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**MINUTES OF THE TECHNICAL COMMITTEE MEETING OF THE
ACCOUNTING STANDARDS BOARD HELD VIRTUALLY ON 3 SEPTEMBER
2020**

CHAIRPERSON C Braxton

MEMBERS OF THE COMMITTEE

BOARD REPRESENTATIVES

F Abba (Left at 15:00)

C Braxton

I Lubbe

V Ngobese

REPRESENTATIVE OF THE OAG

L Bodewig

REPRESENTATIVE OF THE ASB

E Swart

EX OFFICIO

J Poggiolini Technical Director

A Botha Project Manager

E van der Westhuizen Project Manager

Board Members: Mr V Ngobese (chair), Ms F Abba, Mr C Braxton, Mr K Hoosain, Ms I Lubbe,
Ms K Maree, Ms P Moalusi, Ms N Themba, Ms M Sedikela
Chief Executive Officer: Ms E Swart, Technical Director: Ms J Poggiolini

1. WELCOME AND APOLOGIES

Members were WELCOMED to the meeting by the Secretariat. Apologies were NOTED from M Mentz and T Tshoke.

2. CONFIRMATION OF THE AGENDA

A discussion on the dispute resolution mechanism was ADDED to the agenda.

3. DECLARATIONS OF INTERESTS

Members were ASKED to indicate if they had any amendments to their declarations of interests, as well as if they had an interest in any of the agenda items being discussed. None were NOTED.

4. MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting were TABLED at the meeting. An amendment was AGREED to paragraph 6.3 "by the Board when GRAP 25 was developed in developing GRAP 25".

5. MATTERS ARISING

5.1 The Secretariat TABLED a memorandum at the meeting of the matters arising from previous meetings. The Secretariat NOTED the following:

- 8.14 – A trilateral meeting is scheduled for Monday 7 September. The matter is on the agenda.
- 7.23 – The item will be removed.
- 5.14 – The timeframe for issuing the communication is January to March 2021. This will be updated in the document to make it clearer that it is the calendar year and not the financial year.

Secretariat

- Other matters from the last meeting – The meeting with F Abba and I Lubbe was held to discuss matters relating to materiality prior to the Board meeting.

5.2 The National Treasury INDICATED that a letter was written by the Minister of Finance to the Minister of Trade and Industry. There had been no response from the Minister of Trade and Industry on the reconstitution of the FRSC Board.

TECHNICAL MATTERS

6. Proposed Interpretation of the Standard of GRAP on *The Effects of Past Decisions on Materiality*

6.1 The Secretariat TABLED the following at the meeting:

- Memorandum from the Secretariat.
- Minutes of project group meetings held in August 2020.
- Proposed Exposure Draft and Invitation to Comment.

6.2 The Secretariat EXPLAINED the background to the project and highlighted the decisions to date. Along with the review of the draft Interpretation, the Secretariat NOTED that the

issue of whether materiality could be applied after adopting a GRAP accounting policy would need to be resolved, as well as whether this was dependent on unit of account or something else.

Issue #1 – Can materiality be applied once a GRAP accounting policy is adopted?

- 6.3 The Secretariat NOTED that some Board members questioned the view at the last meeting that materiality could not be applied to account for transactions once a GRAP accounting policy is applied for specific items, transactions and events.
- 6.4 The Secretariat EXPLAINED that after reviewing the conclusions in the Issues Paper presented to the Board in July, there may be a need to revisit this view. The paragraphs in the Standard of GRAP on *Accounting Policies, Changes in Accounting Policies and Errors* (GRAP 3) on which this view was based do not specifically preclude the application of materiality once a GRAP accounting policy is adopted.
- 6.5 The Secretariat PROPOSED that it is possible for entities to apply both alternative accounting treatments and GRAP accounting policies for similar items based on materiality. The Secretariat NOTED that whether this was based on unit of account or something else would be discussed in issue #2.
- 6.6 Members SUPPORTED the view as this was consistent with practice.

Issue #2 – How should accounting treatment and accounting policies be applied – “unit of account” or something else?

