

June 21, 2012

The Monitoring Group
C/O International Organization of Securities Commissions
Calle Oquendo 12
28006 Madrid
SPAIN

By email: Piob-MonitoringGroup@ipiob.org

On behalf of the International Public Sector Accounting Standards Board (IPSASB), I am very pleased to provide you with our response to the public consultation papers on the governance of the Monitoring Group and the PIOB.

The IPSASB approved the content of this response unanimously at its recent meeting June 11-14, 2012. We very much appreciate the opportunity to provide our views.

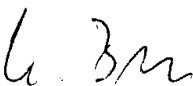
The response is focused on the IPSASB specific matters but also includes comments on other important matters where there is public sector relevance. On that basis we have chosen to answer only those questions where we think there is direct public sector relevance.

We have provided detailed feedback in our response on the question of oversight of the IPSASB by the PIOB and we would like to emphasize our strong support for PIOB oversight of the IPSASB. Public interest oversight of the IPSASB is needed to add credibility to the IPSASB's processes and to provide protection against undue influence on these processes. The IPSASB's constituents have indicated there is a growing urgency for public interest oversight of the IPSASB, especially when considering the global public sector environment and the sovereign debt crisis.

The benefits of PIOB oversight of the IPSASB are well expressed in your paper and the IPSASB encourages the MG to support oversight of the IPSASB by the PIOB.

Once again, thank you for the opportunity to respond.

Sincerely,



Andreas Bergmann
Chair
International Public Sector Accounting Standards Board

RESPONSE TO PUBLIC CONSULTATION PAPER ON THE MONITORING GROUP GOVERNANCE REVIEW AND PUBLIC INTEREST OVERSIGHT BOARD WORK PROGRAM

Introduction to the International Public Sector Accounting Standards Board

The International Public Sector Accounting Standards Board (IPSASB) was established to set internationally accepted financial reporting and accounting standards, known as International Public Sector Accounting Standards (IPSASs). The IPSASB functions as an independent standard-setting body under the auspices of IFAC, which took the initiative to set up this standard setter (originally the Public Sector Committee) in 1996. IPSASs are financial reporting standards for application by governments of all levels and other international governmental organizations, for example the United Nations, the OECD, the European Commission, NATO, Interpol and others.

The IPSASB's mission is:

To serve the public interest by developing high-quality accounting standards for use by public sector entities around the world in the preparation of general purpose financial statements.

Using IPSASs will 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.

In achieving its objectives, the IPSASB

1. Issues IPSASs;
2. Promotes their acceptance and the international convergence to these standards; and
3. Publishes other documents that provide guidance on issues and experiences in financial reporting in the public sector.

IPSASB has issued a comprehensive suite of 32 standards using the accrual basis of accounting. A number of the IPSASs (27 of the 32 IPSASs) have been developed using International Financial Reporting Standards (IFRSs) as a starting point, which means, to some extent, they have been subject to the IASB due process. Many of the transactions entered into by governments are the same as those entered into by private sector entities and therefore it is useful to consider publications produced by the IASB. An analysis is done to identify public sector specific issues and address them. The standards are amended to address these public sector issues and to include terminology and examples that are more appropriate for the public sector.

In addition, the IPSASB has developed a number of public sector specific standards that are unique for the public sector as well as one standard for jurisdictions using the cash basis of accounting before moving towards accrual accounting. It also issued a number of non-authoritative pronouncements, including guidance for the implementation of accrual accounting (the so-called “Study 14”, now in its third edition).

IFAC provides approximately half of the funding for the IPSASB’s operating budget, with the other half being received from a limited number of external sources, including the Governments of Canada and New Zealand, the World Bank, and the Asian Development Bank. In addition, a number of national standard setters and governments provide in-kind services by means of staff support.

Appendix A to this paper provides further background information about the IPSASB, including a listing of current IPSASB members, technical advisors, and observers and an outline of the due process for developing standards and guidance.

