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ACCOUNTING STANDARDS BOARD

ANNUAL  
PERFORMANCE  
PLAN  
2024/25

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## Accounting Authority Statement

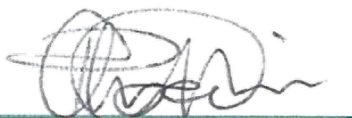
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It is easy to see accounting as an equation that underlies basic bookkeeping. The simple balancing of the equation 'equity equals assets less liabilities'. However, research suggests that accounting - particularly by government - was critical to the success, or failure, of nation states for several hundred years.

The country's financial situation is at a precipice and government needs to use all the tools at its disposal. A key tool is having credible financial information, which includes having a complete balance sheet for government. While there is fiscal information about assets and liabilities, it is incomplete. It does not include key government assets and liabilities at both the national and provincial levels.

Accounting standards essentially report the accounting equation through the presentation of a statement of financial position (commonly known as the "balance sheet"). The balance sheet is complemented by the presentation of revenue and expenses in the statement of financial performance, a statement of cash inflows and outflows, and holding entities accountable for their spending authority through a budget comparison. The Standards of GRAP issued by the ASB, if implemented by all entities in the South African government, would provide key information to policy makers, funders, and others.

The continued development and refinement of what is reported in the financial statements – through accounting standards - is a powerful tool that can be leveraged in both government's financial turnaround strategy and the fight against fraud and corruption.



Palesa Moalusi

Chairperson

# Accounting Standards Board

## Official sign-off

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It is hereby certified that this APP:

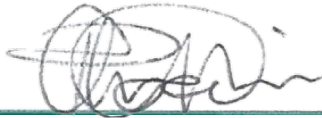
- Was developed by the Board and management of the ASB for consideration by the Minister of Finance.
- Considers all the relevant policies, legislation, and other mandates for which the ASB is responsible.
- Accurately reflects the impact, outcomes, and outputs which the ASB endeavours to achieve over the financial year ending on 31 March 2025.

**Jeanine Poggiolini**  
Chief Executive Officer



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**Palesa Moalusi**  
Chairperson



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## Abbreviations

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<b>AGSA</b>	Auditor-General of South Africa
<b>ASB</b>	Accounting Standards Board
<b>Board</b>	The members of the Board of the ASB as appointed by the Minister of Finance
<b>CET</b>	Continuing Education Colleges
<b>EFRAG</b>	European Financial Reporting Advisory Group
<b>FAQs</b>	Frequently Asked Questions
<b>FATF</b>	Financial Action Task Force
<b>GRAP</b>	Generally Recognised Accounting Practice
<b>IASB<sup>®</sup></b>	International Accounting Standards Board
<b>IFAC</b>	International Federation of Accountants
<b>IFRS<sup>®</sup> Accounting Standards</b>	International Financial Accounting Standards
<b>IGRAP</b>	Interpretation of the Standards of GRAP
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>IPSASB</b>	International Public Sector Accounting Standards Board
<b>ISSB</b>	International Sustainability Standards Board
<b>MTEF</b>	Medium-Term Expenditure Framework
<b>NDP 2030</b>	National Development Plan 2030
<b>OAG</b>	Office of the Accountant-General
<b>PFMA</b>	Public Finance Management Act, Act No. 1 of 1999, as amended
<b>PSAF</b>	Public Sector Accounting Forum
<b>SAICA</b>	South African Institute of Chartered Accountants
<b>TVET College</b>	Public Technical and Vocational Education and Training College
<b>UNSDG</b>	United Nations Sustainable Development Goal
<b>XRB</b>	External Reporting Board, New Zealand

# Part A: Our Mandate

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## 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 for the implementation of Standards of GRAP for the different categories of institutions to which these Standards 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; and
  - Parliament and the provincial legislatures.
- The above are collectively referred to as “entities” in this document and in the Standards of GRAP.
- 1.3 Although the ASB develops Standards of GRAP for entities, the Board approved the application of IFRS<sup>®</sup> Accounting Standards issued by the International Accounting Standards Board<sup>®</sup> 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 approved the use of Standards of GRAP by public TVET and Continuing Educational Colleges (CET).

