



ACCOUNTING STANDARDS BOARD

ANNUAL PERFORMANCE PLAN

2022-2023

**DATE FOR TABLING
MARCH 2022**



Executive Authority Statement

The Accounting Standards Board's (ASB) mandate is to develop a core set of Standards of Generally Recognised Accounting Practice (GRAP) that when implemented will lead to information in the annual financial statements that can improve decision making and be used to hold officials accountable.

It will take focused effort, leadership, and collaboration to support the continued implementation of the Standards and this Annual Performance Plan (APP) supports the ASB's strategy to achieve that. However, all the relevant stakeholders, i.e., the preparers, auditors, and users of financial statement information, need to collaborate to ensure successful implementation and improved audit outcomes.

The APP is an important instrument in the accountability cycle. It contains relevant information for decision making, and when used with the annual report and the report of the auditors, will lead to credible financial reporting in the public sector. Improvements in financial reporting increase trust in government's ability to use the funds contributed in the form of taxes and debt responsibly.

Implementation of high-quality financial reporting requires years of advocacy, education, outreach, and stakeholder cooperation.



Enoch Godongwana, MP

Executive Authority

Accounting Standards Board

Accounting Authority Statement

The Constitution of the Republic of South Africa requires the implementation of uniform reporting standards for all the spheres of Government. The implementation of Standards of GRAP should lead to improved information for accountability and decision-making. The APP continues the theme set out in the 2020-2025 strategic plan and sets out the steps the ASB is planning to take to give effect to its constitutional mandate.

The APP has been prepared in consultation with the National Treasury and the Auditor-General of South Africa. The National Treasury is responsible for the implementation of Standards of GRAP. The Auditor-General of South Africa (AGSA) is responsible for expressing an opinion on the implementation of the Standards of GRAP as the reporting framework used by preparers of financial statements in the public sector. The three parties work together to improve financial management in all spheres of government.

Consultation with stakeholders is an important building block in standard setting and is integrated into the DNA of the ASB. Feedback from stakeholders ensure that the Board's work and its output remain relevant and credible. All relevant stakeholders were consulted in developing the three-year work plan and will be consulted again in developing the work plan for the next three years.

When appropriately implemented, Standards of GRAP should lead to improvements in audit outcomes and contribute to rebuilding trust in government's ability to manage funds entrusted to them by citizens and other taxpayers, providers of debt and the suppliers of goods and services.

The Board has issued a comprehensive set of reporting requirements, but its work is not done. The AGSA is continuing to report poor audit outcomes. It means that there is a greater need for:

- All entities in the public sector to adopt robust, accrual-based accounting requirements.
- All entities to implement policies, internal controls and processes to provide relevant information about key government assets, liabilities, revenue, and expenses.
- Preparers to improve the quality of the information they provide to the users of the financial statements.

When appropriately implemented, Standards of GRAP should lead to improvements in audit outcomes and contribute to rebuilding trust in government's ability to manage funds entrusted to them by citizens and other taxpayers, providers of debt and the suppliers of goods and services.



C Braxton

Chairperson

Accounting Standards Board

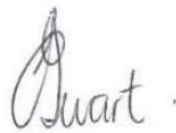
Official Sign-Off

It is hereby certified that this APP:

- Was developed by the Board and management of the ASB for consideration by the Minister of Finance before tabling it in Parliament.
- Considers all the relevant policies, legislation, and other mandates for which the ASB is responsible.
- Accurately reflects the Impact, Outcomes and Outputs which the ASB will endeavour to achieve over the period ending on 31 March 2023.

Erna Swart

Chief Executive Officer



Christoph Braxton

Chairperson



Min E Godongwana

Executive Authority

Part A: Our Mandate

1. Legislative and policy mandate

1.1 In terms of section 89 of the PFMA the principal functions of the Board are to:

- set Standards of GRAP for the financial statements of institutions in all spheres of government;
- prepare and publish directives, guidelines and interpretations concerning the Standards of GRAP;
- recommend to the Minister effective dates of implementation of these Standards of GRAP for the different categories of institutions to which these Standards of GRAP apply;
- perform any other function incidental to advancing financial reporting in the public sector;
- consider all relevant factors in setting Standards of GRAP;
- set different Standards of GRAP, where necessary, for different categories of institutions to which these Standards of GRAP apply; and
- promote accountability, transparency, and effective management of revenue, expenditure, assets, and liabilities of the institutions to which these Standards of GRAP apply.

1.2 In terms of the PFMA, the Board must determine GRAP for the following institutions:

- departments (including national, provincial and government components);
- public entities;
- trading entities (as defined in the PFMA);
- constitutional institutions;
- municipalities, municipal entities, or any other entities under the ownership control of a municipality and, boards, commissions, companies, corporations, and funds;
- Parliament and the provincial legislatures.

The above is collectively referred to as “entities” in this document and in the Standards of GRAP.

1.3 Although the Board develops Standards of GRAP for entities, the Board has approved the application of International Financial Reporting Standards (IFRS® Standards) issued by the International Accounting Standards Board® for:

- (a) public entities that meet the criteria outlined in the Directive on *The Selection of an Appropriate Reporting Framework by Public Entities*; and
- (b) entities under the ownership control of any of these entities.

1.4 The Minister of Higher Education and Training has approved the use of Standards of GRAP by public Technical Vocational and Educational Colleges (TVET) and Continuing Educational Colleges (CET).

