

Item 5: Social Benefits

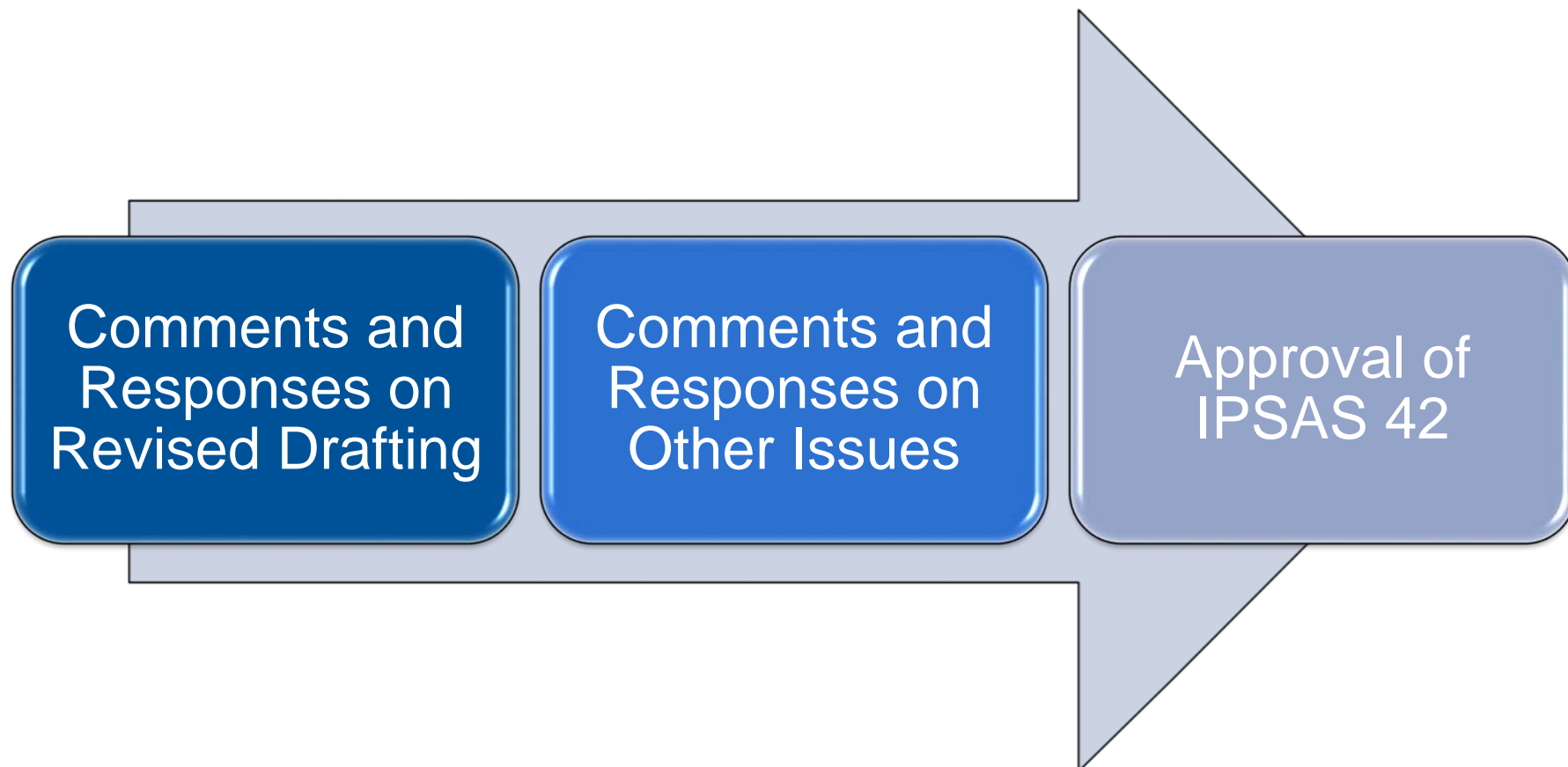
Paul Mason, Principal

IPSASB Meeting

December 4–7, 2018

Kuala Lumpur, Toronto

Session Outline



Session Outline: Review of Comments and Responses

Clear Staff Recommendation

- IPSASB asked to raise any issues
- Absence of issues raised taken as agreement with text