- 6.7 The Secretariat INDICATED that it had explored whether the application of alternative accounting treatments or accounting policies should be based on “unit of account”, i.e. whether items are recognised or measured individually or as a group. There is limited guidance in the *Conceptual Framework for General Purpose Reporting* (Conceptual Framework) and the Guideline on *The Application of Materiality to Financial Statements* (Guideline). The Standard of GRAP on *Property, Plant and Equipment* (GRAP 17) indicates that items can be recognised as a group if they are individually insignificant.
- 6.8 The Secretariat NOTED that the draft Interpretation discussed by the project groups linked unit of account to the application of alternative accounting treatments and accounting policies and provided an overview of two examples to illustrate the outcome of the approach. The Secretariat EXPLAINED that project groups supported the outcome of the approach but did not support linking materiality to the unit of account. They observed that the unit of account principles are not well developed, and there is significant uncertainty about how unit of account should be applied in practice, particularly derecognition. The project groups proposed to link the application of alternative accounting treatments and accounting policies to an individual and collective assessment of materiality.
- 6.9 The Secretariat EXPLAINED that the draft Interpretation was revised to make the link between alternative accounting treatments and accounting policies to an individual and collective assessment of materiality. This means that entities should assess items individually to assess if they are material, but also consider whether the combined effect of all those items could be material in the current and future reporting periods.
- 6.10 Some members QUESTIONED whether there is a difference between the “unit of account” approach and the individual and collective assessment of materiality.

6.11 The Secretariat EXPLAINED the following using GRAP 17 as an example:

- “Unit of account” approach - Individually insignificant items could be grouped together and the recognition criteria applied to the group. For example, recognising a single item for 100 desks in a College.
- Approach based on the individual and collective assessment of materiality - The recognition criteria would still be applied to individual items, i.e. 100 desks recognised individually. Whether those individual items are recognised as an expense or an asset would depend on whether the items are individually immaterial, or whether they are material when combined.

6.12 It was AGREED that this explanation should be included in the memorandum to the Board.

6.13 Technical Committee members SUPPORTED the approach. It was OBSERVED that this responds to scenarios previously discussed by the Committee where one item is purchased which is immaterial, but by the end of the year or in the following year, multiple items are purchased and are material collectively. This approach ensures that entities always consider the collective effect of their decisions.

Transitional provisions

6.14 The Secretariat EXPLAINED that because of the diverse past practice, the project group expressed a need for transitional provisions for the draft Interpretation. The proposed transitional provisions indicated that the principles should be applied prospectively, and that past assessments of materiality need not be revised.

6.15 The Secretariat NOTED the following regarding the project group discussions:

- Project group comprising the firms and auditors - Members observed that the last sentence of the proposed transitional provisions could be read to mean that, even if errors were made in the past, they need not be corrected. They suggested deleting the last sentence as this would allow entities to correct errors if they occurred. They were of the view that this approach is conceptually sound.
- Project group comprising the preparers – Members noted that while it might be easy to identify errors such as omissions or intentional misrepresentation of items, considering whether all the information available in previous periods was used could be highly subjective. It could also mean that entities would need to apply hindsight. Members suggested that the Board take a practical approach and indicated that the last sentence should be retained to make it clear that past assessments need not be revisited.

6.16 It was NOTED that some Technical Committee members supported the application of the conceptual approach, while others supported the practical approach. Technical Committee members NOTED that the principles in the draft Interpretation were developed on a conceptual basis, but that a practical approach should be taken to its adoption given the diversity that exists in practice. On balance, Technical Committee members AGREED that the practical approach should be adopted as this avoided the application of hindsight, particularly where there were areas of significant judgement.

6.17 The Secretariat NOTED that changes were proposed to paragraph .17(b) of GRAP 3 as discussed at the last meeting. The Secretariat did not believe that any changes were needed to the Guideline.

6.18 Technical Committee members AGREED with the proposals.

Review of the draft Interpretation

6.19 The Technical Committee members AGREED that the following changes should be made to the draft Interpretation:

- Introduction – Members asked whether the introduction should be updated to reflect that public Colleges apply Standards of GRAP. The Secretariat NOTED that it will discuss this and provide feedback at the next meeting.
- Issues – This section needs to better explain the issue and that it should be linked to whether decisions taken regarding materiality in prior periods affect future reporting periods. The discussion about accounting policies and alternative accounting treatments has no context as a result. It should also be considered whether paragraph 7 should be moved to the Issues section and heading of the consensus section changed.
- Paragraph .07 – Check the wording of the first two sentences in this paragraph to GRAP 3.
- New paragraph – A new paragraph should be added indicating that the alternative accounting treatments are applied to immaterial items, and accounting policies are applied for material items.
- Example 1 – Review the wording of the last bullet to make it clear that the cumulative “effect” of expensing items would need to be assessed on current and future periods.
- Example 3 – Change the R1 million to a lower amount.
- Example 4 – The basis on which an error arises could give rise to significant issues in practice as whether all information available was used could be subjective. The example should be revised to refer to the scenarios in paragraph .14 and state that an error has occurred and that GRAP 3 should be applied.
- An explanation should be added to the basis for conclusions for the discussion on the transitional provisions.