2. Institutional Policies and Strategies over the five-year planning period

- 2.1 The President identified seven priorities in his State of the Nation address from the National Development Plan. The ASB contributes indirectly to the following priorities:
- Education, skills, and health.
 - A capable, ethical, and developmental State.
 - A better Africa and world.
- 2.2 The activities of the ASB have a pervasive impact on accountability and decision-making in all spheres of government.
- 2.3 For the ASB to improve financial reporting in the public sector, the following objectives have been identified:
- Maintain and enhance existing Standards of GRAP and develop new standards where gaps are identified.
 - Undertake research to ensure Standards of GRAP respond to broader financial reporting needs.
 - Influence development of international standards.
 - Facilitate and encourage stakeholder engagement and support.
 - Manage resources to ensure the ASB is operationally effective.
- 2.4 To ensure that the Standards issued by the Board are world-class, the Board has a policy of converging its Standards with International Public Sector Accounting Standards (IPSAS) issued by the International Public Sector Accounting Standards Board (IPSASB) where this contributes to the achievement of the Board's mandate. Several projects are being discussed by the IPSASB that are of relevance to the South African public sector, for example measurement of public sector assets and liabilities, revenue and non-exchange expenses. The ASB aims to maximise its contributions to these projects to ensure that high quality international accounting standards are developed that can be adopted locally. The Board will consider issuing new, or amending existing Standards, to align with IPSAS over the medium-term.
- 2.5 The Board monitors and evaluates the consistent application of the Standards of GRAP on an on-going basis by considering whether the current needs of users are met. The key mechanisms used are post-implementation reviews and desktop reviews of selected Standards of GRAP. The Standards or topics reviewed are identified by stakeholders or where specific audit and other issues have been identified.
- 2.6 High quality accounting standards serve the public interest. They focus on the needs of users who require credible financial information for decision-making. It is therefore critical that financial reporting provides users with concise, understandable, and relevant information for improved accountability and decision-making. To help users understand financial information better the Board will develop targeted communication material and continue to communicate the importance of financial statements in several ways.

3. Relevant Court Rulings

Review of regulatory, compliance and reporting obligations

- 3.1 The South African Law Reform Commission is conducting a review of regulatory, compliance and reporting obligations imposed on local government by legislation. As Standards of GRAP is an example of such legislation, the ASB made a submission to the Commission on 31 July 2019. The outcome of the review is not yet known.

Court rulings

- 3.2 The Supreme Court of Appeal handed down a judgement on 4 October 2021 in a court case brought by the Executive Council for Economic Opportunities in the Western Cape against the Auditor-General South Africa. The issue dealt with in the judgement relates to the application of the Modified Cash Standard (MCS) and the Economic Reporting Format (ERF) to the classification of transfers and subsidies versus the purchases of goods and services. This classification depends on whether a principal-agent arrangements exist. As the principles in the MCS are drawn from the Standards of GRAP, it is relevant to understand whether any of the findings in the judgement affect the application of the Standards. A review of the Standard of GRAP on *Accounting by Principals and Agents* is planned for 2022/23 and the judgement will be studied in the context of the review to identify potential implications for the ASB.
- 3.3 Apart from the potential impact of the ruling on specific Standards of GRAP, the act of challenging audit reports and expert opinions may have consequences for the ASB as well as the sector more broadly and will need to be monitored.

Part B: Our Strategic Focus

Situational Analysis: Strengths, weaknesses, opportunities, and threats

- 4.1 The due process that the ASB follows in the development of Standards of GRAP allows all interested stakeholders to participate. This due process starts with the development of a three yearly work programme consultation, robust technical standard setting policies, publication of discussion papers, exposure drafts and transitional provisions and ends with complete transparency in that all comment received, oral and written, on every document published for comment with the Board's response to that comment made publicly available. This allows respondents to assess the adequacy of the process by enabling them to determine how the Board responded to the comment and how the final Standard of GRAP changed from the initial discussion document to the final Standard.
- 4.2 The technical competencies of the staff of the ASB are at the same time a strength and a threat. Developing the technical competence of the standard-setters takes a significant period of time and is an ongoing process. Filling vacancies amongst technical staff is difficult and training new recruits to become fully functional is both lengthy and expensive. The technical competencies of the staff also make them attractive to the large consultancy practices and to other standard setters internationally. As a result of the time taken to develop these skills and ASB's retention strategies, staff turnover has historically been low. This means that staff becomes expensive when there is little staff rotation. In 2021/22 financial year two of the staff members have, or will, retire. The retirements are opportunities to add fresh ideas and to promote existing staff. One must balance the resources required to recruit and train new staff, particularly standard setters, against the employment cost of well trained and remunerated staff.
- 4.3 Fiscal pressures on government means that entities are being asked to do more with fewer resources, and remuneration of specialists may not be keeping pace with the market. These factors increase the risk of losing staff. In addition, any extended absence by a single staff member in a staff complement of seven results in the inability of the ASB to achieve its outputs. The output is being monitored and the revised remuneration framework was submitted to the Minister of Finance for approval.
- 4.4 The implementation of the Standards is not institutionalised. This means that the ASB uses already constrained resources to inform preparers of changes to Standards that need to be implemented. Resources are also spent developing implementation tools, educational material and communication material.
- 4.5 Stakeholders do not fully understand the ASB's role and purpose and often request more than the ASB's mandate can deliver. The National Treasury and provincial treasuries are responsible for providing implementation guidance and implementation support. Where this is seen as insufficient, stakeholders encourage the ASB to fill the gap. However, acceding to such requests could result in the ASB contravening its legislative mandate and impairing its independence as a standard-setter.
- 4.6 Key stakeholders who can have a major impact on the ASB's effectiveness are not readily available and often inaccessible. The ASB does not have a champion at central government

level to promote the implementation of Standards or sound financial management across all spheres of government.

- 4.7 The impact of COVID-19 on the economy and government will have a lasting effect on government's ability to deliver. In the short term the impact on the ASB has been insignificant but will need to be monitored going forward. It has changed how the ASB conducts its consultation process as the due process relies heavily on oral interaction with stakeholders. Most meetings are likely to be virtual and face to face interactions will be re-introduced only when all lockdown restrictions are removed. Savings on meetings with stakeholders have been realised which has provided the ASB with the opportunity to experiment with technology to interact with stakeholders. Virtual meetings save on travelling costs and travel time for both the ASB and its stakeholders. As a result, this has resulted in increased access by stakeholders to the ASB's activities. However not all stakeholders have access to the same quality internet access and further investment in infrastructure is needed.
- 4.8 Our strategy to collaborate with other bodies such as (SAICA and CIGFARO) has also borne fruit as this has increased the number of stakeholders we are able to reach with electronic media.

