



REPUBLIC OF THE PHILIPPINES  
**COMMISSION ON AUDIT**  
Commonwealth Avenue, Quezon City

**GOVERNMENT ACCOUNTANCY SECTOR  
OFFICE OF THE ASSISTANT COMMISSIONER**

May 20, 2024

**Mr. Ian Carruthers**

Chair, International Public Sector Accounting Standards Board (IPSASB)

Dear Mr. Carruthers,

Relative to your electronic email dated April 1, 2024, requesting COA's comments on the following exposure drafts (EDs) of the IPSASB:

1. ED 86, Exploration for and Evaluation of Mineral Resources;
2. ED 87, Stripping Costs in the Production Phase of a Surface Mine (Amendments to IPSAS 12); and
3. ED 88, Arrangements Conveying Rights Over Assets (Amendments to IPSAS 47 and IPSAS 48)

we submit the herein comments and recommendations/inputs of this Office, for consideration, please.

Thank you.

A handwritten signature in black ink, appearing to read "Roy L. Ursal".

ROY L. URSAL  
Assistant Commissioner

REFERENCE	COMMENT(S) AND RECOMMENDATION(S)/INPUTS
<p><i>Exposure Draft 87: Stripping Costs in the Production Phase of a Surface Mine (Amendments to IPSAS 12)</i></p>	
<p><b>Specific Matter for Comment 1:</b></p> <p>The IPSASB decided to propose IFRIC 20-aligned guidance in ED 87 (see paragraph BC9). Do you agree that amendments to IFRIC 20, for the public sector, are limited to terminology and other IPSASB-specific formatting and consistency amendments (see paragraph BC10)?</p> <p>If not, please explain your reasons, stating clearly what further amendments are necessary and why.</p>	<p>Based on BC10 of ED 87, the IPSASB has not identified any specific public sector considerations necessitating a departure from the principles outlined in IFRIC 20, <i>Stripping Costs in the Production Phase of a Surface Mine</i>. This suggests that there are no significant disparities between the public and private sector applications and interpretations of IFRIC 20.</p> <p>Therefore, we agree with the proposed amendments outlined in ED 87, which are aligned and consistent with IFRIC 20, and that the amendments are limited to ensuring consistency in IPSASB-specific formatting and making terminologies particular to the public sector setting, both of which are essential for clarity and coherence in the application of the guidance within the public sector.</p> <p>However, we recommend that the IPSASB consider providing illustrative examples to assist entities in applying the amended standard effectively.</p>
<p><b>Specific Matter for Comment 2:</b></p> <p>The IPSASB decided to propose IFRIC 20-aligned guidance in ED 87 as an amendment to IPSAS 12, <i>Inventories</i>, by including the guidance as an Appendix (see paragraph BC11). Do you agree with the IPSASB's decision?</p> <p>If not, please explain your reasons, stating clearly what further amendments are necessary and why.</p>	<p>As provided in BC11 of ED 87, the IPSASB concluded that stripping costs ultimately end in the cost of mineral inventory produced by a surface mine, from which the surface mine will derive benefits. Therefore, due to this relationship between stripping activities and the cost of inventory produced, the IPSASB decided that the guidance aligned with IFRIC 20 be included as Appendix to IPSAS 12.</p> <p>Therefore, we fully concur with IPSASB's decision to propose IFRIC 20 aligned guidelines in ED 87 as an amendment to IPSAS 12, <i>Inventories</i>. The connection drawn between stripping costs and the cost of mineral inventory produced by a surface</p>

<b>REFERENCE</b>	<b>COMMENT(S) AND RECOMMENDATION(S)/INPUTS</b>
	<p>mine is indeed important. Incorporating this guidance as an Appendix to IPSAS 12 has the potential to enhance consistency and comparability, which will benefit financial statement users. However, we recommend that the IPSASB consider providing illustrative examples to assist entities in applying the amended standard effectively.</p>