

IPSASB Exposure Draft 67  
*Collective and Individual Services and  
Emergency Relief (Amendments to IPSAS 19)*

**Response from the Chartered Institute of  
Public Finance and Accountancy (CIPFA)**

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IPSASB Exposure Draft 67, *Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)*

CIPFA is pleased to present its comments on this Exposure Draft which has been reviewed by CIPFA's Accounting and Auditing Standards Panel.

ED 67 explains that it provides guidance which addresses a mismatch between the scope exclusion for 'social benefits' in the current IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets* and the actual scope of that term in its standard IPSAS 42, *Social Benefits* issued in January 2019.

The need for such guidance was implicit in ED 63 *Social Benefits*, which also defined 'social benefits' with a scope which did not match the IPSAS 19 scope exclusion. Under the approach proposed in ED 63 there would have been a need to provide guidance for 'collective services' and for 'universally accessible services'.

As explained in IPSAS 42, having regard to stakeholder responses to ED 63 the Board reconsidered the scope of 'social benefits' for the purposes of IPSAS 42, and reframed the excluded items, articulating

- a new category of 'individual services' which include both 'universally accessible services' and other services provided to individuals or households which mitigate social risk but which are not delivered through cash transfer to eligible beneficiaries
- an additional category of 'emergency relief' encompassing services which respond to needs arising from significant emergencies, which might not be considered to be for the benefit of society as a whole

ED 67 proposes that collective and individual services should not give rise to provisions in respect of their non-exchange considerations, and the accounting should therefore reflect only those provisions which arise through any associated exchange transactions (such as the purchase of goods or services which will be transferred to or result in a benefit for individuals, households, or society as a whole). In respect of emergency relief, ED 67 indicates that for certain responses to specific emergencies, it may be appropriate to raise a provision in relation to non-exchange considerations.

CIPFA agrees with the proposed reframing of the excluded items, and the proposed accounting treatment.

### **Response to Specific Matters for Comment**

Detailed responses to the SMCs are attached as an Annex.

**Specific Matter for Comment 1:**

Do you agree with the definitions of collective services and individual services that are included in this Exposure Draft?

If not, what changes would you make to the definitions?

CIPFA agrees with the definitions which are included in the Exposure Draft.

However, some of the explanation is not as clear as it could be, and this may lead to the material in the Application Guidance being misunderstood. The ED 67 proposals for the main body of the IPSAS 19 standard refer to social benefits without explaining how they are defined in IPSAS 42, or the implications for what is included in individual services.

We are particularly concerned that there is no mention of social risk as a feature of social benefits in the main body of the standard, except to suggest that emergency relief does not address social risks. The table at AG 6 may therefore be misinterpreted as suggesting that the primary distinction between social benefits and individual services is that social benefits are delivered through cash transfer. Notwithstanding the clear indication that these must also be made to 'eligible individuals and households'.

Rather than amending the proposed table, we suggest that it would be helpful if it was explained before AG6 that:

- IPSAS 42 defines social benefits as expenditure which mitigates social risk, delivered through cash transfers to eligible individuals and households
- Individual services may sometimes mitigate social risks, but only where delivered by other means than cash transfer

We note that the term 'social benefits' is more fully explained in the Basis for Conclusions material in ED 67. The table in the implementation guidance to IPSAS 42 also provides extremely comprehensive guidance. However, we suggest that it would be more helpful if the material in the main body of IPSAS 19 was understandable without reference to these.

**Specific Matter for Comment 2:**

Do you agree that no provision should be recognized for collective services?  
If not, under what circumstances do you think a provision would arise?

CIPFA agrees that no provision should be recognised for collective services, for the reasons explained in the Exposure Draft.

**Specific Matter for Comment 3:**

Do you agree that no provision should be recognized for individual services?  
If not, under what circumstances do you think a provision would arise?

CIPFA agrees that no provision should be recognised for individual services, for the reasons explained in the Exposure Draft.

**Specific Matter for Comment 4:**

Do you agree with the proposed accounting for emergency relief?  
If not, how do you think emergency relief should be accounted for?

CIPFA straightforwardly agrees with the proposed accounting for emergency relief as an ongoing activity, for the reasons explained in the Exposure Draft.

CIPFA also agrees with the proposed accounting for emergency relief in respect of specific emergencies. as these reflect commitments where a specific decision to deploy resources has been taken. While we would not normally expect policy decisions in respect of these to give rise to present obligations, we could not rule this out altogether.

Discussions with various stakeholders indicated that some found the description of 'ongoing' emergency relief confusing. It might be helpful to make the observation that this section of the AG is addressing a different category of emergency response than those addressed by 'emergency services' (such as fire services) or emergency prevention (such as flood defence).