4. External Environment Analysis

International Public Sector Accounting Standards Board (IPSASB)

- 5.1 Internationally, the IPSASB is proposing to concentrate on the following issues:

(a) Major projects

- a. Differential reporting
- b. Presentation of financial statements

(b) Minor projects

- a. Impairment of non-cash generating assets
- b. Intangible assets
- c. Making materiality assessments
- d. First-time adoption of accrual-based accounting standards

(c) Completing existing work-in-progress

- a. Revenue and transfer expenses
- b. Leases
- c. Conceptual framework limited-scope update
- d. Measurement
- e. Property, plant, and equipment (including new guidance on infrastructure assets and heritage assets)
- f. Natural resources
- g. Retirement benefit plans
- h. Non-current assets held for sale and discontinued operations

- 5.2 In accordance with the standard-setting process, the ASB participates in the IPSASB processes to minimise the changes that need to be made when developing local standards. Participation to date has been based on having a South African representative and technical advisor on the IPSASB Board, participating in task forces, issuing concurrent exposure drafts, and submitting comment letters on relevant exposure drafts, and providing comments to the IPSASB staff on key projects.
- 5.3 The IPSASB has requested national standard setters to participate in their task forces. Based on the esteem by which the ASB's technical competence is viewed, the ASB is represented on several project groups. Even though the intention is to have virtual meetings, face-to-face meetings may be needed from time to time. This may have cost implications and will be monitored.
- 5.4 The impact of COVID-19 on the working arrangements is also uncertain. At present a decision will only be made in 2022 whether to revert to face-to-face meetings. IFAC is encouraging standard setting boards to have at least one virtual meeting going forward. Given the time differences participants in an international meeting have to face, the four-day physical meeting is spread over a two-week period. Participants reduce discussion to strategic issues, while leaving technical issues to staff. This means that local best practices are not shared, and potential problems are not exposed early in the standard setting process.
- 5.5 If, despite participation in the international process, an IPSAS is approved that in the view of the ASB and its stakeholders would not progress the ASB's mandate and strategic objectives, the Board may deviate from the international standards on the basis that it will not give rise to best practice as required by the PFMA. While the ASB has reduced disclosure requirements, eliminated some choices in international standards, and simplified some requirements, the ASB has not deviated from the recognition principles in international standards. The project on social benefits is likely to be the first that requires the ASB to do so. Without a standard, larger liabilities are being recognised currently than would be the case if the new international standard is applied. The international standard requires liabilities to be recognised only when all eligibility criteria are satisfied to receive the next benefit. Local beneficiaries are required to meet eligibility criteria in intervals ranging from one month to a year. With shorter intervals a smaller liability is recognised. The South African view is that meeting eligibility criteria is a measurement issue and not one that determines recognition of the liability.

Influencing the International Accounting Standards Board (IASB)

- 5.6 To minimise the differences between public and private sector accounting, particularly for those transactions that are sector neutral, several Standards of GRAP are based on IFRS.
- 5.7 The ASB monitors standards development by the IASB to identify potential differences between the public sector and the private sector. The differences may result in the identification of potential projects to be added during the work programme consultation to revise Standards of GRAP or to develop equivalent public sector pronouncements. Any project is added to the work programme only after consultation with stakeholders.

Sustainability

- 5.8 Stakeholders are increasingly expecting organisations to report on the impact of the environment not only to the extent that it can result in additional liabilities and contingent

liabilities but on the sustainability of the organisation. As a result, the IFRS Foundation has agreed to the establishment of an International Sustainability Standards Board. The IPSASB has indicated that they will monitor the developments in this regard. The ASB plans to monitor the activities in this area to the extent that it relates to financial reporting. As sustainability is not only a financial reporting issue, but a multi-stakeholder response may also need to be considered locally.

Local environment

5.9 The following entities have adopted Standards of GRAP:

- Parliament and the provincial legislatures;
- municipalities, municipal entities, and or any other entities under the ownership control of a municipality and, boards, commissions, companies, corporations, and funds;
- national and provincial public entities;
- trading entities (as defined in the PFMA);
- constitutional institutions, and
- the Minister of Higher Education and Training has approved the use of Standards of GRAP by TVET Colleges and CET Colleges.

5.10 The Board has determined that certain public entities should use IFRS. These entities typically have listed securities, provide financial services, or have a profit objective. Some entities, i.e., SANRAL, SARS and TCTA have continued to apply IFRS when they should be applying Standards of GRAP. They have received an exemption from compliance with Standards of GRAP for a specified period. An exemption from applying Standards of GRAP has been provided to SARS for its collection activities. This exemption has an impact on the ability of other entities such as the National Revenue Fund, National Skills Fund, the Unemployment Insurance Fund, and the SETAs, because SARS is the collecting agent for their revenue. Until fully implemented by SARS, information about revenue, receivables and payables of these entities are incomplete.

5.11 National and provincial departments and most government components apply the Modified Cash Standard (MCS) developed by the National Treasury. Until these entities apply Standards of GRAP, the government is unable to comply with the constitutional mandate of uniform financial reporting standards.

5.12 There was a clear policy decision made by government in 1999 to move to accrual accounting. The lack of implementation of accrual accounting by departments is an operational issue that should be addressed by the National Treasury. The issue will be raised with the Minister of Finance when an opportunity arises for a meeting.

