

1. Introduction

In response to June 2008 Task Force meeting and organizational Focus Groups comments suggesting amendments or further guidance to accounting guidance paper #40-‘IPSAS 17 (&IAS 38): Guidance Note 2 Accounting for Library Collections’ a ‘Comments and Actions Taken’ table (see Item 2) has been prepared. This table lists the comments made and the action(s) taken (if any) including the revision(s) to the paper. For ease of reference, both the June 2008 Task Force minutes (see Item 3) and Focus Group minutes (Item 4) for this paper are included. The justification for a revision made to the paper or not is included for each.

2. Comments and Action(s) Taken Table

Organization	Questions/ Proposed Changes	Action Taken (if any)
Task Force		
June 2008 Agenda Item 3b		
	An observation was made that perhaps the examples presented where organizations capitalized their library collections were organizations for which libraries were core business whereas those organizations that expensed their collections were not primarily library operations.	Action: No change to paper. It was clarified at the June Task Force Meeting that this is not the distinction with local authorities, for example, having libraries as just one of many operations which they were involved.
	Question raised of why libraries should be capitalized when similar arguments with respect to publications (covered in another guidance paper) have led to the guidance allowing the possibility of not capitalizing the intangible element (development costs) of publications.	Action: No change to paper. At the June Task Force Meeting a distinction was drawn between capitalization of library collections and capitalization of the development costs of publications. (see Task Force Meeting minutes for full explanation).
	Discussion on whether library collections are material will impact on an organization’s decision to capitalize or not.	Action: No change to paper. As stated at the June Task Force Meeting, materiality is judgement that each organization must make in consultation with its external auditors.
	Does IPSAS 17 cover library materials ?	Action: Change made to paper. It was confirmed at the June Task Force Meeting that IPSAS 17 does cover library collections and the

		<p>transitional provisions in IPSAS 17 apply.</p> <p>Footnote # 26 was added to paragraph # 51 stating that ‘Organizations use transition periods such as those in IPSAS 17 only to the extent necessary to ease the difficulty of compliance with that particular IPSAS and thereby make compliance practically speaking more achievable.’ This was also noted in Guidance Paper #23 – Guidance on 1st Time Recognition of PPE.</p> <p>However, because IPSAS 17 does not provide detailed guidance on libraries, the paper draws on sources of guidance outside of the Standard. These sources are consistent with IPSAS and were sourced with regard to the hierarchy in IPSAS 3.</p>
	<p>New York Focus Group felt the suggested class for library collections (‘Communication and IT Equipment’) was not the most appropriate and recommended that ‘Other PPE’ be used instead or a separate class be created where material.</p>	<p>Action: Change made to paper.</p> <p>Agree that ‘Communications & IT Equipment’ is not the ideal PPE category for libraries and made reference to that fact in the paper.</p> <p>Added to paper in paragraph 58 suggesting that 3rd option exists if an organization has created another PPE class –an option that is allowable under the agreed policy for PPE classes –in which case libraries could be included in that further class.</p> <p>Footnote #32 added discussing that “An Asset class ‘Other Assets’ was approved by the Task Force for Intangible Assets but was not approved for PPE. However, in discussing the paper at the June 2008 Task Force Meeting, one suggestion was to include libraries in an ‘Other PPE’ asset class. If such a class were material then it could be created</p>

		consistent with the existing policy – see paragraph 59.”
	Discussion of the average cost method in the Executive Summary and Appendix F need more clarity and there was an inconsistency.	Action: Change made to paper. Modified Executive Summary to remove reference to straight line depreciation and thus inconsistency with paragraph 61. Average cost used as cost basis and straight line still used to depreciate.
	Discussion of whether an insurance valuation of a library collection could be used as a proxy for cost.	Action: No change to paper. At the June TF meeting the System-wide team advised that valuations for insurance purposes could not be assumed to meet the requirements of financial reporting.
Focus Groups		
New York		
UNDP	NONE	N/A
UNICEF	NONE	N/A
UNFPA	Why is there constant reference to 2009 ?	Action: No change to paper. Reviewed paper. Reference to 2009 is when organizations should be able to determine costs for tangible and intangible components of their libraries. (prior to this date is likely to be difficult for most organizations) This is consistent with paper # 38 “IAS 38: Guidance Note 1”. See Footnote #26 on use of Transition provision.
UNFPA	Apparent contradiction between Executive summary and paragraph 61 dealing with straight line depreciation and average cost.	Action: Change made to paper. Modified Executive Summary to remove reference to straight line depreciation and thus inconsistency with paragraph 61. Average cost used as cost basis and straight line still used to depreciate.
UNFPA	Clarified the need to determine opening balance of Reference Collection as the same as any	Action: No change to paper. Paragraphs 47-53 deal with 1 st Time