Staff Seeking Guidance

- IPSASB asked to make decision on drafting

Comments/Response – Revised Drafting (1/2)

(Agenda Item 5.2.1)

Paragraphs	Issue / IPSASB Decision Required
12-22 AG16-AG18	<p>Redrafting of measurement requirements re “cost” or “next payment”</p> <p>Does the IPSASB support the revised drafting?</p> <p><i>Does the IPSASB wish to reinstate the reference to IPSAS 3?</i></p>
23-25	<p>Redrafting of disclosure requirements – avoid reference to “each scheme”, include cross reference to IPSAS 1 guidance on materiality and aggregation</p> <p>Does the IPSASB support the revised drafting?</p>
25(a)(v)	<p>Insurance criteria disclosure redrafted to only apply where criteria met.</p> <p>Does the IPSASB support the revised drafting?</p>
25	<p>Proposal: combine the key features and external factors disclosure</p> <p>Does the IPSASB support the staff proposal for no change?</p>

Comments/Response – Revised Drafting (2/2)

(Agenda Item 5.2.1)

Paragraphs	Issue / IPSASB Decision Required
AG4 & AG5	Proposal: relocate the cash transfers guidance to core standard. Does the IPSASB support the staff proposal for no change?
AG4 & AG5 BC30	Proposal: guidance on cash equivalents and restrictions is unnecessary and could be deleted Does the IPSASB support the staff proposal for retention?
IPSAS1, 94(da)	Proposal: reference to materiality in IPSAS 1, 94(da) could be deleted as materiality is pervasive Does the IPSASB support the staff proposal for retention?
IPSAS 1, 113	Comment: “social protection” is not defined Does the IPSASB support the staff proposal for no change?
IPSAS 1, 114-115	Proposal: additional consequential amendments required Does the IPSASB support the additional drafting included?

Comments/Response – Other Issues Raised (1/6)

(Agenda Item 5.2.1)

Paragraphs	Issue / IPSASB Decision Required
Title	Proposal: title of ISPAS 42 should be “Social Benefit Payments” Does the IPSASB support the staff proposal for no change?
(Old) 1	Proposal: delete (old) paragraph 1 as duplicates (old) paragraph 3 Does the IPSASB support the proposed deletion?
Pervasive	Proposal: replace “social benefit schemes” with “social benefits” throughout the IPSAS Does the IPSASB support the staff proposal for no change?
5	Proposal: definition of social benefits should refer to “cash transfers provided to <u>or on behalf of</u> ” Does the IPSASB support the staff proposal for no change?
See e.g. 9, 12-22	Eligibility criteria being met should always refer to the next benefit payment or cash transfer Does the IPSASB support the additional drafting included?

Comments/Response – Other Issues Raised (2/6)

(Agenda Item 5.2.1)

Paragraphs	Issue / IPSASB Decision Required
11	Proposal: requirement to not recognize an expense for a social benefit payment prior to all criteria being satisfied is not needed Does the IPSASB support the staff proposal for no change?
14	Proposal: requirement to take into account the possible effect of subsequent events is not needed Does the IPSASB support the staff proposal for no change?
23 & 29	Proposal: Disclosure objectives under the two approaches are very similar – a reference to the relevant approach would be helpful Does the IPSASB support the additional drafting included?
(Old) 29 & (new) 32	Proposal: relocate proposal to prepare sustainability reports Does the IPSASB support the relocation?
See e.g. 28, AG21	Proposal: Use of “contributions” and “contributions and levies” <i>Does the IPSASB wish to amend the current drafting?</i>

Comments/Response – Other Issues Raised (3/6)

(Agenda Item 5.2.1)

Paragraphs	Issue / IPSASB Decision Required
AG1	Proposal: remove “transactions that are similar to social benefits” Does the IPSASB support the amended drafting included?
AG3	Proposal: reference to collective and individual services and emergency relief could be premature <i>Does the IPSASB wish to delete paragraph AG3?</i>
All AG	Proposal: relocate all AG material to core standard Does the IPSASB support the staff proposal for no change?
AG9 & AG10	Comment: questions need for some of guidance on social risks / other risks Does the IPSASB support the staff proposal for no change?
AG20	Proposal: insurance approach drafting should be clearer about which standards and entity cannot use Does the IPSASB support the amended drafting included?