RESPONSES TO SPECIFIC QUESTIONS

Section 1: The structure. Objectives, legal nature and name

Objectives of the structure: high quality standards to promote stakeholders’ confidence

Q1: Do you consider it necessary to enhance representation of the public interest? If so, which additional actions, apart from the appointment of an independent IESBA Chair and redefining the nature of non-practitioner board members, would you suggest to reinforce the mechanisms to safeguard the public interest?

The IPSASB is comprised of 15 members appointed from IFAC member bodies and three (3) public members. Board members bring a wide range of experience from diverse backgrounds, including ministries of finance, government audit institutions, and public accounting. Members are appointed by the IFAC Board based on recommendations from the IFAC Nominating Committee. All 18 members are obliged to act in the public interest and sign an annual declaration to that effect. Further, the employer of the Chair signs a similar declaration that the employer will not seek to influence their employee in performing their role as Chair of the board.

One of the major differences for the IPSASB, compared to IFAC’s other standard-setting activities, is that many of the accountants that belong to IFAC’s member bodies often are not those with responsibility for public sector accounting and auditing, and therefore the membership may not be representative of governments, for example, ministries of finance, which are not members of IFAC. In the context of the oversight and governance review currently being conducted there is a consideration of decreasing the number of appointees from IFAC member bodies, with a commensurate increase in public members to be more representative of the constituency. This might also result in additional resources for the IPSASB as those bodies with responsibility for public sector accounting and auditing may be more interested in providing funding.

Q2: In the long term, would you favour a different and fully independent standard-setting model completely outside the IFAC structure and if so how could such a structure be funded?

In the 2011 consultations that IFAC and the IPSASB undertook related to oversight and governance the issue of a structure outside IFAC was raised by three (out of nineteen) respondents as a potential long-term goal. However, the IPSASB believes that this would take significant effort to develop and implement and would require a level of resources which are currently not in place and, in the current environment, are deemed unfeasible. The creation of such a new structure would significantly distract the IPSASB from focusing on its agenda at a time when there is great demand for its standards. The IPSASB supports reinforcing the existing mechanisms as much as possible with a view to enhancing the representation of the public interest, ensuring that the IPSASB has stable funding and implementing the appropriate oversight processes.

Q3: Do you consider the current three-tier system adequate for achieving its objectives, or an alternative model could be more adequate? In the latter case, which model would you suggest?

On balance the IPSASB considers that the current governance arrangements for standard setting are both appropriate and sufficient, for achieving the objective of developing and issuing high-quality, globally accepted standards. The structures supporting this system are already in place and functioning well. In the current resource-constrained environment the IPSASB believes that retaining the existing model is the most cost-effective and appropriate approach.

Q4: Would you support the IPSASB being subject to PIOB oversight? Why? What conditions, if any, would you impose on such oversight? Would you see as a factor to take into account the fact that IPSASB deals with accounting rules instead of auditing ones?

The IPSASB strongly supports PIOB oversight of its activities.

Oversight of the IPSASB is of fundamental significance to the IPSASB and, in fact, activities to implement oversight are already well under way.

Public interest oversight of the IPSASB is needed to sustain the IPSASB's growing credibility as the international accounting standard setter for the public sector. It is important that the IPSASB has public interest oversight in order that those adopting the standards are assured that the IPSASB is acting in the public interest and that its standards result from widespread and carefully considered comment from interested stakeholders around the world. Public interest oversight of the IPSASB will add credibility to the IPSASB's processes and provide protection against undue influence on these processes.

In 2003, IFAC recommended to the MG that the operations of the IPSASB should fall under the same oversight regime as applies to its other standard-setting activities carried out in the public interest. This

recommendation was also made in June 2004 in the *Report Of The Externally Chaired Review Panel on the Governance, Role and Organization of the International Federation of Accountants Public Sector Committee* (Chaired by Sir Andrew Likierman, Head of the United Kingdom Government Accountancy Service).