Secretariat

Way forward

6.20 The Secretariat NOTED that there were no specific matters for comment identified in the Invitation to Comment.

6.21 Technical Committee members AGREED that there are no specific questions that should be asked.

6.22 The Secretariat NOTED that the project groups proposed a longer comment period given the uncertainty at present regarding the submission of financial statements and

the conclusion of year-end audits. Their proposal was to extend the comment period to end February 2021.

6.23 Technical Committee members SUPPORTED this proposal.

6.24 Subject to the changes agreed, Technical Committee members RECOMMENDED the draft Interpretation to the Board for its consideration.

Secretariat

Draft Research Paper on *The Application of Standards of GRAP by Small Entities*

7.1 The Secretariat TABLED the following at the meeting:

- Memorandum from the Secretariat.
- Draft Research Paper.

7.2 It was NOTED that based on previous Board decisions, an analysis of the challenges identified through the research and the possible responses thereto have been developed together with the draft Research Paper, for the Technical Committee's consideration. The analysis focussed on challenges that relate to the Board's mandate.

7.3 It was NOTED that no actions have been identified for the Board. The Secretariat identified that it could take / had taken the following steps:

- Stakeholders that participated in the research (including many who see themselves as "small") will be added to the Secretariat's mailing list, if not already included. This will ensure they remain up-to-date on developments.
- Communication will be drafted to stakeholders that participated in the research to inform them of the publication of the Research Paper.
- As part of the annual process to update the handbook, communication will be drafted on all the changes for the next reporting period.
- The results of the Board's research were shared with the IPSASB Research Forum which is researching *Differential Reporting (Financial Reporting for Small and Medium Sized Public Sector Entities)*. The Secretariat will continue to monitor the topic and outcomes of their research.

7.4 It was NOTED that challenges outside the Board's mandate have been communicated to the trilateral parties.

7.5 Technical Committee members CONFIRMED the analysis and proposed actions on the challenges identified by the research, and that no further actions are required by the Board.

7.6 The Technical Committee REVIEWED the draft Research Paper, and RECOMMENDED it to the Board for approval, subject to the following amendments:

- Executive Summary: Add more information on the Board's considerations in concluding the project.
- Section 1 Research methodology: Add more information on the work done to understand the international financial reporting environment of small entities.

- Minor editorial amendments, including font size throughout the document and to centre the comment on *Value of budget* and *Value of expenses* in Appendix B Table 2.

Secretariat

Proposed GRAP Reporting Framework for 2021/22

- 8.1 The Secretariat TABLED a memorandum at the meeting outlining the proposed GRAP Reporting Framework for 2021/22.
- 8.2 Technical Committee members SUPPORTED the proposed reporting framework.

EMERGING ISSUES

General

- 9.1 The Secretariat TABLED an update on emerging issues at the meeting. It was NOTED that there were no issues currently being discussed on principals and agents arising from the audits, and that no request had been received from SARS.
- 9.2 The representative from the National Treasury NOTED the following:
- A query was received from the Free State, but more information is required before deciding if it should be escalated to the trilateral parties.
 - The OAG was approached by the Department of Basic Education and Training to provide comment on the reporting framework for schools. If needed, the ASB will be consulted.

Western Cape judgement

- 9.3 The Secretariat EXPLAINED that it had undertaken a review of various documents pertaining to the Western Cape judgement to identify if there are any potential issues for the Board to consider. The Secretariat OBSERVED the following:
- Different facts, circumstances, terms and conditions were considered by the parties in arriving at their conclusions.
 - The documents reviewed did not (a) identify whether a principal-agent arrangement exists, and (b) if a principal-agent arrangement exists, how the three criteria were applied to assess if an entity is an agent or not.
- 9.4 Based on the review, the Secretariat PROPOSED:
- Updating the existing FAQ which deals with the identification of principal-agent arrangements to deal with protective and substantive rights in arrangements and identifying more than one principal-agent arrangement in a binding arrangement.
 - Issuing communication in the upcoming Newsletter and social media to raise awareness about the issues observed.
- 9.5 Members SUPPORTED the proposed actions. It was QUESTIONED whether more awareness should be raised in the press. It was AGREED that because the matter is still subject to a legal process, this should be assessed after the legal process is completed. It was also NOTED that newspapers are often reluctant to publish articles of this nature as they are not controversial and may not interest their readers.