Comments/Response – Other Issues Raised (4/6)

(Agenda Item 5.2.1)

Paragraphs	Issue / IPSASB Decision Required
AG22	<p>Proposal: add “such contributions may be made by the entity administering the scheme or some other entity.”</p> <p>Does the IPSASB support the additional drafting included?</p>
IPSAS 23	<p>Comment: in public interest to disclose social benefits revenue</p> <p>Does the IPSASB support the view that no action required?</p>
IPSAS 19, 1(a)	<p>Proposal: delete reference to social benefits in IPSAS 19, 1(a)</p> <p><i>Does the IPSASB wish to delete the reference?</i></p>
IPSAS 19 1(a)	<p>Question: how will changes affect other transactions previously covered by the scope exclusion?</p> <p><i>Does the IPSASB consider any further action is required?</i></p>
IPSAS 19, BC3	<p>Proposals: BC3 should use wording originally used in IPSAS 19; last clause of BC5 is not required</p> <p>Does the IPSASB support the amended drafting included?</p>

Comments/Response – Other Issues Raised (5/6)

(Agenda Item 5.2.1)

Paragraphs	Issue / IPSASB Decision Required
IPSAS 19, Comparison with IAS 37	Proposal: comparison of IPSAS 19 with IAS 37 should show additional scope exclusions Does the IPSASB support the additional drafting included?
IPSAS 23, 16	Question: amend IPSAS 23 para 16 to explain which constructive obligations fall in IPSAS 19 and which in IPSAS 42? Does the IPSASB support the view that no action required?
All BCs	Minor changes made <i>IPSASB asked to comment on an exception basis</i>
BC107	Proposal: Add BC explaining that the IPSASB discussed including the Alternative View in IPSAS 42, but concluded this would not produce consistent accounting Does the IPSASB support the additional drafting included?

Comments/Response – Other Issues Raised (6/6)

(Agenda Item 5.2.1)

Paragraphs	Issue / IPSASB Decision Required
BC111	Proposal: BC on revenue should explain amendments to IPSAS 23 Does the IPSASB support the additional drafting included?
IE33, IE43, IE54	Proposal: Illustrative Examples 8-10 include reconciliations of expense and liability. Alternative treatments of deletion or clarifying that reconciliation not required by IPSAS 42 <i>The IPSASB is asked to decide whether to retain the proposed drafting or to delete the paragraphs</i>

Proposed change to AG23

In assessing whether a social benefit scheme is intended to be fully funded from contributions and levies, an entity considers substance over form. For example, where a social benefit scheme is in deficit for a period but the scheme has an ability to adjust the future contribution rates and/or benefits payable such that the deficit is addressed. ~~and receives a loan from government to offset that deficit, the scheme is still intended to be fully funded from contributions where the public sector entity operating the social benefit scheme reviews, and where necessary adjusts, the contribution rates and/or benefits payable such that the deficit is addressed and the loan is repaid. The requirement to consider substance over form applies equally to assessing whether the other criteria for applying the insurance approach have been satisfied.~~

Approval of IPSAS 42 (1) (Agenda Item 5.2.2)

Due Process followed:

- ED 63, *Social Benefits* issued for consultation
- Responses received and posted on web site
- IPSASB considered significant issues raised
- IPSASB asked to agree no further issues need to be considered.

Technical Director to advise on whether due process has been followed

If IPSAS 42 approved, Technical Director will advise on re-exposure

Approval of IPSAS 42 (2) (Agenda Item 5.2.2)

The IPSASB is asked to approve IPSAS 42,
Social Benefits

Technical Director will advise on whether he
considers re-exposure is required

- Re-exposure requires a positive vote of two thirds of IPSASB members

The IPSASB is asked to agree an effective date
for IPSAS 42

- Staff recommend January 1, 2022
- Allow alignment with *Collective and Individual Services and Emergency Relief*



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