While the recommendation for oversight was not implemented at that time, most of the other elements of the reforms recommended in that report as well as the IFAC governance reforms agreed with the MG in 2004 were fully implemented including:

- Appointment of public members to the IPSASB;
- A formal nominating process including interviews of candidates;
- An annual declaration of independence by the Chair and Members, as well as their employers;
- An annual performance appraisal for the Chair and Members;
- Formalized voting rules, consistent with the other standard-setting activities, specifically two-thirds of Members must be present for a quorum and two-thirds of Members must vote in favour for an affirmative vote ; and
- All aspects of due process are consistent with the PIACs other than the existence of a CAG.

As noted in the MG paper in IFAC's consultations with governments and other stakeholders there was almost unanimous support for public interest oversight of the IPSASB. It has become clear that for IPSASB's stakeholders oversight is an urgent issue that must be addressed. Given the global environment and the sovereign debt crisis there is no longer a question of whether public interest oversight of the IPSASB is needed. Instead the discussion has shifted to the question of "how?" Constituents were asked to provide views about whether public interest oversight of the IPSASB should be undertaken by the PIOB or whether a dedicated public sector oversight body should be established.

In the preliminary consultations with governments and stakeholders general support for the PIOB undertaking oversight of the IPSASB was expressed at least in the short to medium term. Some governments expressed the view that a public sector version of PIOB was preferable. However, while new members of PIOB would need some public sector experience, its primary focus will be on due process rather than on technical content. It was therefore concluded that additional costs involved in setting up a separate public sector-specific oversight group would not justify the additional draw on the finite resources available for public sector standards setting.

The benefits of PIOB oversight of IPSASB are well expressed in your paper and supported by the IPSASB. Constituents have indicated there is a growing urgency for public interest oversight of the IPSASB especially when considering the global public sector environment and the sovereign debt crisis. On that basis, oversight by the PIOB has the benefit of being cost effective and it could be implemented fairly quickly.

However, it is also acknowledged that a number of areas need to be considered and clarified before PIOB oversight could be implemented. For example, some question whether PIOB members need to have specific public sector backgrounds. Others argue that given the remit of the PIOB to confirm the due process, public sector affinity is not required. We consider that the existing PIOB membership currently includes several individuals with a public sector background and we think that this is beneficial to providing oversight of the IPSASB. While knowledge of and experience in the public sector may not be necessary strictly speaking, the IPSASB believes that this would enhance the oversight processes and we support this as a desirable criterion in selection of members.

We are pleased to note that the PIOB Chair has indicated publicly that the PIOB stands ready to undertake oversight of the IPSASB though acknowledging areas of conceptual and practical clarification that would need to be addressed.

The MG's consultation paper notes that the IFRS Trustees Strategy Review raised the issue of the IASB addressing public sector standards but that respondents supported the IASB continuing to focus on private sector accounting. The IPSASB liaises regularly with the IASB at the staff level since many of the existing IPSASs have been developed from related IFRSs. The Chairs of the two boards also meet at least twice annually to discuss issues of common interest and to liaise on matters of strategic significance to both boards.

Subsequent to the Trustees' Strategy Review, the IASB and IFAC signed a Memorandum of Understanding (MOU) in November 2011. Under the terms of the MOU the organizations agree to collaborate even further, noting their shared objectives of developing high-quality reporting standards in the public interest.

The comments to the following questions are premised on MG support for PIOB oversight.

Section 2: Bodies in the Structure

Monitoring Group

As noted in the paper the Monitoring Group meets its objective by supporting the development of high-quality international standards for auditing and assurance and accountants' ethics and education, and by exchanging views relating to international audit quality, regulatory and market developments having an impact on auditing.

The IPSASB supports public interest oversight of its activities by the PIOB, which if accepted would mean that supporting the development of high-quality international standards for public sector accounting would be part of the MG's objectives. For this reason the IPSASB has provided a response to the two questions in this section.