5.13 The environment in the National Treasury has created uncertainty with the resultant impact on the work of the ASB:

- The length of time taken to fill key vacancies such as that of the Accountant-General. The Office of the Accountant General (OAG) is the ASB's key contact in the National Treasury and the service level agreement (SLA) between the ASB and the OAG should be monitored and implemented by the OAG. However, non-compliance with the SLA cannot be escalated by the ASB due to the frequency of change in the OAG.

- The time taken to determine the implementation date for Standards of GRAP issued by the Board. Some stakeholders unfairly criticise the ASB when Standards are approved for implementation in batches, rather than the staggered implementation proposed by the Board. The length of time taken to approve Standards also creates uncertainty at entities about when they should make/would need resources available to implement Standards.

The ASB has no control over the issues, but they result in difficulties and unnecessary delays.

- 5.14 Most of the issues raised by stakeholders during consultation do not fall within the ASB's mandate. They can be attributed to other stakeholders not delivering in accordance with their mandate, stakeholders not understanding the ASB's mandate, or an expectation that the ASB will respond when other stakeholders fail to deliver.
- 5.15 The ASB responds to questions about the high-level application of specific Standards but does not arbitrate in a dispute between preparers and auditors, nor does it interpret agreements to determine the appropriate accounting for a transaction. In these instances, stakeholders are referred to other entities responsible for providing implementation support. Increasingly, preparers are feeling frustrated when they are referred to other stakeholders. More recently the staff have been approached by entities directly for a view from the Board on a specific transaction. In all engagements with these stakeholders, the staff has made it clear that the staff and Board cannot arbitrate between auditors and auditees. Responses to queries received are limited to identifying and explaining the requirements in the Standards.

5. Internal Environment Analysis

Strategic risks facing the ASB

- 6.1 Delays in the determination of implementation dates of Standards of GRAP – After approval of a new Standard of GRAP or an Amendment to a Standard of GRAP, the Standards are submitted to the Minister of Finance for approval to implement. Delays of up to six years have been experienced in the past. A delay beyond twelve months results in a lack of transparency with key information not being made available in annual financial statements, and users do not have the correct information to hold entities accountable or to use for decision making. As an example, a submission was made to approve an implementation date for the revised Standard on *Financial Instruments* about two years ago. Credit rating agencies and international organisations such as the IMF and the World Bank need better information in the wake of the Country's weak economic environment and credit rating. Implementing the amendments to financial instruments could result in better information regarding exposure to credit risk being reflected in the financial statements. The delay in approval means that this implementation will not be made available in the financial statements until a date far into the future.
- 6.2 Adequacy of funding – Sufficient funding is not available to perform all the functions required from a standard setter. As a result, post-implementation reviews (PIR) of Standards of GRAP are performed only when other projects can be re-prioritised to make resources available to conduct a PIR. PIRs are resource intensive as an experienced employee member needs to perform the review and the consultation process requires personal interviews and workshops with preparers, auditors, and users across the country. PIRs are

used to identify implementation issues experienced by preparers of financial statements, and to determine whether the implementation of a Standard of GRAP achieved its intended outcome. A PIR is used to identify whether the disclosure requirements of a Standard are being provided by preparers if the information provided is used by users and whether the users find the information useful. The results of the PIR are used to revise the Standard, provide additional guiding principles, if necessary, and alert both the National Treasury and the AGSA of capacity constraints or training initiatives required. As PIRs place an additional burden on the resources of the ASB, funding the employment of an additional resource would go a long way to ensuring the ASB delivers on its mandate.

- 6.3 Vacancies and extended absences of key employees – The work programme of the ASB is determined after consultation with stakeholders and considering the capacity available in the ASB. Accordingly, a vacancy amongst ASB technical employees can result in the ASB being unable to deliver in accordance with its work programme or achieve the targets set out in its performance plan. The available pool of potential employees is also limited, as the skills required are not those demonstrated by recently qualified chartered accountants. Standard setters need to have an interest in the technical nature of standards and have an ability to write. These skills are not taught during the training of chartered accountants, and it takes approximately three years to hone these skills, before a recruit becomes fully productive.
- 6.5 Remuneration of key employees – Fiscal pressures and “doing more with less” has an impact on the ability of the ASB to retain key technical employees. Employee remuneration is benchmarked using a national remuneration survey. The remuneration paid by the ASB is in line with the benchmark. In addition, cost containment measures have reduced the funding available for performance-based remuneration. Funding constraints also mean the ASB cannot pay a premium to recruit employees with employment equity credentials.
- 6.6 The impact of cuts in the baseline on the sustainability of the ASB’s operations – Cuts in the ASB’s baseline forced the ASB to look at ways in which to reduce its costs. A lesson from COVID-19 pandemic, brought home the message that the ASB can function effectively in a virtual environment. As a result of the lessons learnt to date, the ASB has closed its offices and staff are working from home. The savings have enabled the ASB to ensure that staff have the right equipment to work from home. The savings have also been allocated to training and translations, activities that the ASB was forced to curtail. Arrangements have been put in place for a domicile for the ASB and to use meeting rooms in the Treasury, when needed. All employees have commented on the ease of the transition and the additional time to work, made possible by not having to spend time travelling to and from the office every day. However, the impact on the organisational culture, team unity and the mental wellbeing of employees will need to be monitored.

