

Instituut van de Bedrijfsrevisoren Institut des Réviseurs d'Entreprises

Koninklijk Instituut - Institut royal

International Public Sector Accounting Standards
Board

Mr Ian Carruthers, IPSASB Chair
and Mr John Stanford, IPSASB Deputy Director
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Vice-President

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Notre référence

Votre référence

Date

29 January 2016

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Dear Mr Carruthers, dear Mr Stanford,

Consultation Paper on Recognition and Measurement of Social Benefits

The Belgian Institute of Accredited Auditors is pleased to respond to the invitation from the International Public Sector Accounting Board (IPSASB) to comment on Consultation Paper on Recognition and Measurement of Social Benefits (the Consultation Paper).

We support the work of the IPSASB to develop high-quality accounting standards and guidance for use by public sector entities in order to enhance accountability and transparency in public sector financial reporting and strengthen public financial management worldwide.

The Consultation Paper on the Recognition and Measurement of Social Benefits addresses a very important topic for Belgian governments and many governments in Europe and around the world. Social benefits represent a significant portion of government expenses and should be fairly and comprehensively reported in government financial statements. We therefore support IPSASB's plan to issue a standard on social benefits in the best possible delays; this will address an important gap in the present set of IPSAS standards.

We provide limited input only to the CP on those questions that we believe are the most crucial for the development of the standard.

On the options for the recognition and measurement of social benefits, we agree with IPSASB's preliminary view that a combination of the obligating event approach and insurance approach may be required to reflect social benefits' differing economic circumstances. We however do not support the social contract approach which would in our view not provide information that is useful for accountability and decision-making objectives of financial reporting.



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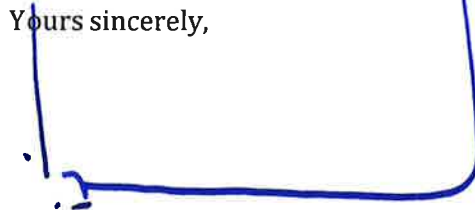
On the obligating event approach, we encourage the IPSASB to develop illustrative examples for various types of social benefits that are commonly granted by governments as well as clear guidance on recognition principles (recognition of social benefit expenses over time versus at a specific point in time).

Similarly, in the case of contributory schemes, we recommend that the IPSASB develop clear guidance on those benefits to which the obligating event approach should be applied and those to which the insurance approach should be applied.

We also do support IPSASB's view that application of the insurance approach is only appropriate where there is a clear link between the benefits paid by a social security scheme and the revenue that finances the scheme.

If you would like to discuss any of the above matters in more detail, please contact Thierry Dupont, Vice Chairman of the Belgian Institute of Accredited Auditors, Boulevard Emile Jacqmain 135/1, 1000 Brussels (+32 2 512 51 36) or Patrice Schumesch, Chair of the IPSAS/EPAS working group of the Belgian Institute of Accredited Auditors (+32 2 710 4028).

Yours sincerely,



Thierry DUPONT
Belgian Institute of Accredited Auditors