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OUR REF: ICAG/TRD/ED 2019/01

YOUR REF:

14<sup>th</sup> May, 2019

The Technical Director  
International Public Sector Accounting Standards Board (IPSASB)  
New York

Dear Sir,

**Comments on Exposure Draft (ED) 67: Collective and Individual Services and Emergency Relief**

We are grateful to the IPSASB for the opportunity given us to comment on the Exposure Draft (ED) 67; Collective and Individual Services and Emergency Relief.

We welcome the initiative of the IPSASB to propose improvements to the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about collective services, individual services and emergency relief.

Below are our responses to the questions raised in the Exposure Draft.

**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?**

We do agree with the definitions of both collective and individual services. The primary difference between individual services and collective services is that for collective services, the services are provided simultaneously to all members of a community. Also, consumption is passive and does not require active participation or explicit agreement from beneficiaries; whiles for individual services, the services are provided to individuals or households.

The examples given for simultaneous provision of service include defense or street lighting which illustrates the point of provision simultaneously to all. There is a point that for collective services "goods" are not included, but they are included for individual services. This begs the question

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what constitutes a “good”. It would be helpful to clarify what constitutes a “good” as against what constitutes a service.

### **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?**

We do agree that no provision should be recognized for collective services since collective services are ongoing activities of the public sector entity and that any obligations which may arise are not independent of the entity’s future actions. Also, because the collective transactions are conducted through exchange transactions which are accounted for in other IPSAS, no provision is to be recognized. The exclusion of providing for collective services has to deal with the “Past Event” portion of the Standard. The timing and cost involved in providing collective services is known and exists at the reporting date, therefore if not paid out, these costs will be accrued. There is no need to provide.

There may be some future obligations associated with the delivery of future services since these are ongoing activities provided by the public sector. But no provision is recognized since we do not provide based on entity’s future actions.

“Any obligation arising out of provision of these services is not independent of the entity’s future actions and therefore no provision needs to be recognized for the intention to deliver services prior to actually providing those services. “

We do not see any circumstances for which a provision would arise.

### **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?**

We do agree with the fact that no provision should be recognized for individual services as any obligation that may arise for individual services is not independent of the entity’s future actions and that no provision is recognized for the intention to deliver such services prior to individuals and households accessing the services. Similar to collective services, above, no provision needs to be recognized for costs incurred on services already provided. Also, even if there are obligations incurred related to future services, insofar as they have not yet been rendered, no provision will be made. Accruals for costs of services already rendered will be made (if not already disbursed) since both the timing of services provided and cost of these services are well known. We are not aware of any circumstances for which a provision will arise.

### **Specific Matter for Comment**

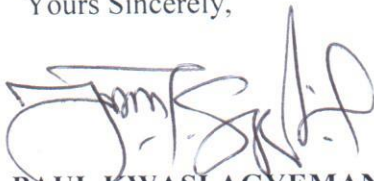
**4: Do you agree with the proposed accounting for emergency relief? If not, how do you think emergency relief should be accounted for?**

We do agree with the proposed accounting for emergency relief where a present obligation is recognized as a result of the government passing legislation and announcement, and that the entity needs to reassess at each reporting date whether the cumulative effect of the decisions and announcements is sufficient to require the recognition of a provision. No provision will be required if an event does not give rise to a present obligation that satisfies the recognition of a provision. In the circumstances where the government is responding to a specific emergency (that has already occurred – past event), would require the setting up of a provision partly because of the uncertainty of the timing and/or of the amount and the non-recurrence of the event.

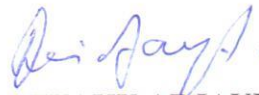
However, in the circumstance where the provision of emergency relief is a recurring activity, this becomes analogous to the provision of individual or collective services and then those similar arguments would apply with respect to “Providing” for.

We hope the IPSASB finds these comments helpful in further developing its consultations on Collective and Individual Services and Emergency Relief. In turn, we are committed to helping the IPSASB in whatever way possible to build upon the results of this Exposure Draft. We look forward to strengthening the dialogue between us. Please do not hesitate to contact us should you wish to discuss any matters raised in this submission.

Yours Sincerely,



**PAUL KWASI AGYEMANG**  
**CHIEF EXECUTIVE OFFICER**



**OSEI KWAKU ADJAYE GYAMFI**  
**DIRECTOR, TECHNICAL AND RESEARCH**