	other PPE, either on Cost or FV.	Adoption and valuation at either cost or fair value. Appendix C also deals with the same issue.
UN	Asset class should not be ‘Communications & IT Equip’ but instead PPE class ‘Other Assets’	<p>Action: Change made to paper.</p> <p>Agree that ‘Communications & IT Equipment’ is not the ideal PPE category for libraries and made reference to that fact in the paper.</p> <p>Added to paper in paragraph 58 suggesting that 3rd option exists if an organization has created another PPE class –an option that is allowable under the agreed policy for PPE classes –in which case libraries could be included in that further class.</p> <p>Footnote #32 added discussing that “An Asset class ‘Other Assets’ was approved by the Task Force for Intangible Assets but was not approved for PPE. However, in discussing the paper at the June 2008 Task Force Meeting, one suggestion was to include libraries in an ‘Other PPE’ asset class. If such a class were material then it could be created consistent with the existing policy – see paragraph 59.”</p>
UN	Request further guidance on the acquisition of electronic subscriptions to journals, databases etc in consortium with other agencies.	<p>Action: No change to paper.</p> <p>This issue should be addressed in a separate guidance note. Issue has been added to Inventory of Issues listing.</p>
Geneva	Libraries should be considered as General Collections.	<p>Action. No change to paper.</p> <p>Paper explains rationale for 3 types of library collections.</p>
Vienna	Reference to 01 2009. Is this a mistake or should it be 01. 2010?	<p>Action: No change to paper.</p> <p>Reviewed paper. Reference to 2009 is when organizations should be able to determine costs for tangible and intangible components of their libraries. (prior to this date is likely to</p>

		<p>be difficult for most organizations)</p> <p>This is consistent with paper # 38 “IAS 38: Guidance Note 1”.</p> <p>See Footnote #26 on use of Transition provision.</p>
	<p>Discussion whether the threshold of \geq \$5000 to capitalize (as mentioned in Appendix D2) and the sentence in paragraph 33 ‘capitalize if total value is material’ are actually in sync.</p>	<p>Action: Change made to paper.</p> <p>Reference IFAC Study 14, paragraph 6.48: “Some assets may have a lower value, per unit, than the capitalization threshold. However, such assets may be material as a group. In this case, the assets are generally recorded as a single group asset, with one combined value. Examples where the recognition of assets as a single group may be appropriate include: computer networks, furniture & fittings, certain types of equipment and; professional libraries.</p> <p>The requirement to group and the \$5000 threshold together are likely to mean that any direct sized reference library will need to be capitalized.</p> <p>Threshold in Appendix D of \geq \$5000 is TF approved RAP. However, organizations can determine their own materiality threshold if they so choose. This was already footnoted in note # 16 in the main body of the paper. However have added additional footnote to the appendix (footnote #55) in Appendix D that \$5000 threshold is a RAP.</p>
	<p>Clarification why the tangible costs of reference collections prior to 2009 should be expensed.</p>	<p>Action: No change to paper.</p> <p>Reviewed paper. Reference to 2009 is when organizations should be able to determine costs for tangible and intangible components of their libraries. (prior to this date is likely to be difficult for most organizations).</p>

		<p>This is consistent with paper # 38 “IAS 38: Guidance Note 1”.</p> <p>See Footnote #26 on use of Transition provision.</p>
	Average value calculation maybe too simplistic	<p>Action: No change to paper.</p> <p>Average value calculation is one option which is provided as an example only.</p>
ROME		
FAO	Requests clarification as to whether the guidance regarding recording of assets as single group is required.	<p>Action: No change to paper.</p> <p>This issue should be addressed in a separate guidance note. Issue has been added to Inventory of Issues listing.</p>
WFP	Use of grouping of assets as per IFAC 14 is up to professional judgement. They note as guidance.	As above.
	Footnote on page 3 has incorrect date.	<p>Action: Change made to paper.</p> <p>Changed footnote from 17/10/2008 to 17/10/2007.</p>
UNESCO	None	N/A
IMO	None	N/A
WTO	None	N/A

3. Task Force Comments – Agenda Item 3b

1. Mr. George Perera (UNIDO) presented the guidance paper on behalf of the Vienna focus group, summarizing its main conclusions and focus group comments.