Q7: Do you agree with the proposal that the MG should have a more strategic role?

The IPSASB generally supports the MG having a more strategic role. The paper highlights the general lack of trust and public confidence on the part of investors as a consequence of the global financial crisis. One of the major global issues in today's environment is the sovereign debt crisis and the impact of this on public confidence in its governments has been arguably more damaging than the private sector crisis.

The IPSASB proposes that the MG (particularly if oversight is undertaken by the PIOB) could have a significant role globally in encouraging the institutional reforms that are needed in the public sector, including the adoption of IPSASs by governments worldwide.

It is important to recognize that governments are major participants in capital markets globally. Consider the following trading volumes:

2010 (New York Stock Exchange)

All equity trades	\$218 trillion
Mortgage backed securities	\$104 trillion
Mutual funds	\$3 trillion
US Government securities	\$1,100 trillion

(Source: http://www.dtcc.com/downloads/annuals/2010/2010_report.pdf)

Note that the volume of Government securities is more than four times that of all equity trades. It is also three times the total volume of equity trades, mutual funds, and mortgage backed securities combined. This relationship is consistent in other capital markets globally. We tried to provide similar information in Europe, where we expect the same relation, however such data appears unavailable at this stage. We note also that general government typically accounts for more than one-third of GDP. More comprehensive financial information should lead to a better pricing of risk on sovereign debt and enable better informed markets. This will be far more important in the future as markets are now sensitized to the differing levels of risk attached to governments' financial positions and future fiscal and expenditure plans.

As a body of regulatory and international organizations with responsibility to protect and advance the public interest the MG could have a strong strategic role in encouraging the adoption of IPSASs by governments worldwide. This would improve the quality of financial information reported by public entities, which is critical for investors, taxpayers, and the general public to understand the full impact of decisions made by governments with respect to their financial performance, financial position, and cash flows. Global adoption of these standards will facilitate the comparability of such information on a global basis and assist in internal management decisions in resource allocation (planning and budgeting), monitoring, and accountability.

Q8: Do you agree with the objectives proposed and, specifically, with the MG having the possibility of conferring with the PIOB on the PIACs' agendas and receiving appropriate feedback?

While the IPSASB sees the value of an increased strategic role for the MG, it has significant reservation about closer involvement with the PIACs. The need to confer with the PIOB with respect to strategic issues is accepted but it would be important to ensure that strong boundaries are maintained that reinforce that the MG's involvement relates only to matters of strategy as opposed to direct engagement in the individual board work plans, other than from a strategic point of view.

What would be important is that the objectives of this involvement be clearly laid out in order to guide the actual activities that are undertaken. We support the notion laid out in the paper that the MG would not have the right to influence the technical content of the standards – but we are cautious about the

perception of the MG's role in this if there is closer involvement with the PIACs and whether independence/public interest would appear to be compromised?

Composition of the MG (Questions 11-14)

The IPSASB's comments on the composition of the MG are provided in the context of changes that would be needed if the PIOB undertakes oversight of the IPSASB. Comments have not been provided specifically on the four individual questions (11-14) in this section.

The current composition of the MG reflects the interest of the member organizations in the field of auditing with respect to either the adoption of the standards or their supervision. The IPSASB believes that if the PIOB undertakes oversight of the IPSASB, it will be necessary to include other organizations with public sector relevance on the MG. It is true that many of the current members already have some relevance to the public sector. For example, the World Bank has been a strong supporter of the IPSASB for years and is an observer to the IPSASB. IFAC and the IPSASB have had a preliminary meeting with the FSB and are working to enhance engagement on the issues related to the sovereign debt crisis. IFAC and the IPSASB believe that given the heavy involvement of governments in capital markets there is a role for the FSB in encouraging better financial reporting by governments. The EC is also involved as an observer to the IPSASB and adopts the IPSASs for its own financial reporting. It is currently undertaking a study on the suitability of IPSASs for EU Member States and members of Eurostat have been participants on many IPSASB task forces over the years.