## Institutional policies and strategies

- 2.1 The ASB's policies and strategies remain focused on contributing to the achievement of the priorities in the NDP 2030. The ASB's work contributes towards the achievement of the following priorities in the NDP 2030:
- Realise a developmental, capable, and ethical state that treats citizens with dignity.
  - Play a leading role in continental development, economic integration, and human rights.
- 2.2 The ASB's work to develop reporting requirements for government entities will result in relevant, credible, and transparent information being made available to citizens and others about government's finances and related activities. As a leader in financial reporting and standard-setting on the continent, the ASB has a role to play in sharing knowledge and experience with both our African and international counterparts.
- 2.3 The ASB plans to execute the following activities that contribute to the achievement of its strategic objectives:
- 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 The ASB's standard-setting activities are driven by a three-year work programme. The work programme is developed after consultation with the ASB's stakeholders. The ASB consulted on its work programme for the period 1 April 2023 to 31 March 2026 ("2024-2026 work programme"). The theme for the work programme is "Taking Stock". As the theme implies, the ASB will spend time ensuring the Standards are used appropriately by preparers of the financial statements, and that the information in the financial statements is utilised by citizens, oversight structures and other users of the financial statements to hold government accountable and to make decisions.
- 2.5 To enhance the effectiveness of the ASB's standard-setting activities, it is necessary to create an environment that is receptive to the ASB's work. The ASB plans to actively communicate the role of the ASB, the importance of financial reporting, and provide learning opportunities for both preparers and users of financial statements.

## Relevant Court rulings

- 3.1 The sector is becoming increasingly litigious. Entities are frequently turning to the Courts to challenge the outcome of audits. The Auditor-General implemented a new Dispute Resolution Mechanism which provides auditees an opportunity to present their views in the event of disagreements with the auditors. While the effectiveness of the mechanism will need to be measured over a longer period of time, it seems as though this new process is helping to avoid legal action.
- 3.2 The most significant Court action remains the ongoing cases brought by the RAF against the AGSA for the audit opinions issued for the 2021 and 2022 financial years. Based on a Court ruling, the RAF sought to include the ASB as an interested party as the subject of these cases is the GRAP Reporting Framework. The ASB joined as a second respondent to provide relevant information to the Court.
- 3.3 Apart from the legal risk affecting the ASB's operations, legal challenges can impair the ASB's credibility, independence, and objectivity.

## Part B: Our strategic focus

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### Situational analysis

- 4.1 The “Taking Stock” theme of the work programme reflects key issues identified in the environment, being:
- The need for improved application of the Standards of GRAP.
  - The need for increased use of the financial information provided in the financial statements by applying Standards of GRAP.
  - The need for more opportunities available to preparers and users to learn about financial reporting and the public sector.
  - The ‘reporting fatigue’ of preparers and other officials, coupled with reduced resources available to implement any new, significant reforms.
  - The need to maintain the relevance of the suite of pronouncements issued by the ASB which balancing the issues noted above.
- 4.2 Based on an analysis of political, economic, social, technology, legal and environmental matters (PESTLE analysis), the factors discussed below may influence the ASB’s work over the next year.

#### *Political environment*

- 4.3 The instability in the political (and economic) environment means that the work of the ASB does not always receive the highest priority relative to other matters. As a result, the ASB did not have a champion within the National Treasury to further its activities. The consequence is that decisions about progressing the ASB’s work, as either a standard-setter or from an operational perspective, are either not taken or are not taken on time. Examples include not approving the effective dates of Standards within the timeframe agreed with the National Treasury, and a significantly delayed response on the Remuneration Framework of employees. The ASB looks forward to working with the newly appointed Accountant-General on these and other matters.
- 4.4 As highlighted in the General Reports published by the Auditor-General over several years, the lack of leadership at entities in the public sector creates a culture of inaction and non-performance. There is also “mixed messaging” as there is a perception that inaction, non-performance, and fraud and corruption will not be tolerated, but there is no, or inadequate accountability. This has an impact on the implementation of Standards, as many officials in leadership positions abdicate responsibility for the preparation of the financial statements to consultants or junior officials.
- 4.5 Despite these issues, there are opportunities to raise the profile of the ASB and the importance of financial reporting. The work of the ASB is relevant in the fight against fraud and corruption, as well as responding to the findings of the FATF that resulted in South Africa’s grey-listing.