Terms of reference of the reference group on financial instruments

- 9.6 The Secretariat TABLED a memorandum outlining key issues at the meeting along with the proposed terms of reference.
- 9.7 The Secretariat EXPLAINED that an initial discussion with the National Treasury and AGSA identified the following issues:
- The role of the trilateral parties – It was agreed that the trilateral parties should attend the meeting as observers to ensure that there is no infringement on the parties' mandates. The exception would be where either the ASB or OAG is the Secretariat for the reference group.
 - Some stakeholders raised concerns about whether the ASB's independence would be impaired if they participate in this group. As the purpose of the group is to facilitate discussions rather than provide conclusions, opinions or guidance on specific matters, the ASB's independence would not be affected.
 - Funding of the reference group – The OAG received funding from the EU to support the implementation of the revised Standard of GRAP on *Financial Instruments*. Once the terms of reference have been reviewed by the Board, the OAG will be able to indicate how much funding or support could be made available.
 - Term of the group – Given the current resource constraints, it is proposed that the work of the reference group only commence in the next financial year.
- 9.8 A Technical Committee member ASKED what the role of the ASB would be in resolving any contentious issues that arise from the discussions of the group.
- 9.9 The Secretariat EXPLAINED that the resolution would depend on the issue being raised. It could result in FAQs or other non-authoritative guidance being issued by the ASB but could also result in the OAG revising their Accounting Guidelines or developing other support tools.
- 9.10 Technical Committee members SUPPORTED the terms of reference, subject to the following changes:
- Paragraph 10(b) – As some firms provide support other than in the preparation of the financial statements, it was agreed that the provision of "accounting advice" should be added.
 - Paragraph 16(b) – Delete "the" before "meetings".
 - Paragraph 17 – Consider extending the term of the group to run until the reporting period in which full compliance is required.

Secretariat

ADMINISTRATION

Standard-setting policies

General

- 10.1 The Secretariat TABLED a memorandum at the meeting, proposed changes to existing policies, and a new policy on the process to develop FAQs. Annexure A to the memorandum outlined a summary of the affected policies.

Selection and approval of projects

10.2 The Secretariat NOTED that the policy outlines the Board's process for developing the three-year and annual work programme. With the completion of the first three-year work programme cycle, it is appropriate to assess whether any improvements could be made to the process. The Secretariat PROPOSED changes to the following areas:

- After consultation with stakeholders, the three-year work programme is developed based on the priorities at that time. With the current uncertainty in the public sector environment, it is suggested that the Board discuss the upcoming projects for the next financial year in March of each year. This will ensure that resources are focused in the right areas.
- The project briefs are used to initiate work on projects but are also used to develop the targets on the Annual Performance Plan (APP). As the APP needs to be developed 6 months in advance of the start of the reporting period, project briefs could be considered well in advance of the project commencing. It is suggested that the project briefs should again be discussed and confirmed with the Board during the planning stages of the project. This would not only ensure that there is consensus about the project objectives, affected parties, etc. but would also ensure that progress on other projects that affect the project outcome, deliverables, etc. could be considered.

10.3 Technical Committee members SUPPORTED the proposed changes. No additional changes were identified to the policy.

Changes to existing policies

10.4 The Secretariat NOTED the changes made to the other existing policies in Annexure A of the memorandum.

10.5 Technical Committee members SUPPORTED the proposed changes and recommended them to the Board for approval.

New policy on developing FAQs

10.6 The Secretariat TABLED the proposed policy on developing FAQs at the meeting.

10.7 Technical Committee members SUPPORTED the proposed policy and recommended it to the Board for approval.

Feedback from the Operations Committee

10.7 The Secretariat NOTED that the Operations Committee discussed the staff resourcing of the ASB. It was AGREED that there was funding available to recruit an additional staff member.

10.8 The Secretariat NOTED that it may take time to identify a suitable candidate, and that the targets for the current year may still be at risk.

10.9 The Secretariat REQUESTED Technical Committee members that, if they are aware of suitable candidates, to forward the names to the Secretariat.