Nonetheless the IPSASB believes that additional membership of the MG to enhance public sector relevance should be considered, for example, possibly INTOSAI, the IMF and the OECD. We would imagine that these organizations would have interest in the current remit of the MG in any event.

PIOB (Questions 15-17)

The IPSASB is commenting on this section of the paper because it supports oversight of its activities by the PIOB and therefore has an interest in the PIOB's role.

Firstly, if the MG is to have a more strategic role with the PIOB then it makes sense for the MG's relationship with the PIOB to be more focused on structural long term and strategic issues with the MG giving strategic input. We therefore generally support the notion of the PIOB preparing regular strategic plans and reviews including reflecting on the meaning of the public interest. The MG should have input into the PIOB's strategy documents and these should supplement the yearly business plan and budget.

Composition of the PIOB (Question 18)

As noted in our response regarding the MG composition and highlighted in the IFAC consultation on oversight and governance, the IPSASB believes that if the PIOB undertakes oversight of the IPSASB, (which as noted it strongly supports) then PIOB members should demonstrate a broader interest and engagement in the issues surrounding public sector financial management and the fact that governments are strong participants in capital markets.

PIACs and their respective CAGs

Composition (Questions 19 and 20)

The IPSASB is addressing these questions from the perspective of its own composition and any changes that might be needed as a result of enhancing the public interest oversight of its activities.

The IPSASB is comprised of 18 members, 15 nominated by IFAC member bodies and 3 public members. It has been noted that many of the many of the accountants that belong to IFAC's member bodies often are not those with responsibility for public sector accounting and auditing, and therefore the membership may not be representative of governments. In many jurisdictions government accounting standards are established by the government itself, for example by the Ministry of Finance. But Ministries of Finance cannot be member bodies of IFAC and so must work with the related accountancy body in their jurisdiction to ensure representation or be nominated as public members – and many Ministries of Finance do this.

Some of the feedback from the consultations on IPSASB oversight IFAC conducted was that there should be a review of the composition of the IPSASB, particularly whether having 15 members from IFAC member bodies appropriately represents the governments and other stakeholders. There has been some proposal that the number of public members for the IPSASB should be increased, with a commensurate decrease in the number of IFAC member body members. This would allow more governments to nominate members. IFAC has indicated that it would be open to reviewing the membership of the IPSASB as a condition of oversight by the PIOB.

The IPSASB intends to establish a CAG under any oversight regime that is set up. The IPSASB agrees that there should be rotation of the representatives of CAG member organizations rather than an indefinite period. As far as the best period for rotation the IPSASB would leave it to the PIOB decision on the appropriate rotation period for members of the CAG.

Section 3: Funding the Structure

The IPSASB agrees that it would be appropriate that the majority of the funding of the PIOB (at least 51%) come from sources other than IFAC in order protect the PIOB's public interest role in the oversight of the standards and establish the credibility of IPSASB oversight to Governments around the world. The IPSASB agrees that the MG, the PIOB and IFAC should work together to explore funding from external sources.

We imagine that if PIOB embraced the oversight of IPSASB, there may be Governments and other potential funders (for example, related to capital markets) who would be willing to contribute towards the cost of that oversight.

Ideally in the long-term a funding structure needs to be in place that ensures financial stability for the PIOB to enable it to carry out its functions appropriately without being reliant on IFAC.

PIOB Work Program 2012 and Beyond

The IPSASB's responses to the following questions are in the context of the fact that it believes that public interest oversight of the IPSASB's activities is necessary and that this could be reasonably undertaken by the PIOB.

Q1: Do you find the mandate of the PIOB as defined in the 2003 IFAC reforms (“to increase the confidence of investors and others that the public interest activities of IFAC (including the setting of standards by IFAC boards and committees) are properly responsive to the public interest”) still appropriate? Please explain your views.

