



Accounting Standards Board

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22 January 2018

Mr V G Smith, MP

Chairperson

Standing Committee on the Auditor-General

By email: cbalie@parliament.gov.za

Dear Sir

Invitation to comment on draft public audit amendment bill, 2017

The object of the bill is to provide additional functions for the Auditor-General with regards to undesirable audit outcomes. In my opinion, the Auditor-General should lead by example. Compliance with legislation is a requirement for all constitutional institutions, including the Auditor-General.

The Accounting Standards Board, a Schedule 3A entity, is mandated by section 89 (1) (a) of the PFMA to determine standards of generally recognised accounting practice for constitutional entities.

The ASB has determined that all constitutional entities should apply Standards of GRAP as the applicable reporting framework. The Auditor-General is the only constitutional institution that does not comply with this determination.

Section 41 (2) of the Public Audit Act is in conflict with section 89 (1) (a) of the PFMA in that it requires the financial statements of the Auditor-General to be prepared in accordance with South African Statements of Generally Accepted Accounting Practice or other international best practice approved by the oversight mechanism. The annual financial statements for the financial year ended 31 March 2017 was prepared in accordance with the International Financial Reporting Standards (IFRS).

Board Members: Ms T Coetzer (Chair), Mr B Colyvas, Ms I Lubbe, Mr M Kunene, Mr K Makwetu,
Ms Z Mxunyelwa, Mr V Ndzimande, Ms N Ranchod, Ms R Rasikhinya, Ms C Wurayayi
Alternates: Ms L Bodewig, Ms M Sedikela
Chief Executive Officer: Ms E Swart, Technical Director: Ms J Poggiolini

Section 3 (3) of the PFMA states that when conflicts exist between the PFMA and any other legislation, the PFMA prevails. Accordingly, we recommend that Section 41(2) be amended to align it with the requirements of the PFMA.

Should you wish to discuss this matter, please feel free to contact me.

Yours faithfully

A handwritten signature in cursive script that reads "Erna Swart". The signature is written in dark ink and is positioned to the left of the typed name.

Erna Swart

Chief Executive Officer