

**ASOCIACION INTERAMERICANA DE CONTABILIDAD
INTERAMERICAN ACCOUNTING ASSOCIATION
ASSOCIAÇÃO INTERAMERICANA DE CONTABILIDADE**

San Juan, Puerto Rico, March 28th, 2018

Members of the Group

**THE INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS BOARD
GOVERNANCE REVIEW GROUP**

REF: **Public Sector, Exposure Draft 63 Social Benefits**

Dear Members of the Group,

The Inter-American Accounting Association (IAA) (AIC – in Spanish), welcomes the opportunity to comment on the This Consultation Paper, ***Exposure Draft 63 Social Benefits***, was developed and approved by the International Public Sector Accounting Standards Board® (IPSASB®).

This reply summarizes the views of different member countries of the IAA, according to the following due process:

Due process:

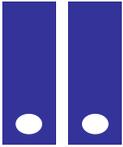
The Draft was submitted to the different IAA member, the Inter-American Technical Commissions (ITC) and the Sponsor Organizations (SO), hence all members had the opportunity to participate in the discussion of the Draft.

All comments received from the ITC and SO, were compared and discussed, before preparing a reply which has been approved upon by all members.

If you have any questions about our comments, please do not hesitate to contact us.

Sincerely,

Cornelio Porrás Cuellar
PRESIDENT



**ASOCIACION INTERAMERICANA DE CONTABILIDAD
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Comment Letter of the Interamerican Accounting Association- IAA on the document for public discussion referred to , “International Public Sector Accounting Standards Board® (IPSASB®) Exposure Draft 63 Social Benefits, was developed and approved by the International Public Sector Accounting Standards Board® “”

Specific Matter for Comment 1:

Do you agree with the scope of this Exposure Draft, and specifically the exclusion of universally accessible services for the reasons given in paragraph BC21(c)?

We are agree with the scope of the Exposure Draft that an entity that prepares and presents financial statements under the accrual accounting assumption will apply the standard (when the project becomes a standard) in the recognition and measurement and accounting of social benefits. More specifically, we agree with the exclusion of universally accessible services established on the arguments presented in the bases of the conclusions, which hold that the project, in distinguishing the benefits provided to specific individuals and / or households from those universally accessible, intends to provide a limit more based, on principle, as artificial as possible

Specific Matter for Comment 2:

Do you agree with the definitions of social benefits, social risks and universally accessible services that are included in this Exposure Draft?

Yes, we agree. We understand that the definitions given regarding the three concepts considered are appropriate

Specific Matter for Comment 3:

Do you agree that, with respect to the insurance approach:

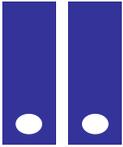
Yes, we partially agree.

- (a) It should be optional;

We consider that paragraph 7 of the Exposure Draft should not raise the possibility that the entity optionally apply the insurance approach if a social benefit scheme meets the requirements set forth in paragraph 9. In our opinion the entity should be required to recognize and value the assets, liabilities, income and expenses associated with this social benefits regime.

- (b) The criteria for determining whether the insurance approach may be applied are appropriate;

We agree that the criteria for determining the insurance approach that can be applied provided in paragraph 9 are appropriate.



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- (c) Directing preparers to follow the relevant international or national accounting standard dealing with insurance contracts (IFRS 17, *Insurance Contracts* and national standards that have adopted substantially the same principles as IFRS 17) is appropriate;

We believe that the makers of financial statements of a jurisdiction that issues financial reporting standards that substantially adopt the bases of IFRS 17 must fully apply their own standards, otherwise they must adopt IFRSs directly.

We understand that the information to disclosed, required in paragraph 12 of the draft standard are appropriate

Specific Matter for Comment 4:

Do you agree that, under the obligating event approach, the past event that gives rise to a liability for a social benefit scheme is the satisfaction by the beneficiary of all eligibility criteria for the next benefit, which includes being alive (whether this is explicitly stated or implicit in the scheme provisions)?

Yes, we agree. There is no doubt that under the past event approach the binding requirements for a past event to become passive for a social benefit plan are: a) full compliance by the beneficiary with the eligibility requirements for the benefit, and b) the fact of being alive.

This Exposure Draft includes an Alternative View where some IPSASB Members propose a different approach to recognition and measurement.

Specific Matter for Comment 5:

Regarding the disclosure requirements for the obligating event approach, do you agree that:

Yes, we are partially accepting.

- (a) The disclosures about the characteristics of an entity's social benefit schemes (paragraph 31) are appropriate;

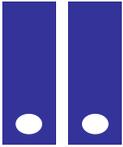
We consider that the disclosures regarding characteristics of the contemplated social benefit schemes are appropriate.

- (b) The disclosures of the amounts in the financial statements (paragraphs 32–33) are appropriate;

The required disclosures of the amounts in the financial statements, both liabilities and expenses, are appropriate.

and

- (c) For the future cash flows related to from an entity's social benefit schemes (see paragraph 34):



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With reference to future cash flows related to social benefit schemes, we consider that:

- (i) It is appropriate to disclose the projected future cash flows;
It is appropriate to disclose the projected cash flows.

and

- (ii) Five years is the appropriate period over which to disclose those future cash flows. If not, what disclosure requirements should be included?

We understand that three years, instead of five, will be sufficient if this revelation is made annually. We estimate that five years is a very long term since, in the longer term, a projection of cash flows will be increasingly uncertain and imprecise.

Specific Matter for Comment 6:

Do you think the IPSASB should undertake further work on reporting on long-term fiscal sustainability, and if so, how?

We believe that the IPSASB should continue to make progress in improving the reporting so a long-term fiscal sustainability, an appropriate form could be through the professional associations of the different countries that are members of the International Accounting Federation that will provide genuine information. of the different jurisdictions that will constitute a very rich primary source for the IPSASB in the search for an appropriate and applicable approach in the profession.

If you think the IPSASB should undertake further work on reporting on long-term fiscal sustainability, what additional new developments or perspectives, if any, have emerged in your environment which you believe would be relevant to the IPSASB's assessment of what work is required?

An additional relevant work that could be developed to support fiscal sustainability could be the study and analysis of the legal security towards the investments in each jurisdiction or country, so that long-term fiscal sustainability can be reasonably estimated. term, since a country that offers little security or stability to investments can hardly sustain a long-term approach to its fiscal sustainability, with reasonable security.