It is important that the IPSASB has public interest oversight in order that those adopting the standards are assured that the IPSASB is acting in the public interest and that its standards result from widespread and carefully considered comment from interested stakeholders around the world. Creating an oversight regime will also help provide assurance that the IPSASB can independently and rigorously address public sector financial reporting issues, will add credibility to the IPSASB’s processes, and will provide protection against undue influence on these processes.

The IPSASB finds that the mandate of the PIOB is appropriate and could be extended to the IPSASB.

Q2: Do you agree that the PIOB’s main focus should continue to be to oversee due process and protect the public interest? Are there any other matters that the PIOB should focus on? Please explain your views.

The IPSASB agrees that the PIOB’s main focus should continue to be to oversee due process and protect the public interest.

The IPSASB’s due process is the same as that of the PIACs in most respects. The major difference in the due process is that the IPSASB does not currently have a CAG. In the 2011 consultations IFAC and the IPSASB had with governments and other stakeholders, there was unanimous support for the formation of a CAG for the IPSASB.

We highlight however, that unlike the other standard-setting boards, the IPSASB has a number of major international bodies (including the European Commission and the World Bank) attending IPSASB meetings as official observers (as highlighted in Appendix A). This allows direct engagement in IPSASB debates which is beneficial as the standards develop.

The IPSASB believes that with the existence of a CAG the PIOB’s role should continue to be overseeing the due process, assessing the appropriateness of the work program, but not assessing the technical content of the standards.

Q3: Do you find the PIOB model of informed oversight the best possible model to guarantee public interest protection?

The IPSASB supports the PIOB model of informed oversight.

The paper highlights that the main means the PIOB uses to build its awareness of the implications of its work and to guide its independent oversight is the quality of board members and the experience they bring with them. In order to apply an informed model of oversight to the IPSASB it will be important that PIOB members demonstrate a broader interest and engagement in the issues surrounding public sector financial management and the fact that governments are strong participants in capital markets.

Q4: Would you suggest any other avenues for the PIOB to further improve its oversight of the PIACs?

Since the IPSASB has not been subject to the PIOB's oversight regime it has chosen not to comment on this issue at this time. However, the IPSASB encourages the PIOB to be responsive to the suggestions of the PIACs in this regard and to consider how any further suggestions might impact and be applied to the IPSASB in the future.

Q5: Do you agree with the medium-term strategic objectives for the PIOB? Please explain otherwise

The IPSASB supports the medium term strategic objectives for the PIOB and believes that they are reasonable in the context of oversight of the IPSASB.

Q6: Given the implementation of the Oversight Assurance Mode in place of the 100% direct observation model, do you think that the achievement of a sufficient level of oversight comfort by the PIOB will itself provide stakeholders with a sufficient level of comfort that the public interest is being protected? Please explain your reasons.

The IPSASB thinks that the application of the Oversight Assurance Model should be capable of providing sufficient comfort to stakeholders that the public interest is being served.

The IPSASB notes that in the initial period of oversight of the IPSASB the PIOB will need to consider which Oversight Assurance Model would be applied. Because the IPSASB's due processes are substantially the same as the PIACs, it might be reasonable to apply OA2 (high). However, given the fact that oversight of the IPSASB will be new and that new processes will need to be implemented (e.g. establishing a CAG, increasing membership of the PIOB), the IPSASB thinks that in order to serve the public interest the PIOB should initially apply OA1 (very high) as the oversight assurance model for the IPSASB.

Q7: Do you agree that consulting the MG and other stakeholders through an active communication policy will help the PIOB to form its own opinion on agenda-setting public interest priorities? Please explain.

Providing the MG is extended to include INTOSAI, IMF and other bodies interested in IPSAS, the IPSASB agrees that consulting stakeholders through active communication will assist in developing an opinion on agenda-setting public interest priorities of the standard-setting boards.