2. Organizations commented extensively on the paper. Their comments and System-wide project team clarifications were as follows:

- An observation was made that perhaps the examples presented where organizations capitalized their library collections were organizations for which libraries were core business whereas those organizations that expensed their collections were not primarily library operations. (It was clarified that this is not the distinction with local authorities, for example, having libraries as just one of many operations with which they were involved.)
- The question was raised of why libraries should be capitalized when similar arguments with respect to publications (covered in another guidance paper) have led to the guidance

allowing the possibility of not capitalizing the intangible element (development costs) of publications. A distinction was drawn between capitalization of library collections and capitalization of the development costs of publications. Library collections are tangible assets and it is therefore more difficult to ignore the argument for capitalization. Local authorities in New Zealand and Australia which are capitalizing library collections are complying with standards that are extremely close to IPSAS. This can be contrasted with the situation in the UK where they are not capitalizing libraries but where the standards are more distant from IPSAS (UK Standards are public sector specific).

- The decision on whether library collections are material will impact on an organization's decision to capitalize or not. Materiality is a judgment that each organization must make in consultation with its external auditors.
- It was confirmed that IPSAS 17 does cover library collections and the transitional provisions in IPSAS 17 apply. However, because IPSAS 17 does not provide detailed guidance on libraries, the paper draws on sources of guidance outside of the Standard. These sources are consistent with IPSAS and were sourced with regard to the hierarchy in IPSAS 3.
- The New York focus group felt the suggested class for library collections ('Communications and IT Equipment') was not the most appropriate and recommended that 'Other PPE' be used instead or a separate class be created where material.
- Discussion of the average cost method in the Executive Summary and Appendix F was seen as needing more clarity and also that there was inconsistency between different parts of the paper vis-à-vis use of straight-line depreciation and use of average cost.
- There was also discussion of whether an insurance valuation of a library collection could be used as a proxy for cost. (System-wide project team advice was that valuations for insurance purposes could not be assumed to meet the requirements of financial reporting.)

3. The need for additional guidance on electronic and internally-developed publications in relation to library collections was acknowledged by the System-wide team. Additional guidance was also requested on grouping of property, plant and equipment assets.

4. A suggestion not related to the libraries paper in particular arose from the New York focus group. The suggestion was that guidance papers be limited to 5 pages.

5. Mr. Eric Whiting (Deputy Chair of the Task Force) closed discussion of this item noting that it comes down to materiality and organizations will need to assess this for themselves.

The TF acknowledged the paper as useful guidance	Amendments to improve the paper were identified in the meeting	There are items of guidance or further action points arising from the discussion
No	Yes	Yes

Task Force decision:

- Revise paper to address the areas in the paper that focus groups asked to be clarified.

Further action points:

- Provide further guidance on electronic and internally-generated publications held in library collections.
- Provide further guidance on grouping of property, plant and equipment.

4. Focus Group Comments

40. IPSAS 17(&IAS 38): Guidance Note 2 Accounting for Library Collections

System-Wide Project Team: Focus group comments and queries have been noted. Some organizations felt the paper could be clearer in certain areas and these have been noted for possible editorial amendments.

While most organizations do not have library collections that meet the criteria for capitalization proposed in the guidance, it was suggested that library PPE is more appropriately classified in the class of assets 'Other Assets' than either of the two suggested. Note has been taken of the request for additional guidance on electronic subscriptions.

NEW YORK

UNDP accepts paper as useful guidance, however doesn't have libraries; this paper isn't significant to UNDP operations.

UNICEF library in New York is being phased out. UNICEF does have roughly 2,000 boxes of historically significant documents in archives; however, these documents would likely be considered heritage assets and, as such, would not be capitalized. Like UNDP, UNICEF believes that this guidance paper is not applicable.

UNFPA doesn't have libraries. Paper seems to be contradictory in places because it states that Libraries are not covered under IPSAS 17 and IAS 38 but then makes reference to IPSAS 17 when suggesting what class of assets should be used for recording Reference Collection material. If the amount is immaterial then it can be recorded in assets class of 'Other Assets' and disclosed in financial notes. If the amount is material then organization can create a separate asset class.

UN doesn't find this to be a significant paper. The UN budget for 2008 shows an allotment of \$20,000 for the acquisition of books that could be considered "Reference Materials", additionally a portion out of \$118,200 for library serials could also be considered "Reference Materials". Reference collections should be disclosed under "Other PPE" instead of "Communications and IT".

The total amount for electronic subscriptions acquired in consortium with other agencies billed so far in 2008 is \$2.2 million- could yearly electronic subscriptions be considered a "current intangible asset" or rather a "pre-paid expense"? More guidance is requested also in cases of multiple year subscriptions.

UNFPA- why is there reference to January 2009? Does this mean that certain things have to be in place by 1/1/09 if IPSAS is to be implemented on 1/1/10? (Alan to clarify)

UNFPA - Paragraph 61 states straight line method of depreciation. This seems contrary to Executive Summary which says straight line might not be feasible. Contradiction

between executive summary and body of paper in terms of straight line. Need clarification between two statements.