Part C: Measuring Our Performance

6. Institutional Performance Information

Programme: Administration

Purpose: To set Standards of GRAP for all spheres of the public sector

7. Outcomes, Outputs, Performance Indicators and Targets

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited /Actual Performance			Estimated Performance	MTEF Period		
			2018/ 19	2019/ 20	2020/ 21	2021/ 22	2022/ 23	2023/ 24	2024/ 25
Enhanced financial reporting for better decision making and accountability	Maintain and enhance existing Standards of GRAP and develop new Standards where gaps are identified	No. of pronouncements issued as identified in the work programme for the year	10	7	8	4	6	4	4
		No. of work programmes issued for 2024-2026*	-	1	-	-	1	-	-
	Undertake research to ensure Standards of GRAP respond to broader financial reporting needs	No. of reviews completed and/or research reports issued	-	2	2	4	2	3	3
	Influence development of international standards	No. of international board meetings attended	4	4	4	4	4	4	4
		No. of relevant IPSASB Exposure drafts commented on within the comment period set by IPSASB as a fraction of 100	100%	100%	100%	100%	100%	100%	100%
		No. of IASB exposure drafts that are relevant to the Public Sector commented on within the comment period set by IASB	100%	100%	100%	100%	100%	100%	100%
	Facilitate and encourage stakeholder engagement and support	No. of FAQ issued to respond to issues raised by stakeholders within the approved timeframe from date of identification of the need to develop a FAQ	100%	100%	100%	100%	100%	100%	100%
		No. of accounting forum meetings	8	8	8	8	8	8	8
		No. of articles on different topics to continue awareness raising amongst stakeholders	5	5	4	5	4	4	4
		No. of meeting highlights issued after Board meetings to create awareness of new developments	4	4	4	4	4	4	4

		No. of educational material for users issued*	-	-	-	-	1	-	-
	Manage resources to ensure the ASB is operationally effective	No. of issues identified by external audit and reported in management letter.	0	0	0	0	0	0	0
		No. of due Process Handbooks issued	0	0	0	0	1	0	0

* These indicators were not included in the strategic plan for 2020-2025.

8. Indicators, Annual and Quarterly Targets

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
No. of pronouncements issued as identified in the work programme for the year	6	1	2	1	2
No. of reviews completed and/or research reports issued	2	1	1	0	0
No. of work programmes issued for 2024-2026	1	1	0	0	0
No. of educational material for users issued	1	0	0	1	0
No. of international board meetings attended	4	1	1	1	1
No. of relevant IPSASB Exposure drafts commented on within the comment period set by IPSASB	100%	100%	100%	100%	100%
No. of IASB exposure drafts that are relevant to the Public Sector commented on within the comment period set by IASB	100%	100%	100%	100%	100%
No. of FAQs issued to respond to issues raised by stakeholders within the approved timeframe from date of identification of the need to develop a FAQ	100%	100%	100%	100%	100%
No. of accounting forum meetings	8	2	2	2	2
No. of articles on different topics to continue awareness raising amongst stakeholders	4	1	1	1	1
No. of meeting highlights issued after Board meetings to create awareness of new developments	4	1	1	1	1
No. of issues identified by external audit and reported in management letter.	0	0	0	0	0
No. of Due Process Handbooks issued.	1	1	0	0	0

9. Explanation of Planned Performance over the medium-term period

10.1 During the work programme cycle for the 2017 to 2020 period the Board focused extensively on developing guidance on specific transactions and issues affecting the South African environment based on feedback received from stakeholders. The work programme is the list of projects that the ASB plans to undertake in a specific reporting period, and it

drives the standard-setting activities of the Board. A limited number of new issues were identified by stakeholders that need to be addressed over the medium-term. Consultation on the next three-year cycle (2024 to 2026) has commenced and will enable the Board to approve the projects for the 2024 Annual Performance Plan.

10.2 Work is continuing on the following items identified during the current work programme consultation (2021-2023):

- Developing a Standard of GRAP on *Social Benefits*, as no guidance exists at present for cash or in-kind benefits paid to individuals and households by government to protect them against certain social risks. Social risks include unemployment, ill-health, injury while undertaking certain activities, etc.
- Revising the Standard of GRAP on *Leases*.

10.3 While the number of entities that have adopted the Standards of GRAP has increased, assessing the effectiveness of the adoption and compliance with the requirements of the Standards, and identifying areas where the Standards can be clarified, improved, or simplified becomes more important. The selection of the Standards for a PIR is driven by a framework developed to guide the identification of Standards in conjunction with the OAG and the AGSA. Other stakeholders are consulted during the work programme consultation process every three years. The Board has agreed to complete a PIR of GRAP 109 on Accounting by *Principals and Agents*, and a desktop review of GRAP 24 on *Presentation of Budget Information in Financial Statements*.

11. Programme resource considerations

Statement of financial performance									Outcome/ Budget Average	Average growth rate (%)	Expen- diture/ total: Average (%)				Average growth rate (%)	Expen- diture/ total: Average (%)
	Audited Budget	Audited outcome	Audited Budget	Audited outcome	Audited Budget	Audited outcome	Budget estimate	Approved budget				Medium-term estimate				
	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2021/22	2018/19-2021/22	2022/23	2023/24	2024/25	2021/22 - 2024/25			
R thousand																
Revenue																
Tax revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-tax revenue	284	557	275	249	187	206	204	202	127.8%	-28.7%	2.2%	170	170	170	-5.6%	1.1%
Sale of goods and services other than capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales of goods and services produced by entity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
of which:																
Administrative fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales by market establishment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales of scrap, waste, arms and other used current goods	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other non-tax revenue	284	557	275	249	187	206	204	202	127.8%	-28.7%	2.2%	170	170	170	-5.6%	1.1%
Transfers received	14,054	14,054	14,340	14,340	14,407	11,563	14,362	14,360	95.0%	0.7%	97.8%	15,345	15,726	16,411	4.6%	98.9%
Total revenue	14,338	14,611	14,615	14,589	14,594	11,769	14,566	14,562	95.6%	-0.1%	100.0%	15,515	15,896	16,581	4.4%	100.0%
Expenses																
Current expenses	14,378	14,638	14,738	14,538	14,642	11,745	14,558	14,561	95%	-0%	100.0%	15,515	15,895	16,580	4.4%	100.0%
Compensation of employees	9,927	11,524	10,324	11,333	10,860	9,559	11,156	10,985	103%	-2%	79.2%	12,131	12,871	13,424	6%	78%
Goods and services	4,380	3,064	4,321	3,112	3,680	2,072	3,328	3,486	75%	4%	20.0%	3,306	2,949	3,144	0%	22%
Depreciation	71	50	93	93	102	114	74	91	102%	22%	0.8%	78	75	12	-48%	0%
Interest, dividends and rent on land	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenses	14,378	14,638	14,738	14,538	14,642	11,745	14,558	14,561	95%	-0%	100.0%	15,515	15,895	16,580	4%	100%
Surplus/(Deficit)	(40)	(27)	(123)	51	(48)	23	8	1		-100%		(0)	1	1	-	