The IPSASB notes that it is important to ensure that appropriate stakeholders have been identified and their views sought. We note that the stakeholders for the IPSASB are different than of the existing PIACs and that the PIOB will need to consider these differences. Organizations like the World Bank (already a member of the MG), other development banks and the European Union are also key stakeholders.

Q8: Do you agree that the PIOB has to be fully aware of the implications of its work to protect the public interest and that its informed approach to oversight requires an active interaction with all stakeholders?

The IPSASB agrees that in order to protect the public interest the PIOB has to be fully aware of the implications of its work. In addition active interaction with all stakeholders is important.

The IPSASB highlights as noted in the response to question 7 above that the stakeholders for the IPSASB will be different from the PIACs and need to be appropriately identified if communications are to be effective.

Q9: Do you agree that the PIOB mandate requires an active communication policy explaining the processes of standard setting and their public interest focus? Do you think the present minimalist policy is sufficient? Do you think that raising awareness of the work of the PIOB should be an objective of its communications policy? Please explain.

The IPSASB agrees that if oversight of the IPSASB is undertaken there will need to be an active communication policy that targets IPSASB's stakeholders, including raising awareness of the work of the PIOB.

Q10: Do you agree with the view that has been put forward that funding has to be diversified and should not largely dependent of IFAC funding?

The IPSASB agrees that funding of the PIOB must be diversified and that the PIOB should not be reliant on IFAC funding.

APPENDIX A

Background Information about the IPSASB

Composition and Meetings

The IPSASB comprises 18 volunteer members from various parts of the world with experience and expertise in public sector financial reporting. Board members bring a wide range of experience from diverse backgrounds, including ministries of finance, government audit institutions, and public accounting. Members are appointed by the IFAC Board based on recommendations from the IFAC Nominating Committee. Members contribute about 500 hours per year to this activity, with the chair contributing about 1500 hours per year.

Members are appointed for a term of up to three years, which may be renewed for a further three years. Continuous service on the board by the same person is limited to two consecutive three-year terms, unless that member is appointed to serve as chair for a further term.

Of the 18 members, 15 are nominated by IFAC member bodies and 3 are appointed by the IFAC Board as public members. Public members may be nominated by any individual or organization, such as an academic institution. The key difference between public members and members nominated from IFAC member bodies is that public members represent the broad public and must be seen as credible to do this. All members, however, must sign a declaration annually that they will, as a member of the IPSASB, act in the public interest.

All members are entitled to appoint a technical advisor, who assists in preparation for the meetings and is encouraged to attend all meetings.

The IPSASB meets four times per year and all meetings are open to the public. Agenda papers, including minutes of the meetings, are published on the IPSASB's website.

Observers

There are a number of non-voting observers to the IPSASB. They have the privilege of the floor at board meetings and contribute to the IPSASB discussions. These observers are expected to support and promote the work of the IPSASB at relevant meetings and public forums. Although attendance at meetings and contributions during the meetings are valuable, the engagement of observers with the IPSASB beyond the meetings is even more critical in promoting the IPSASB's work.

A listing is provided below of all IPSASB members, technical advisors, and observers.

Due Process

As of December 31, 2011 there are 32 accrual IPSASs as well as a comprehensive cash basis IPSAS. The IPSASB follows an established due process in developing IPSASs. This process is consistent in most respects with that of the other standard-setting boards, a process that was developed in consultation with international regulatory bodies such as the Basel Committee on Banking Supervision, IOSCO, the European Commission, and the World Bank. It provides an opportunity for those interested in financial reporting in the public sector, including preparers and users directly affected by the IPSASs, to make their views known to the IPSASB and considered in the standards development process.