Members

Projects to be commenced in 2021/22

General

10.10 The Secretariat TABLED the following at the meeting:

- Memorandum from the Secretariat.
- Going concern and the liquidation basis of accounting.
- Social benefits.
- Communication material for users of the financial statements.

10.11 The Secretariat PROPOSED swapping the review of GRAP 109 with the desktop review of the Standard of GRAP on *Presentation of Budget Information in Financial Statements*. The primary reason is due to the lack of data about the issues with the application of GRAP 109 as a result of the delayed submission and auditing of financial statements. The issue that is the subject of the Western Cape judgement was addressed in an FAQ issued in late 2019, and it may take some time for it to be applied.

10.12 The representative of the OAG also NOTED that they still need to develop an Accounting Guideline which may help explain principles to preparers. This may reduce the issues identified in the review.

10.13 Technical Committee members SUPPORTED swapping the projects.

10.14 The Secretariat NOTED that in developing the project brief on social benefits, the scope was debated. In particular, whether the project should be limited to the cash benefits outlined in IPSAS 42 on *Social Benefits*, or if it should also include goods and services provided to individuals and households. The Secretariat PROPOSED limiting the scope to cash benefits for the following reasons:

- The cash benefits are complex and affect a specific group of stakeholders. If goods and services are included, a broader range of entities and stakeholders may be affected, making the project unwieldy.
- There are linkages between the guidance in IPSAS 19 on *Provisions, Contingent Liabilities and Contingent Assets* on individual and collective goods and services and ED 72 on *Transfer Expenses*. There is still uncertainty about the accounting for goods and services in ED 72.

10.15 Technical Committee members SUPPORTED limiting the scope as the cash benefits are the most significant social benefits provided by government.

Project brief on going concern and liquidation basis

10.16 The Secretariat PRESENTED the project brief and NOTED that the purpose of the project is to:

- (a) develop guidance to assist entities to assess if they are a going concern;
- (b) assess whether the current guidance and disclosures in the Standards of GRAP on going concern are appropriate for decision-making or whether these could be improved;

- (c) assess whether guidance is needed on the liquidation basis of accounting based on the prevalence of the matter in the public sector; and
- (d) assess whether additional guidance needs to be developed on government restructurings and on the transfer of assets in non-exchange transactions.

10.17 It was NOTED that the first phase of the project involves the development of an Issues Paper, while the second part may include the development of guidance based on the outcome of the issues identified in phase 1.

10.18 It was QUESTIONED whether the project intends to amend the guidance on mergers and transfer of functions. It was NOTED that the project aims at understanding whether the guidance in these Standards of GRAP is appropriate for all government restructurings and/or combinations of entities.

10.19 It was NOTED that the AGSA developed a Frequently Asked Question on going concern as it was a specific audit focus area during the recent audit cycle. It was AGREED that this should be included in the existing accounting guidance to be considered as part of this project.

Secretariat

10.20 Technical Committee members RECOMMENDED the project brief to the Board for approval.

Project brief on Standard of GRAP on social benefits

10.21 The Secretariat PRESENTED the project brief and NOTED the following:

- No guidance exists in the Standards of GRAP on accounting for social benefits and such a Standard of GRAP is necessary to promote transparency in, and accountability of, government expenditure and liabilities. International guidance in the form of IPSAS 42 exists but was not supported locally and an understanding of local needs will be required.
- The Standard will be developed in stages, including a consideration of the approach to develop the Standard and the potential issues with IPSAS 42.
- The key issues to be considered in developing a Standard of GRAP, based on local consultation when the IPSASB developed IPSAS 42, include the scope of the Standard, the definition of social benefits, the appropriateness of the optional application of the insurance approach, the appropriateness of the obligating event approach and the transitional provisions.
- The consultation process with focus on those entities that provide social benefits, including the Department of Social Development, the South African Social Security Agency (their agent), the UIF, Compensation Fund and RAF.

Secretariat

10.22 A Technical Committee member NOTED that the Military Veterans Act and the Government Pensions Administration Agency may be relevant to add to the project brief.

