

**Approved Minutes of the Meeting of the  
INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS BOARD  
Virtual Check-In Meeting  
Held on April 29, 2021**

**A. Administrative Items**

**Attendance**

	<b>Voting Members</b>	<b>Technical Advisors</b>
Present:	Ian Carruthers (Chair) Lindy Bodewig (Deputy Chair) Todd Beardsworth Mike Blake Luzvi Chatto Adrienne Cheasty Neema Kiure-Mssusa Mari Kobayashi Chris Nyong Lynn Pamment Renée Pichard Ajith Ratnayake Kamira Sanchez Nicosia Bernhard Schatz Scott Showalter Patrícia Siqueira Varela Marc Wermuth <b>Member Apologies:</b> Hervé-Adrien Metzger	Clark Anstis (Mr. Blake) Sayja Barton (Ms. Pichard) Claudia Beier (Mr. Wermuth) Henning Diederichs (Ms. Pamment) Takeo Fukiya (Ms. Kobayashi) Anthony Heffernan (Mr. Beardsworth) Williard Kalulu (Ms. Kiure-Mssusa) Ayres Moura (Ms. Varela) Jakob Prammer (Mr. Schatz) Annabelle Puserio (Ms. Chatto) Tsholofelo Tshoke (Ms. Bodewig) David Watkins (Mr. Carruthers) <b>Technical Advisors Apologies:</b> Kelly Ayamba (Mr. Nyong) Baudouin Griton (Mr. Metzger) Fabrizio Mocavini (Ms. Sanchez Nicosia)

	<b>Non-Voting Observers</b>
Present:	Thomas Müller-Marqués Berger (CAG Chair) Lars Ruberg <sup>1</sup> (European Commission) Fabienne Colignon <sup>2</sup> (CNoCP)
Apologies:	Biodun Adeyemo (African Union) David Bailey (IMF) Adnan Chughtai (United Nations) Chai Kim (ADB) Jerry Gutu (United Nations) Guohua Huang (IMF) Martin Koehler (European Commission) Fily Sissoko (World Bank Group) John Verrinder (Eurostat)
	<b>IPSASB/IFAC Staff</b>
Present:	Amon Dhliwayo, IPSASB João Fonseca, IPSASB Paul Mason, Senior Advisor Edwin Ng, IPSASB Ross Smith, IPSASB Joanna Spencer, IPSASB John Stanford, IPSASB Dave Warren, IPSASB Eileen Zhou, IPSASB <b>Staff Apologies:</b> James Gunn, Managing Director, Professional Standards

<sup>1</sup> Lars Ruberg attended the meeting on behalf of Martin Koehler from the European Commission.

<sup>2</sup> Fabienne Colignon is attending as a Member of the IPSASB CAG.

## 1. Transfer Expenses (Agenda Item 1)

- 1.1 Staff presented agenda papers for Agenda Item 1 which included a project overview, and analysis on how to address key issues identified in responses to Exposure Draft (ED) 72, *Transfer Expenses* and potential implications resulting from IPSASB decisions made in the related revenue project. The agenda papers also included analysis on the consideration and potential application of executory contract accounting principles.

### Decisions

- 1.2 The IPSASB **decided** to:
- Address principle-related issues raised by constituents first, before considering other issues raised.
  - Evaluate principle-related issues identified in the transfer expense project by considering the implications of IPSASB decisions made in December 2020 and March 2021 in the revenue project. Specifically, to:
    - Revise the presentation of guidance in the transfer expense standard to better reflect the public sector.
    - Retain binding arrangement as a fundamental concept for transfer expense accounting. Principles related to binding arrangements should be consistent. Identification and assessment of a binding arrangement is from the perspective of the entity.
    - Confirm that, in a binding arrangement, each party will have at least one present obligation.
    - Confirm that enforceability can be demonstrated by various mechanisms in transfer expense accounting, and all relevant factors should be considered in that analysis.
    - Confirm that enforceability of a binding arrangement may give rise to an asset for the transfer provider when it is partially fulfilled.
    - Be conceptually consistent with the present obligation principles developed for revenue, and consider substance of the arrangement from the different perspectives (transfer provider vs. transfer recipient) in assessing whether to retain the distinction of performance obligations for transfer expense accounting.
    - Consider the implication of the IPSASB's decision on the treatment of "consideration not directly attributable to the transfer of distinct goods or services" at a later date, based on the decision to either retain or remove the distinction of transfer expenses with and without performance obligations.
  - Incorporate executory contract accounting principles without explicitly referring to the term executory contracts. Drafting should refer to specific principles to account for binding arrangements.
  - Confirm, for revenue, that there is no initial recognition when no party has fulfilled its stated obligations under the binding arrangement, unless the binding arrangement is onerous. Accounting for the binding arrangement begins when the binding arrangement is at least partially fulfilled (i.e., at least one party begins to fulfill one or more of its stated obligations).

- Confirm, for transfer expenses, that there is no initial recognition when no party has fulfilled its stated obligations under the binding arrangement, unless the binding arrangement is onerous.
- Confirm an entity's right and obligation within a binding arrangement are directly linked and interdependent. When the binding arrangement is wholly unfulfilled, the combined right and obligation constitutes a single asset or liability.

### **Instructions**

#### 1.3 The IPSASB **instructed** staff to:

- In regard to the implications of IPSASB decisions made in December 2020 and March 2021 in the revenue project:
  - Reconsider the working title of the proposed transfer expense standard after reviewing and assessing constituent comments on scope.
  - Clarify through additional guidance that each party in a binding arrangement would have at least one present obligation.
  - Clarify through additional guidance on types of expense transactions within the scope of transfer expense standard.
  - Consider whether there are any useful implementation examples that clearly communicate the principles and are jurisdictionally neutral.
  - Provide explicit guidance on that assessment of enforceability when an entity first enters into an arrangement is based on the ability to enforce and not probability of enforcement at inception.
  - Assess whether the transfer provider's right in a binding arrangement, where the transfer provider has already satisfied or partially satisfied its obligation(s), meets the criteria for asset recognition in the Conceptual Framework.
  - Further consider the distinction between transfer expenses with and without performance obligations by first focusing on principles at the higher level (present obligations), and then considering any incremental accounting guidance necessary for the subset (performance obligations).
- Clarify in guidance that the transfer provider may provide non-cash assets as part of the fulfillment of specific obligations in a binding arrangement.
- Propose guidance on how to account for transfer expense transactions in both the separate and consolidated financial statements of counterparties within the same economic entity, with consideration of any relevant existing guidance in IPSAS 35.
- Consider whether disclosures are necessary for binding arrangements that are equally unfulfilled at reporting date; and if so, what disclosures are required.
- Consider whether the term "present obligation" is appropriate when the binding arrangement is equally unfulfilled, as there would not yet be a binding obligation where there is little or no realistic alternative to avoid outflow of resources.
- Consider the nature of the asset that would be recognized by the transfer provider when the transfer recipient has a present obligation.

- Consider what constitutes an onerous contract for a transfer expense.
- Provide specific guidance through examples on accounting for partially fulfilled binding arrangements.

## **2. Closing Remarks and Conclusion of the Meeting**

- 2.1 The Chair thanked staff for their work in preparing the agenda papers the members for their time and input.