

## PROJECT HISTORY

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Staff presented Issues Papers summarizing the comments received in response to ED 63, *Social Benefits*. Staff reported that, for many key issues, there was little or no consensus amongst stakeholders.

### *Scope and Definitions.*

Staff provided an overview of the responses indicating that stakeholders were generally supportive of the scope of ED 63, but had concerns about whether the definitions achieved that scope. The IPSASB decided to retain the scope as stated in ED 63, but agreed to amend the definitions. These changes were intended to clarify the scope, not change it.

The IPSASB decided to limit the definition of social benefits to cash transfers. The IPSASB decided to retain references to “social risks” and “eligibility criteria” in the definition of social benefits, but to remove the reference to “universally accessible services” as the decision to limit the definition of social benefits to cash transfers made this latter reference obsolete.

Additional guidance on disaster relief (which is outside of the scope of social benefits) will be provided in IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets*.

### *Insurance Approach*

The IPSASB agreed that the use of the insurance approach should remain optional. The criteria for applying the insurance approach should retain the requirement that a scheme be fully funded, but additional guidance will be included to address stakeholders’ concerns regarding government funding and substance over form.

### *Reporting on the Long Term Sustainability of an Entity’s Finances*

The IPSASB agreed not to develop mandatory requirements for sustainability reporting, based on RPG 1, *Reporting on the Long Term Sustainability of an Entity’s Finances*.

### *Obligating Event Approach*

There was little or no consensus amongst stakeholders about how to account for social benefits under the obligating event approach. The number of respondents supporting the approach in ED 63 and the number supporting the alternative view were approximately equal. However, respondents did stress the importance of the IPSASB issuing a Standard on social benefits.

Consequently, the IPSASB decided to proceed with the development of an IPSAS based on the obligating event approach as set out in ED 63. In coming to this decision, the IPSASB noted that this was the third time that a consultation had failed to find a consensus on accounting for social benefits, and that further work at this time was unlikely to change this situation. The IPSASB is considering whether it should formalize its processes for Post Implementation Reviews (PIRs), and the Board noted that a social benefits IPSAS would be a good candidate for a PIR.

*Disclosure Requirements: Obligating Event Approach*

The IPSASB agreed to retain the requirement to disclose the characteristics of a scheme, but to remove the requirements to disclose the reconciliation of the liability and to disclose five years' future cash flows. An alternative disclosure focusing on describing the risks, cost drivers and funding that will affect social benefit schemes will be developed.