#### *Economic environment*

- 4.6 Low growth rates, higher interest rates and rising government debt mean that government spending is under increased scrutiny. This means that there are no adjustments to the baseline allocations to the ASB. This impacts the ASB in the following ways:



- The desired remuneration targets will not be met for ASB staff. The ASB's staff are almost all professionally qualified accountants. The ASB's desired remuneration policy is to pay at the 50<sup>th</sup>-percentile of the market. To reach this target, certain salaries require benchmark adjustments to meet the market median. The low baseline allocations mean that this target will not be met.
- The inability to increase baseline allocations means that an additional staff member cannot be appointed and additional capacity cannot be created in other ways (such as appointing consultants, or part-time staff, to assist). As a result, the activities of the ASB remain constrained. If additional capacity is secured, the ASB would be able to better assess the effect of international developments when they are being developed and prior to their adoption.
- International travel (which is critical to influencing public sector accounting), international licences and fees paid to IFAC are mostly priced in US dollars or British Pounds. The weak exchange rate makes these expenses volatile.

### *Social factors*

- 4.7 Reports of fraud, corruption and increased whistleblowing have led to a rise of active citizenry. It is likely that this will continue leading up to the 2024 national elections. Increased citizenry means there is a higher need for credible, transparent information to hold entities accountable. This creates an opportunity to explain the ASB's role and its contribution to democracy to users of the financial statements.
- 4.8 The ISSB issued the first IFRS Sustainability Disclosure Standards in June 2023. Other regional and national standard-setters, such as EFRAG and the XRB, also issued sustainability standards. There is a clear shift in focus from financial information, to both financial and non-financial information.
- 4.9 The government sector arguably focuses on both financial and non-financial information as the financial statements are accompanied by a report on an entity's outputs and impacts. Most government targets are based on the NDP 2030, which in turn is based on the UNSDGs. Whether existing reporting is the same as, or different to, sustainability reporting is yet to be explored. The IPSASB will be developing sustainability reporting standards for the public sector globally, although their work is dependent on the continued availability of resources.
- 4.10 The ASB does not have a specific mandate to issue pronouncements for reports outside the financial statements. Changes to the ASB's mandate, which is outlined in section 89 of PFMA, are being considered by the National Treasury.
- 4.11 Although most sustainability related issues will result in reporting outside the financial statements, some aspects may affect the financial statements. Examples could include climate related matters that could result in obligations for an entity, and funding mechanisms such as bonds, debt and investment instrument linked to metrics like climate and gender issues. Non-authoritative guidance will likely be issued in 2023/2024 on how the Standards of GRAP can be used to report on sustainability matters in the financial statements. This guidance will be updated regularly to ensure it remains relevant.

### *Technology*

- 4.12 The ASB will continue its virtual working arrangements. Information, communication and technology (ICT) has progressed from being an enabler for the ASB's activities to being critical to its operations. The increased reliance on ICT means greater investment in security, data integrity and being up to date on the latest technologies.
- 4.13 Using virtual platforms for meetings and other engagements across the sector creates opportunities for increased stakeholder engagement in all nine provinces. This results in savings in travel and related costs both at the ASB as well as stakeholders who otherwise may have travelled to attend ASB meetings. Some events are held in person, but these are limited.
- 4.14 Reliance on a virtual environment may pose a risk at times. A key risk is extended periods of loadshedding. This affects both the ASB and its stakeholders. In longer periods of loadshedding, backup power solutions may be inadequate, and connectivity may be compromised.
- 4.15 On balance, a virtual working environment has had a positive effect on the ASB and its operations. Staff members enjoy working virtually as it maximises the amount of time available for the ASB's work. Regular in-person team engagements are held to aid team cohesion and mental wellbeing.

### *Legal factors*

- 4.16 Potential litigation in the sector, that include the ASB, are discussed in paragraphs 3.1 to 3.3.
- 4.17 The National Treasury indicated their intention to amend the PFMA. Potential changes to the PFMA that could be advantageous to the ASB include relocating the sections in the PFMA on the ASB in separate legislation and permitting the ASB to issue pronouncements on reporting outside the financial statements.
- 4.18 Modified audit opinions often result from irregular, and fruitless and wasteful expenditure. The identification of, and reporting on, these items are legal matters rather than being governed by the Standards of GRAP. The perception created is that the financial statements do not adhere to the Standards of GRAP and do not fairly present the financial position, performance and cash flows of an entity, when this may not be the case.
- 4.19 While the Standards indicate that preparers should consider legislative disclosures, compliance with the legal requirements should not impact whether the financial statements are a fair presentation a range of matters. The modification of audit opinions for legal matters may also cause stakeholders to (incorrectly) blame the Standards of GRAP and their perceived complexity for the high number of modified audit opinions. Changes by the National Treasury to existing prescripts about what information is reported and where it is located could minimise these issues.

