large number of answers from constituents, leading to a variety of views and approaches being discussed by the Board. This created some minor delays, which will generate a revision of the work programme. However, the project on Social Benefits is expected to be completed by end of 2018. The Chair and Technical Director also underlined that CAG provided inputs on all projects currently discussed by the Board, and is now fully part of the standard setting due process.

19. The Committee congratulated the Board on progress made on important, public-sector specific projects. It concluded that due process appeared to be followed with due regard for the public interest.

20. The Chair and Technical Director of the IPSASB confirmed that three “informal” criteria had been adopted for determining whether a CP phase is necessary for issuing standards. These criteria are: 1) global variation in accounting policies; 2) existing requirements and guidance of global and national public sector standard setters; and 3) complexity. They explained how these criteria were applied on current projects of the IPSASB

X21. The Committee welcomed the adoption of informal criteria and noted that the “complexity” criterion was a fundamental one, which was to be considered carefully even for standards that were initially considered as “IFRS convergence” projects.

22. The Committee concluded that informal criteria appeared to be followed. It reminded the Board that this approach ultimately aimed at shortening delays for issuing standards.

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

### **Committee members**

Jón Ragnar Blöndal, Head of Budgeting and Public Expenditures Division, Organization for Economic Cooperation and Development (OECD)

Dominique Pannier, INTOSAI's representative and Principal Auditor in the Court of Accounts (France)<sup>1</sup>.

Jennifer K. Thomson, Director of Operational Policy and Country Services, Chief Financial Management Officer, World Bank.

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

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

Fayez Choudhury, IFAC CEO and Secretary, IFAC Nominating Committee

### **IPSASB**

James Gunn, Managing Director, Professional Standards

Ian Carruthers, IPSASB Chair

Thomas Müller-Marqués Berger, Chair of the Consultative Advisory Group

John Stanford, Technical Director

Ross Smith, Deputy Technical Director

### **Committee's Secretariat**

Guohua Huang, Senior Economist, Public Financial Management Division, Fiscal Affairs Department, International Monetary Fund (IMF)

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>1</sup> Rapporteur général de la certification des comptes de l'État, Cour des comptes (France).