Normally, but not necessarily, the IPSASB's due process for projects includes the following major components:

- Consideration of pronouncements issued by: The International Accounting Standards Board (IASB); national standard-setters, regulatory authorities and other authoritative bodies; professional accounting bodies; and other organizations interested in financial reporting in the public sector. When considering the applicability of International Financial Reporting Standards (IFRSs) to the public sector, the IPSASB analyses the IFRS to determine whether there are public sector specific issues that warrant departing from the accounting standards. This analysis is guided by "Process for Reviewing and Modifying IASB Documents" (provided by email), a process developed by the IPSASB to ensure that the IPSASs address public sector specific issues where assessed necessary. In addition, terminology is changed to reflect the public sector scope of documents and the style of the standards is changed to reflect IPSASB style as set out in the "Structure of IPSASs" document (to be provided by email) developed by the IPSASB.
- Exposure for public comment — Exposure Drafts of all proposed IPSASs are developed, usually with input from a task force or task-based group (TBG)¹. The Exposure Draft will include a Basis for Conclusions, which summarizes the considerations the IPSASB thought relevant in coming to a position. In addition, alternative views (if any) are outlined in the Basis for Conclusions. In some cases, depending on the nature and extent of public sector issues involved, the development of an Exposure Draft is preceded by the issuance of an information paper or consultation paper which would also be subject to public consultation.
- Consideration of comments received on exposure — The comments received are considered by the IPSASB and the Exposure Draft is revised as appropriate. The comments are publicly available on the IPSASB website (www.ipsasb.org). If the IPSASB views the changes made after exposure to be substantive, it re-exposes the document for comment.
- Affirmative approval — Approval of Consultation Papers (where applicable), Exposure Drafts, Re-Exposure Drafts and IPSASs requires the affirmative vote of at least two-thirds of the members. All published IPSASs include a Basis for Conclusions that explains how the IPSASB reached its conclusions. Dissenting views on Consultation Papers and Exposure Drafts can be found in the minutes of the meeting in which the vote took place

¹ A task force may include IPSASB members, technical advisors and observers as well as other subject matter experts. Existing task forces are comprised of 7-10 people. Task based groups (TBGs) are typically comprised of only 3-4 people who are IPSASB members or in some cases technical advisors.

IPSASB Members and Technical Advisors as at January 1, 2012

Member	Employer and Position	Country	Technical Advisor
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Rachid El Bejjat	General Treasury for the Kingdom of Morocco	Morocco	Aziz El Khattabi Partner, KPMG SA
Sheila Fraser (public member)	Former Auditor General of Canada	Canada	Stuart Barr Office of the Auditor General, Government of Canada
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Thomas Müller- Marqués Berger	Partner, Ernst & Young	Germany	Gillian Waldbauer Institut der Wirtschaftsprüfer
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Anne Owuor	Manager of Debt Control and Management Kenya Power & Lighting Co. Commissioner, Salaries & Remuneration Commission Government of Kenya	Kenya	

Jeanine Poggiolini	Project Manager Accounting Standards Board, South Africa	South Africa	Lindy Bodewig Office of the Accountant General National Treasury South Africa
Ron Salole	Vice President, Standards, Canadian Institute of Chartered Accountants	Canada	Tim Beauchamp Public Sector Accounting Board Canadian Institute of Chartered Accountants
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Ken Warren	Chief Accounting Advisor, Treasury, Government of New Zealand	New Zealand	Joanne Scott External Reporting Board,
Tim Youngberry	First Assistant Secretary Department of Finance and Deregulation, Government of Australia	Australia	Clark Anstis Australian Accounting Standards Board Government of Australia

Observers to the IPSASB

- Asian Development Bank (ADB);
- European Commission (EC);
- Eurostat (Eurostat);
- International Accounting Standards Board (IASB);
- International Monetary Fund (IMF);
- International Organization of Supreme Audit Institutions – Committee on Accounting Standards (INTOSAI CAS);
- Joint Pension Administrative Section of the Co-ordinated Organisations;
- Organisation for Economic Co-operation and Development (OECD);
- United Nations (UN);
- United Nations Development Programme (UNDP);
- World Bank