



ICGFM The International Consortium on Governmental Financial Management

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The Technical Director
International Public Sector Accounting Standards Board
International Federation of Accountants
277 Wellington Street West, 6th Floor
Toronto, Ontario M5V 3H2
CANADA

Dear Sir

1. The International Consortium on Governmental Financial Management (ICGFM) welcomes the opportunity to respond to Exposure Draft 67 "Collective and Individual Services and Emergency Relief (Amendments to IPSAS 19)" issued January 2019.
2. The ICGFM is primarily concerned with the financial management of sovereign governments. We have a particular concern with issue of the recognition of future commitments by Governments and this concern is reflected in our comments.
3. We appreciate the opportunity to comment on this Exposure Draft and would be pleased to discuss this letter with you at your convenience. If you have questions concerning this letter, please contact Michael Parry at Michael.parry@michaelparry.com or on +44 7525 763381.

Yours faithfully,

Michael Parry

Chair, ICGFM Accounting Standards Committee

Members

Michael Parry, Chair

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Jesse Hughes

Mark Silins

Nino Tchelishvili

Paul Waiswa

Cc: Jim Wright, President, ICGFM

Specific Matters for Comment	Comments
<p>Specific Matter for Comment 1:</p> <p>Do you agree with the definitions of collective services and individual services that are included in this Exposure Draft?</p> <p>If not, what changes would you make to the definitions?</p>	<p>Agree</p> <p>The following additional guidance is suggested:</p> <p>AG2: Consumption of collective services is usually passive and does not require the explicit agreement or active participation of those benefiting from the service. Members of the community to whom the collective services are provided should be informed of the form and period of implementation of such services, as well as the expected results. Delivery of collective services does not require the fulfilment of any conditions by a member or members of the recipient community.</p> <p>AG3: The provision of an individual service to one individual may reduce or delay the amount available to other individuals. Consumption of individual services requires the explicit agreement or active participation of those benefiting from the service, provided the recipients have the capacity to provide such agreement and/or participation. Delivery of individual services may involve the fulfilment of certain conditions by recipients.</p>

Specific Matters for Comment	Comments
<p>Specific Matter for Comment 2:</p> <p>Do you agree that no provision should be recognized for collective services?</p> <p>If not, under what circumstances do you think a provision would arise?</p>	<p>Disagree</p> <p>There is a need for clarity as between commitments (also referred to as encumbrances or obligations), contingent liabilities and provisions.</p> <ul style="list-style-type: none"> • Commitments are not recognised under IPSAS but are of great importance for the financial management of government since such commitments pre-empt resources available for other purposes. Collective and individual services as defined are likely to represent government commitments and need to be recognised and recorded so as to inform the budgetary process. Commitments are liquidated when (i) there is a change of policy resulting in the cancellation of the commitment, or (ii) the commitment becomes either a provision (accrual accounting) or is paid (cash accounting) • We regard commitments as an important issue for the future programme of the IPSAS Board and in the meantime should be defined in relation to the services as defined in this ED • Emergency services are a contingent liability if there is a legal or customary obligation to provide such services if future emergencies occur, whether or not the nature of such emergencies is defined • All services require a provision once they become a contractual obligation and until such time as payment is made <p>We consider the IPSAS should provide greater clarity as above in the definition and recognition of commitments, provisions and contingent liabilities</p>
<p>Specific Matter for Comment 3:</p> <p>Do you agree that no provision should be recognized for individual services?</p> <p>If not, under what circumstances do you think a provision would arise?</p>	<p>Disagree – see above comments on Specific Matter 2</p>

Specific Matters for Comment	Comments
<p>Specific Matter for Comment 4:</p> <p>Do you agree with the proposed accounting for emergency relief?</p> <p>If not, how do you think emergency relief should be accounted for?</p>	<p>Agree</p> <p>We suggest supplementing the guidance concerning the accounting for emergency relief issues as below.</p> <p>AG20: The delivery of emergency relief in response to specific emergencies requires an explicit policy decision to be made by a government or other public sector entity.</p>