### *Environmental factors*

- 4.20 There are several factors in the local environment that have the potential to affect the ASB's work:
- The tone demonstrated by individuals in leadership positions does not always promote diligent, ethical behaviour which means that there is an inability and/or an unwillingness to improve financial reporting.

- Finance professionals are in scarce supply at all levels in the sector. While competence frameworks are in place for the senior positions, these positions are often not filled by individuals with the required skills and expertise.
- Professional accountants are required to act ethically and report fraud, corruption and non-compliance with laws and regulations. Exercising professional ethics and values often puts professionals at odds with suppliers, senior officials and colleagues who may be perpetrators of fraud and corruption. There is reputational risk associated with these scandals that also affects professional accountants' decision to work in the public sector.
- The focus on expenditure for “consultants” and that this is not always money well spent, is misguided in instances. This perception has made it difficult for professionals to work in the sector.
- The lack of professionally trained accountants in the public sector means there is a limited pool of stakeholders able to participate in the ASB's processes. This has the potential to reduce the robustness of the ASB's standard-setting process.

## External environment analysis

- 5.1 The ASB's policy is to converge with IPSAS, and where relevant, IFRS Accounting Standards. However, convergence is not automatic as the ASB considers whether convergence with an international standard meets its mandate and strategy. Given the role of the international standards in the ASB's work, influencing international standard-setters, and maintaining alignment with the international standards, is a key component of the ASB's work programme. Within the theme of “Taking Stock”, the ASB does not want to over burden stakeholders with too many changes.

## International environment

### *International Public Sector Accounting Standards Board*

- 5.2 As the ASB aims to align Standards of GRAP with IPSAS (where this meets its strategy and mandate) it is important that the IPSAS reflect issues facing both developing economies and the African continent. The IPSASB recently completed projects where alignment should be considered by the ASB, and has several ongoing projects. There are reflected below:

Current projects		Completed projects	
Sustainability Reporting – Climate Related Disclosures	Measurement – Application Phase	Revenue and transfer expenses	Updates to Recommended Practice Guidelines
Other Lease-type Arrangements	Natural Resources	Leases	Retirement benefit plans
Presentation of Financial Statements	Natural Resources – Alignment with extractive industry-related topics	Limited scope update of Conceptual Framework	Amendments to Property, Plant and Equipment (infrastructure and heritage assets)
		Measurement	

- 5.3 The ASB consulted stakeholders on which of the IPSASB's projects are most relevant locally. Based on responses, the ASB will focus on the measurement of assets and liabilities in the public sector for the 2024-2026 work programme. As sustainability reporting is an area that is progressing quickly, the ASB will actively monitor and participate in the IPSASB's project. While there are other projects that are of interest to stakeholders locally, for example, revenue and leases, these will be considered in the next work programme cycle as they were only completed by the IPSASB in early 2023.
- 5.4 Reliance on the work of the IPSASB is critical to the ASB's standard-setting activities. It ensures that resources are maximised by not "re-inventing the wheel", as well as maintaining alignment with an internationally recognised reporting framework. A key strategy to ensure that IPSAS can be adopted locally is influencing the international standard-setting process. This is achieved by:
- Actively pursuing opportunities to serve on the IPSASB or its Task Forces.
  - Submitting comprehensive, high quality comment letters to the IPSASB on proposed IPSAS and related matters.
  - Ongoing collaboration with the IPSASB on matters of mutual interest.
- 5.5 Mr A van der Burgh, as ASB Board member, represents South Africa on the IPSASB. He was appointed from 1 January 2023 for three years. Mrs E van der Westhuizen, the ASB's Head of Technical , is his Technical Adviser. It is a great achievement for South Africa to continue to fly the flag high and be recognised as a world leader in public sector accounting and reporting.
- 5.6 The IPSASB is based in Toronto, and meets four times a year. At least half the meetings will be in Toronto. Travel costs are a material, but essential component of the ASB's expenditure. External economic factors influence the prices paid for airfares, hotels, and other travel related expenditure.