12. Narrative

Revenue

The ASB's main source of revenue is the transfer received from National Treasury. Other revenue consists of interest received through effective cash management of the transfer payment. Total revenue increased from R14.3 million in 2018/19 to R14.6 million in 2021/22, representing an average increase rate of 0.2 per cent for the 4-year review period. Over the medium term, revenue is expected to increase to R16.5 million at an average rate of 4.3 per cent.

Expenditure

In periods where the ASB is fully staffed, the transfer payment is fully utilised. However, when there are vacancies, there is under expenditure. The funds not spent on employment costs are insufficient to use to contract consultants to complete specific projects. Until the 2019/20 financial year the ASB used its full transfer, but the impact of COVID-19 resulted in savings on travelling and a range of other expenditure. The ASB remains unable to respond to extended absences of key staff, for example when staff has maternity leave or extended sick leave. Such an absence has an immediate effect in that items on the work programme cannot be completed and performance objectives cannot be met.

Continued reductions in the baseline have meant that the remuneration strategy of the ASB must be reconsidered. A strategy based on lower guaranteed remuneration with larger performance bonuses when meeting tough targets can no longer be maintained. A new remuneration framework has been developed to replace the performance-based remuneration strategy and was submitted to the Minister for approval.

Savings made by closing the ASB offices and moving to a virtual operating environment have been allocated to activities that were curtailed when no funding was available, including training for staff and translations of standards.

13. Key Risks

Outcome	Key Risk	Risk Mitigation
Enhanced financial reporting to engender confidence in financial reporting and improve decision making and accountability	Failure to implement Standards	Engage Minister when opportunity becomes available, and escalate to SCoF
	Inadequate resources – retention of staff, remuneration of staff at market rates and the need to increase the headcount by one.	Request additional funds as and when opportunities arise

Part D: Technical Indicator Description (TID)

Indicator Title	<ul style="list-style-type: none"> No. of pronouncements issued as identified in the work programme for the year
Definition	<ul style="list-style-type: none"> To develop exposure drafts, Standards of GRAP and other pronouncements as identified in the annual work programme
Source of data	<ul style="list-style-type: none"> Pronouncements approved for issue by the ASB
Method of Calculation / Assessment	<ul style="list-style-type: none"> Simple count of No. of pronouncements issued
Means of verification	<ul style="list-style-type: none"> Board minutes
Assumptions	<ul style="list-style-type: none"> Four Board meetings held. Pronouncements finalised as per the work programme
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> N/A
Spatial Transformation	<ul style="list-style-type: none"> N/A
Calculation Type	<ul style="list-style-type: none"> Cumulative (Year-End)
Reporting Cycle	<ul style="list-style-type: none"> Quarterly
Desired performance	<ul style="list-style-type: none"> Targeted performance is desirable
Indicator Responsibility	<ul style="list-style-type: none"> Technical Director

Indicator Title	<ul style="list-style-type: none"> No. of reviews completed and/or research reports issued
Definition	<ul style="list-style-type: none"> To ensure consistent interpretation and application of Standards of GRAP and other pronouncements as identified in the annual work programme
Source of data	<ul style="list-style-type: none"> Review reports or research reports tabled for consideration by the Board
Method of Calculation / Assessment	<ul style="list-style-type: none"> Simple count of reviews completed and/or research reports issued
Means of verification	<ul style="list-style-type: none"> Board minutes
Assumptions	<ul style="list-style-type: none"> Four Board meetings held. Review/research reports finalised as per the work programme
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> N/A
Spatial Transformation	<ul style="list-style-type: none"> N/A

Calculation Type	<ul style="list-style-type: none"> Cumulative (Year-End)
Reporting Cycle	<ul style="list-style-type: none"> Quarterly
Desired performance	<ul style="list-style-type: none"> Targeted performance is desirable
Indicator Responsibility	<ul style="list-style-type: none"> Technical Director

Indicator Title	<ul style="list-style-type: none"> No. of work programmes issued for 2024-2026
Definition	<ul style="list-style-type: none"> To consult stakeholders on the projects that the ASB should add to its work programme over the MTEF period
Source of data	<ul style="list-style-type: none"> Responses to consultation documents, workshops and other meetings during the consultation period
Method of Calculation / Assessment	<ul style="list-style-type: none"> Simple count of work programmes issued
Means of verification	<ul style="list-style-type: none"> Board minutes
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> N/A
Spatial Transformation	<ul style="list-style-type: none"> N/A
Assumptions	<ul style="list-style-type: none"> Board approved consultation results Approved work programme for MTEF period
Calculation Type	<ul style="list-style-type: none"> Non-cumulative
Reporting Cycle	<ul style="list-style-type: none"> Annual
Desired performance	<ul style="list-style-type: none"> Stakeholders support the priorities identified.
Indicator Responsibility	<ul style="list-style-type: none"> Technical Director

Indicator Title	<ul style="list-style-type: none"> Educational material for users issued
Definition	<ul style="list-style-type: none"> To develop educational material for those charged with holding public sector entities to publicly accountability
Source of data	<ul style="list-style-type: none"> Develop educational material to increase the understandability of Standards of GRAP by consulting members of Public Accounts Committees
Method of Calculation / Assessment	<ul style="list-style-type: none"> Simple count of educational material issued
Means of verification	<ul style="list-style-type: none"> Publication and distribution of the educational material
Disaggregation of	<ul style="list-style-type: none"> N/A