UNFPA- clarified the need to determine opening balance of Reference Collection material same as any other PP&E, either on cost or fair value.

UNICEF- believes that first bullet point in Appendix C dealt with opening balances of PP &E.

UN- believes Appendix F is addressing the opening balance issue.

UN Comments on Paper

1. Areas of agreement/disagreement with the guidance:
 - i) In general the UN recognizes that for both the UN and for most agencies the Library Collections would not be significant enough to warrant capitalization (the UN budget figures for 2008 show an allotment of \$20,000 for the acquisition of books that would fall under the category “Reference Materials” and would meet the criteria for capitalization - additionally a portion out of the budget of \$118,200 for Library Serials could also be considered “Reference Materials” based on longer service potential).
 - ii) However, for agencies that have significant acquisitions of library books that could meet the capitalization criteria, the guidance provided in the paper seems adequate.
 - iii) The UN acknowledges the proposal of reporting Reference collections under the class “Communications and IT”, however it appears more appropriate to report library collections under a class called “Other PPE” (we recall that it is possible to create additional classes for disclosure purposes when deemed necessary by individual UN entities - if amounts are deemed material).
2. Areas of request for additional guidance:
 - i) The UN acknowledges that the majority of the library budget is spent on the acquisition of electronic subscriptions to journals, databases etc- most of them acquired in consortium with other UN agencies (the total budget amount billed in 2008 so far is USD 2.2 million within the UN System Electronic Information Acquisitions Consortium – UNSEIAC). We request therefore some guidance on how to account for “electronic information acquisitions” and whether the criteria for asset recognition are met.

UNDP Comments on Paper

- UNDP accepts paper as useful guidance.
- UNDP does not have a library collection, therefore this paper is not significant to UNDP operations.

GENEVA

The members of the Geneva Focus Group are of the view that UN system organization libraries should be considered as general collection libraries. UN organizations are not in

the library business. Rather, their libraries are lending libraries for staff and not for the public.

There is a cost-efficiency issue to be considered. The classification and valuation of library materials may prove to be a difficult exercise and will entail costs that may not be commensurate to the usefulness of the resulting information.

VIENNA

While the general guidance provided in the paper is useful in classifying library collections and capitalization, the following issues are noted for guidance/clarification.

a The constant reference throughout the paper to “01.01.2009” and “2009” is somewhat confusing. Can we first clarify that this date was intended and not a drafting error that should have read “01.01.2010” and “2010” respectively. For example, Appendix D suggests that pre-2009 reference collection should be expensed, whereas, paragraph 50 refers to first time recognition prior to 2009, using fair value. It is understood by this there is a requirement to capture new additions to libraries from 1 January 2009, with the relevant cost information (paragraph 29), thereby facilitating first time recognition using costs basis, on 1 January 2010.

b There was a discussion on whether the threshold of \$5,000 as mentioned in Appendix D-2 (“Capitalize if total value is >\$5000”) and the sentence in paragraph 33 ‘Capitalize if total value is material’ are actually in sync. Confirmation would be helpful.

c Clarification is sought on why the tangible costs of the reference collections prior to 2009 should be expensed.

UNIDO and IAEA will probably not capitalize the items in its library collection as they do not meet the criteria laid out in the guidance however if this had not been the case the suggestion is that the method for calculating the average value of a library collection may have been too simplistic and not made use of all the information available in the library information system.

ROME

FAO: Noted the paper. Requests clarification as to whether the guidance regarding recording of assets as a single group is also reflected and applies to other guidance documents on the recognition of PPE.

WFP: IFAC study 14 discussed grouping of assets; however, none of the relevant IPSAS standards addresses grouping of assets. It becomes a matter of professional judgement whether or not to use grouping of assets for capitalization and depreciation. We note the guidance. Suggest keeping it optional for UN system organizations, whether or not to capitalize reference collections. Editorial: Footnote on page 3 has the incorrect date. Professional judgement should consider cost vs. benefit. Paragraph 22 is not definitive; opening it up for professional judgement as useful lives are suggested to be three or more years. WFP's overall non staff budget is approx. \$80k. The overall staff is one librarian

and two assistants. Limited number of books, periodicals and series. Position inclined to no-action and continue expensing library materials.

UNESCO: We have a large library so will have to look into this. Good to have this guidance.

IMO: A shock as we might have to capitalise library collection. Will look more closely to guidance.

WTO: Library is symbolic only have document services so no need to capitalise. Will however capitalise electronic equipment.