#### *International Accounting Standards Board and International Sustainability Standards Board*

- 5.7 The IPSASB relies on the work of the IASB to develop IPSAS for sector neutral transactions like financial instruments, leases, investment properties, etc., where there is no reason for different accounting treatment between the public and private sector.
- 5.8 With the exception of sustainability reporting, the IPSASB does not have any alignment projects on its agenda for the medium term.

#### **Local environment**

- 5.9 A suite of reporting standards is considered 'complete' when it deals with all material transactions and events. The Standards of GRAP will be substantially 'complete' once the Standard on *Social Benefits* is issued. 'Complete' in this context does not mean that no more Standards will be issued as new transactions and events will emerge in the sector, and because financial accounting and reporting in the public sector is a new discipline, there will no doubt be advances in this area.

#### *Adoption of Standards*

- 5.10 The ASB determines the reporting framework for all entities in public sector. There are three reporting frameworks in the South African environment that are applied by public sector entities, i.e. Standards of GRAP, IFRS Accounting Standards, and the Modified Cash

Standard (MCS) issued by the OAG. Public entities with listed equity, those who provide financial services or receive only an insignificant amount of funding from government, apply IFRS Accounting Standards. All other entities are directed to apply Standards of GRAP. Exemptions were granted to entities that should apply Standards of GRAP to apply alternative bases of accounting. SARS, as well as the National and Provincial Departments were granted exemption and apply the MCS issued by the OAG. The exemptions expire on 31 March 2026.

- 5.11 There is a growing number of voices calling for the adoption of accrual accounting by departments. Some stakeholders are of the view that the ASB is not fulfilling its mandate as long as these entities continue to apply the MCS of accounting. As it is the Minister of Finance who determines which entities apply Standards of GRAP and from when, there is a need for greater liaison with the OAG, AGSA and relevant oversight structures to discuss this matter. While the National Treasury is implementing an integrated IT solution to facilitate accrual accounting, there are other activities that could be undertaken in the meantime. As examples, work on the three “P’s” people, processes and policies could commence in parallel with work on the IT system.
- 5.12 Other entities, i.e., South African National Roads Agency Limited (SANRAL) and Trans Caledon Tunnel Authority (TCTA) apply IFRS Accounting Standards although they should apply Standards of GRAP. They received an exemption from the Minister of Finance to not apply Standards of GRAP for a specified period. SANRAL will be required to apply Standards of GRAP in future periods, and the exemption for TCTA is still in progress.

#### *Implementation of Standards*

- 5.13 The Minister of Finance is required in terms of the PFMA to approve the implementation dates of new Standards or amendments to existing Standards. When there are delays in approving the implementation dates of Standards this means that the most up-to-date reporting requirements are not applied by entities and results in information that is less relevant to users of the financial statements. The delays can create bottlenecks which mean that a number of new or revised requirements need to be applied at once. Given the constrained resources at entities, it is difficult to adopt several changes at once.
- 5.21 Stakeholders expect the ASB to provide opinions on specific transactions and events when Standards are implemented. The ASB’s policy is clear that neither the staff nor the Board issue opinions on particular issues.

## Internal environment analysis

### *Work programme*

- 6.1 The work programme for 2024-2025 is included as Annexure A to the APP. The activities on the work programme form the basis for the standard-setting activities for the year, and are used to develop the targets in this APP.
- 6.2 The projects on the work programme are mostly complex from a technical and communication perspective. The key projects for the year are considering the first-time adoption issues for the Standard of GRAP on *Social Benefits*, potential changes to GRAP 109 on *Accounting by Principals and Agents*, and the reviews of the Standards.
- 6.3 The project on *Enhancing the Application of Standards of GRAP* will be in its second year. The project aims to address key issues related to the how the Standards are applied, and explaining how the information in the financial statements can be used. Although the project is only halfway through its first year at present, this initiative has been well received.
- 6.4 To maximise the effect of the ASB's planned activities on improving financial management in the public sector, experienced standard-setting staff are required. The current staff complement is insufficient to fully deliver on the ASB's activities. An additional staff member would ensure that the more work could be done to assess the potential effect of international standards prior to convergence work commencing.