Beneficiaries	
Spatial Transformation	<ul style="list-style-type: none"> • N/A
Assumptions	<ul style="list-style-type: none"> • Material developed for every Standard of GRAP
Calculation Type	<ul style="list-style-type: none"> • Non-cumulative
Reporting Cycle	<ul style="list-style-type: none"> • Annual
Desired performance	<ul style="list-style-type: none"> • Stakeholders' interaction with the material developed.
Indicator Responsibility	<ul style="list-style-type: none"> • Technical Director

Indicator Title	<ul style="list-style-type: none"> • No. of international board meetings attended (Virtual or physical)
Definition	<ul style="list-style-type: none"> • Provide technical support to the South African representative on the IPSASB
Source of data	<ul style="list-style-type: none"> • Minutes and/or airfare and accommodation for each meeting
Method of Calculation / Assessment	<ul style="list-style-type: none"> • Simple count of no. of meetings attended
Means of verification	<ul style="list-style-type: none"> • Meeting attendance register published by IPSASB
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> • N/A
Spatial Transformation	<ul style="list-style-type: none"> • N/A
Assumptions	<ul style="list-style-type: none"> • Four international meetings held. • Sufficient travel budget (if physical attendance is required)
Calculation Type	<ul style="list-style-type: none"> • Cumulative (Year-End)
Reporting Cycle	<ul style="list-style-type: none"> • Quarterly
Desired performance	<ul style="list-style-type: none"> • Targeted performance is desirable
Indicator Responsibility	<ul style="list-style-type: none"> • Technical Director

Indicator Title	<ul style="list-style-type: none"> • No. of relevant IPSASB Exposure drafts commented on within the comment period set by IPSASB
Definition	<ul style="list-style-type: none"> • Respond to international public sector developments by submitting a well-researched comment letter on all relevant IPSASB exposure drafts issued
Source of data	<ul style="list-style-type: none"> • No. of comment letters submitted
Method of Calculation / Assessment	<ul style="list-style-type: none"> • No. of comment letters submitted as a percentage of the no. of relevant exposure drafts issued for comment

Means of verification	<ul style="list-style-type: none"> Confirmation emails received that comment letters have been submitted
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> N/A
Spatial Transformation	<ul style="list-style-type: none"> N/A
Assumptions	<ul style="list-style-type: none"> IPSASB will issue exposure drafts for comment. Sufficient resources to respond to exposure drafts.
Calculation Type	<ul style="list-style-type: none"> Non-cumulative
Reporting Cycle	<ul style="list-style-type: none"> Quarterly
Desired performance	<ul style="list-style-type: none"> Submit a well-researched comment letter on all relevant IPSASB exposure drafts within the comment period
Indicator Responsibility	<ul style="list-style-type: none"> Technical Director

Indicator Title	<ul style="list-style-type: none"> No. of IASB exposure drafts that are relevant to the Public Sector commented on within the comment period set by IASB.
Definition	<ul style="list-style-type: none"> Identify potential public sector implications in any standards being developed by the private sector and ensure that the comment is included in the SAICA comment letter, or if deemed a significant issue, consider submitting an ASB comment letter.
Source of data	<ul style="list-style-type: none"> No. of comment letters submitted.
Method of Calculation / Assessment	<ul style="list-style-type: none"> No. of comment letters submitted as a percentage of the no. of relevant exposure drafts issued for comment
Means of verification	<ul style="list-style-type: none"> Emails with comment letters sent.
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> N/A
Spatial Transformation	<ul style="list-style-type: none"> N/A
Assumptions	<ul style="list-style-type: none"> IASB will issue exposure drafts for comment. Sufficient resources to respond to exposure drafts.
Calculation Type	<ul style="list-style-type: none"> Non-cumulative
Reporting Cycle	<ul style="list-style-type: none"> Quarterly
Desired performance	<ul style="list-style-type: none"> Participate in private sector project groups to draft comment letters on standards relevant to the public sector and submit own comment letter if subject deemed significant.
Indicator Responsibility	<ul style="list-style-type: none"> Technical Director

Indicator Title	<ul style="list-style-type: none"> No. of FAQ issued within the approved timeframe from date of identification of the need to develop a FAQ
Definition	<ul style="list-style-type: none"> Facilitate stakeholder interaction by responding promptly to interpretation issues in Standards of GRAP and other pronouncements
Source of data	<ul style="list-style-type: none"> No. of FAQs issued
Method of Calculation / Assessment	<ul style="list-style-type: none"> Count of no. of FAQs issued in response to issues identified that requires a wider response than a direct response at a meeting as a percentage of the number of FAQs intended to be published
Means of verification	<ul style="list-style-type: none"> No of FAQs added to website
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> N/A
Spatial Transformation	<ul style="list-style-type: none"> N/A
Assumptions	<ul style="list-style-type: none"> Stakeholder engagements will take place. Issues will be identified during these engagements Sufficient resources will be available to identify and issue FAQs
Calculation Type	<ul style="list-style-type: none"> Noncumulative
Reporting Cycle	<ul style="list-style-type: none"> Quarterly
Desired performance	<ul style="list-style-type: none"> The number of FAQs issued in the agreed timeline.
Indicator Responsibility	<ul style="list-style-type: none"> Technical Director

Indicator Title	<ul style="list-style-type: none"> No. of accounting forum meetings
Definition	<ul style="list-style-type: none"> To facilitate and encourage stakeholder engagement and support
Source of data	<ul style="list-style-type: none"> Agendas and minutes
Method of Calculation / Assessment	<ul style="list-style-type: none"> Simple count of no. of meetings held
Means of verification	<ul style="list-style-type: none"> Meeting minutes
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> N/A
Spatial Transformation	<ul style="list-style-type: none"> N/A
Assumptions	<ul style="list-style-type: none"> Interest from stakeholders Sufficient resources available
Calculation Type	<ul style="list-style-type: none"> Cumulative (Year-End)
Reporting Cycle	<ul style="list-style-type: none"> Quarterly
Desired performance	<ul style="list-style-type: none"> Targeted performance in desirable