10.23 Technical Committee members RECOMMENDED the project brief to the Board for approval.

Project brief on communication material for users of financial statements

10.24 The Secretariat PRESENTED the project brief and NOTED the following:

- Information in the financial statements may not be well understood by users. The project will develop communication material to help users understand the role of financial statements and how they can be used in a way that is within the Board's mandate.
- The project will focus on users in oversight structures, specifically those with oversight responsibilities related to financial reporting.
- It is not anticipated that material requiring a due process or Board approval will be developed; it is anticipated that the material will be issued by the Secretariat. Progress on the project and examples of what the material will look like may be shared with the Technical Committee and Board.
- The material will consider the following, based on previous research of the Board on information needs of the public as a user:
 - It should be simple, concise and easy to understand, and should be developed in an interesting way.
 - It should be packaged in a format that is easy to use, and the method and platforms used to make the material available should be carefully considered.
 - Existing material should not be duplicated.
 - The Board's mandate should be considered.
- A public consultation process will not be necessary, but stakeholders may be consulted on the purpose of assessing whether the material will be useful for users of financial statements.

10.25 A Technical Committee member SUGGESTED the following additions to the project brief:

- More entities are able to publish integrated reports in the public sector. As users may use integrated reports more in future, it will be useful for the project brief to consider a link to integrated reports.
- The AGSA unit responsible for the General Report, and specifically the Citizen's Report on the General Report, could be consulted in drafting the material to learn from their experience.

Secretariat

10.26 Technical Committee members RECOMMENDED the project brief to the Board for approval.

Current work programme and achievement of targets

10.27 The Secretariat TABLED the updated work programme and the report on the achievement of the quarterly targets at the meeting.

Current work programme

10.28 The Secretariat NOTED the following regarding the resourcing of the remaining projects on the work programme for the year:

- Complete the project on GRAP 3 by changing the staff resource.
- Delay work on the review of Directive 12 on *The Selection of an Appropriate Reporting Framework by Public Entities*, until internal staff resources are available.
- Suspend work on the review of the use of the cash flow statement.

10.29 Technical Committee members SUPPORTED the proposals.

Performance to date

10.30 The Secretariat NOTED that it is projected that the targets for the quarter would be met.

Dispute resolution process

10.31 The Secretariat NOTED that the dispute resolution process to resolve disputes between auditors and auditees is being revised. The revised version has a potentially different role for the ASB.

10.32 Technical Committee members AGREED that the revised version should be circulated for comment.

Secretariat

INTERNATIONAL STANDARD SETTING ACTIVITIES

General

11.1 The IPSASB member PROVIDED an overview of the key discussions at the June 2020 IPSASB meeting. The Secretariat TABLED an update on the June 2020 IPSASB meeting held virtually.

Proposed IPSAS on *Transfer Expenses* (ED 72)

11.2 The Secretariat PROVIDED an overview of the expense landscape and topical issues related to ED 72.

11.3 The following comments were NOTED:

Classification of expenses

- Government spending is substantial and may be useful to know how resources are being spent.
- The classification should meet users' needs. If this is based on the GFS requirements, then it may be appropriate to adopt this classification.
- Questions were raised about whether it is appropriate to have different classification and different accounting principles being applied depending on the beneficiary or whether the transaction is part of an ongoing programme of government or emergency relief. The approach seems complex and does not appear to add value to users.
- Views were expressed that expense classification can be extremely difficult, even under the cash environment. It is unclear why this level of complexity is necessary.

Government spends money and it should be accounted for appropriately. The classification is unnecessarily onerous.

Binding arrangement

- Where there is no binding arrangement, the Technical Committee agrees that the principles cannot be inconsistent with the Conceptual Framework or IPSAS 19. This approach is also similar to the approach in IPSAS 42 which South Africa did not support.
- Questions were raised about whether transactions with a binding arrangement, but without performance obligations, is more enforceable than arrangements where there is no binding arrangement. It was observed that transfers in terms of the DORA to undertake certain activities may remain unpaid, and there is little chance of receiving the funding due to the entity.
- The only type of funding provided in terms of DORA that is likely to not have a binding arrangement is the equitable share allocations to municipalities.

PSPOA

- The approach seems overly complex and can be confusing.
- Some would argue that there should be alignment between revenue and expenses, although in this instance, there is not complete alignment with all revenue and all expense transactions, i.e. those without performance obligations.
- Questions were asked about whether the performance monitoring would be the same as the monitoring in the PSPOA. It is unlikely to be the same as the requirement is to monitor the satisfaction of the performance obligations rather than high level outputs.

CLOSING REMARKS

12.1 The remaining meeting dates for 2020 were NOTED.

12.2 Members were THANKED for their participation and the meeting was CLOSED at 15:30.

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| Prepared by: | J Poggiolini | 7 September 2020 |
| Reviewed by: | C Braxton | 8 September 2020 |
| Issued: | | 14 September 2020 |

Signed: _____