

# About the ASB

**Presented by:**  
**Erna Swart**  
**CEO**



Accounting Standards Board





# Overview

- About the ASB
- Overview of standard-setting process
- Upcoming projects and participation in ASB activities





# About the ASB





# Vision




To develop Accounting Standards that enhance financial reporting by all spheres of the Public Sector.





# Mission



We achieve this through focused and targeted stakeholder interaction and the provision of relevant and implementable Accounting Standards.





# Role and function of ASB

- Promote transparency in and effective financial management of REAL
- Set Standards of GRAP as required by financial management legislation
- Prepare and publish guidelines and directives
- Recommend implementation dates to MoF after Auditor-General consulted





# Presidential outcomes

- 9 – the achievement of a responsive, accountable, effective and efficient local government system
- 12-an efficient and effective development oriented public service



# Accounting standards facilitate high-quality information

- Prescribe a single set of principles to report consistently across entities.
- Relevant, credible and consistent information provides :
  - Enhanced accountability
  - Comparability
  - Streamlined guidance and capacity building initiatives



# Accounting standards facilitate high-quality information

- Designed with the objective of enhanced accountability and decision-making in mind.
- Information produced for a defined group of users, which constitutes resource providers, recipients of government's services, and their respective representatives

# Impact on Economy

By providing guidance for reporting of financial and performance information

When implemented and audited

- Credible information builds public confidence
- Enables decision making and accountability

Promotes investment

- Builds confidence in government
- Impact on credit rating



# Impact on policy decisions

- Enables policy decisions
- Enables policy choices
- Financial information is also used for statistical purposes by IMF (GFS) and UN (SNA)



# Who is the ASB?

- Public entity, reports to National Treasury
- 10 members appointed by MoF after consultation with Auditor-General
- Two roles: technical expert and governance
- Appropriate mix of skills (AGSA, OAG, Audit firms, municipalities, national/provincial)
- Individual capacity, except auditor and accountant-general
- Non-executive, independent, part time
- Remunerated for attendance of meetings (AGSA rates)


# Who uses Standards of GRAP?

- Implemented by:
  - Parliament and legislatures
  - Municipalities and their entities
  - Constitutional institutions
  - Schedule 3A and 3D entities
  - Trading entities

Public FET colleges are implementing based on a decision of Higher Education



# Who does not?

- National and provincial departments and trading entities – IFMS to be completed
  - Schedule 2 entities (major public entities) – uses IFRS
  - Schedule 3B and D – currently on SA GAAP – ED issued to propose change to Standards of GRAP
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# Overview of the Standard setting process



# Standard setting process

Phase I - Research and develop proposed Standard

Secretariat

Phase II – Focused stakeholder consultation and amendments to proposed Standard

Project groups (technical experts & subject experts)

Phase III – Approve Exposure Draft

Board - AGSA and OAG represented

Phase IV – Public consultation

Workshops (treasuries, professional bodies, PAGs, CFO Forums) roundtables

Phase V – Focused consultation on comments and amend Standard

Project groups (technical experts & subject experts)

Phase VI – Approval of Standard

Board - AGSA and OAG represented

Phase VII – Consult on effective date  
Propose effective date  
Develop transitional provisions

Trilateral parties


Phase VIII – Application & implementation (ASB: accounting forum, FAQs, review and amendment (improvements project))

Secretariat





# Results of Post- implementation Review

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- Focus was on GRAP 16 and GRAP 17
  - Various consultation methods undertaken
  - Consultation included key users and preparers





# Results of Post- implementation Review

- **General observations from users:**
  - Education initiatives required
  - Alignment of reporting in strategic plans, budget, financial statements and reports of performance
  - Additional reporting requirements





# Results of Post- implementation Review


## General observations from preparers:

- Input positive
- Implementation of GRAP 16 and GRAP 17 positive effect on how assets are managed
- Concerns around costs to implement, skills, capacity and IT issues
- Practical, application and interpretation issues
- Differences of opinion/disagreements from auditors





# Projects arising out of PIR

- Discussion paper on Applying Materiality
  - Review of GRAP 16 & 17
    - Distinction between investment property and PPE
    - Indicator based approach for useful lives
    - Disclosure of capital work-in-progress
    - Review of disclosure requirements
  - Amendments to GRAP 1, repairs and maintenance
  - Interpretation on the recognition of land
  - Guideline on accounting for housing arrangements
  - Review of GRAP 21 & 26
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# Other projects

- Living and non-living natural resources
- Principal-agent relationships
- Social benefits
- Expenditure arising from non-exchange transactions
- Revenue
- Leases





# Advocacy/mandate

- Scope creep
  - Annual reports are general purpose reports
  - Information must be useful to more than one user group
  - Consultation
  - Financial statements vs financial reporting
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# Contact details

CEO: Erna Swart

Tel: (011) 697-0660

Fax: (011) 697-0666

Website: [www.asb.co.za](http://www.asb.co.za)

Email: [info@asb.co.za](mailto:info@asb.co.za)