Indicator Responsibility	<ul style="list-style-type: none"> • Technical Director
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Indicator Title	<ul style="list-style-type: none"> • No. of articles on different topics to continue awareness raising amongst stakeholders
Definition	<ul style="list-style-type: none"> • Engage stakeholders to facilitate strategic discussions
Source of data	<ul style="list-style-type: none"> • No of articles submitted
Method of Calculation / Assessment	<ul style="list-style-type: none"> • Simple count of no. of articles submitted for publication
Means of verification	<ul style="list-style-type: none"> • Copy of article
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> • N/A
Spatial Transformation	<ul style="list-style-type: none"> • N/A
Assumptions	<ul style="list-style-type: none"> • Sufficient resources available
Calculation Type	<ul style="list-style-type: none"> • Cumulative (Year-End)
Reporting Cycle	<ul style="list-style-type: none"> • Quarterly
Desired performance	<ul style="list-style-type: none"> • Targeted performance in desirable
Indicator Responsibility	<ul style="list-style-type: none"> • Technical Director

Indicator Title	<ul style="list-style-type: none"> • No. of meeting highlights issued after Board meetings to create awareness of new developments
Definition	<ul style="list-style-type: none"> • Share current developments as discussed at Board meeting
Source of data	<ul style="list-style-type: none"> • No. of meeting highlights issued
Method of Calculation / Assessment	<ul style="list-style-type: none"> • Simple count of the number of meeting highlights issued
Means of verification	<ul style="list-style-type: none"> • Copies of meeting highlights (website)
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> • N/A
Spatial Transformation	<ul style="list-style-type: none"> • N/A
Assumptions	<ul style="list-style-type: none"> • Four Board meetings held per year.
Calculation Type	<ul style="list-style-type: none"> • Cumulative (Year-End)
Reporting Cycle	<ul style="list-style-type: none"> • Quarterly
Desired performance	<ul style="list-style-type: none"> • Targeted performance in desirable

Indicator Responsibility	<ul style="list-style-type: none"> • Technical Director
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Indicator Title	<ul style="list-style-type: none"> • No. of issues identified by external audit and reported in management letter.
Definition	<ul style="list-style-type: none"> • Monitor quality of internal management of the ASB
Source of data	<ul style="list-style-type: none"> • External auditors report and management letter
Method of Calculation / Assessment	<ul style="list-style-type: none"> • Simple count of no. of issues identified and reported
Means of verification	<ul style="list-style-type: none"> • External auditors report and management letter
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> • N/A
Spatial Transformation	<ul style="list-style-type: none"> • N/A
Assumptions	<ul style="list-style-type: none"> • None
Calculation Type	<ul style="list-style-type: none"> • Cumulative
Reporting Cycle	<ul style="list-style-type: none"> • Annually
Desired performance	<ul style="list-style-type: none"> • No matters must be reported, i.e., a clean audit opinion and no matters in the Management Report
Indicator Responsibility	<ul style="list-style-type: none"> • Chief Executive Officer

Indicator Title	<ul style="list-style-type: none"> • No. of Due Process Handbooks issued
Definition	<ul style="list-style-type: none"> • To enhance transparency of the due process used for setting standards
Source of data	<ul style="list-style-type: none"> • Policies and procedures and other relevant documents setting out the due process used by the ASB when setting standards
Method of Calculation / Assessment	<ul style="list-style-type: none"> • Simple count of Due Process Handbook issued
Means of verification	<ul style="list-style-type: none"> • Board minutes
Disaggregation of Beneficiaries	<ul style="list-style-type: none"> • N/A
Spatial Transformation	<ul style="list-style-type: none"> • N/A
Assumptions	<ul style="list-style-type: none"> • Board approved consultation results • Approved Due Process Handbook published on website.

Calculation Type	<ul style="list-style-type: none"> • Non-cumulative
Reporting Cycle	<ul style="list-style-type: none"> • Annual
Desired performance	<ul style="list-style-type: none"> • Stakeholders support the due process followed in setting standards.
Indicator Responsibility	<ul style="list-style-type: none"> • Technical Director

Annexures to the Annual Performance Plan

Annexure A: Amendments to the Strategic Plan

None

Indicative work programme for 2022/23

		Year ending 31 March 2023			
Project	Responsible	Quarter 1 June 2022	Quarter 2 September 2022	Quarter 3 December 2022	Quarter 4 March 2023
Maintain and enhance existing Standards of GRAP and develop new standards where gaps are identified					
Local initiatives					
Going concern and liquidation basis of accounting	A Botha			GRAP	
Work programme for 2024 to 2026	J Poggiolini	Final work programme			
Post-implementation review of GRAP 103 on <i>Heritage Assets</i>	A Botha	GRAP			
Maintenance of Standards					
Reporting Framework	J Poggiolini		Annexure		
Convergence with IPSASB and IASB					
Improvements to the Standards of GRAP	E van der Westhuizen				LED
Interpretation on Foreign Currency Transactions and Advance Consideration	E van der Westhuizen				LED
Social benefits	E van der Westhuizen		LED		
Undertake research to ensure Standards of GRAP respond to broader financial reporting needs					
Reviews of Standards of GRAP					
Post-implementation review of GRAP 109 on <i>Accounting by Principals and Agents</i>	TBD	LED			
Comparison of Standards of GRAP to IPSAS 40 on <i>Public Sector Combinations</i>	A Botha		Review		
Facilitate and encourage stakeholder engagement and support					
Education material for users of the financial statements	E van der Westhuizen			Final material	
Manage resources to ensure the ASB is operationally efficient					
Publish the final Due Process Handbook	J Poggiolini	Final			