### *Resources – Time and money*

- 6.5 The shortest time within which a project at the ASB can be completed, should it require stakeholder consultation, is 15 months. Complex projects can take 48 months (or more) to complete. This demonstrates the high need to retain staff to ensure that projects are executed effectively and efficiently. Skilled, competent, and dedicated staff with a wide range of skills are needed to ensure the continuity of the ASB's work.
- 6.6 A range of retention strategies are employed, from allowing staff to serve on committees of other standard-setting or professional bodies, long-service leave, virtual working arrangements, and potential benchmarking salaries to 50% of the market median. When staff shortages arise, it is difficult for staff to take leave (whether sick leave, annual leave, or long-service leave). Any unplanned staff absences of more than one week can have a material impact on the execution of a project.
- 6.7 The Minister of Finance is yet to approve a revised Remuneration Framework for the ASB. This uncertainty, combined with budgetary constraints, means paying remuneration at the targeted range may not be possible, or may take several years to achieve. This could severely impact the effectiveness of the ASB's retention strategy.
- 6.8 Additional resources are needed to mitigate legal risks arising from Court or other legal actions that presently involve the ASB or could involve the ASB in future. These cases are likely to arise where there are disputes between the auditors and auditees and the ASB is joined as a party with a material interest in the case. As the ASB does not have in-house legal counsel, attorneys and advocates need to be appointed. This can have an impact on the ASB's resources.

### *Operational environment*

6.9 The laws, regulations, reporting, and procurement requirements governing public sector entities are complex and onerous to meet. The changes in the procurement legislation resulted in more onerous requirements for spending above R2 000. As the ASB's discretionary spending is low, suppliers find that the cost of compliance outweighs the potential benefit.

### *Governance arrangements*

6.10 At present, the Audit Committee is shared with, and the Internal Audit services are provided by, the National Treasury. This arrangement has been in place since the establishment of the ASB. The effectiveness of this arrangement is being monitored by the Board. Potential changes may be proposed should the arrangement not be optimal for the ASB's needs.

6.11 The Board members are appointed by the Minister, and serve a three-year term, renewable for another term. All the Board member's terms end 29 February 2024. Some members will be eligible for re-appointment, while new members will need to be identified to replace those that served two terms. The process to identify new members is underway to allow for the necessary consultations with the ASB's and National Treasury's oversight structures.





Outcome	Outputs	Output indicators	Annual targets						
			Audited Actual Performance			Estimated Performance	MTEF Period		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
		FAQ							
		No. of accounting forum meetings	8	8	8	8	8	8	8
		No. of articles on different topics to continue awareness raising amongst stakeholders	4	4	4	4	4	4	4
		No. of meeting highlights issued after Board meetings to create awareness of new developments	4	4	4	4	4	4	4
		Percentage of outputs met in communication plan for Enhancing the Application of the Standards of GRAP	-	-	-	100%	100%	100%	100%
		Percentage of outputs met in the work plan for the Reference Group	-	-	-	100%	100%	100%	100%
		Percentage outputs met in the plan for the Language Project	-	-	-	-	100%	100%	100%
	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
		Percentage outputs met in the ASB's Communication Plan	-	-	-	-	100%	100%	100%

**Table 2 - Indicators, annual and quarterly targets**

Output indicators	Annual target 2024/25	Q2 (meeting 1)	Q2 (meeting 2)	Q3	Q4
<b>Maintain and enhance existing Standards of GRAP and develop new Standards where gaps are identified</b>					
No. of approved draft or final pronouncements issued as identified in the work programme for the year	5	-	3	-	2
No. of work programmes issued	-	-	-	-	-
<b>Undertake research to ensure Standards of GRAP respond to broader financial reporting needs</b>					
No. of reviews issued for consultation, and/or completed and/or research reports published	4	2	-	1	1
<b>Influence development of international standards</b>					
No. of international board meetings attended (Virtually or physically)	4	1	1	1	1
Percentage of relevant IPSASB Exposure Drafts commented on within the comment period set by IPSASB	100%	100%	100%	100%	100%
Percentage 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%
<b>Facilitate and encourage stakeholder engagement and support</b>					
Percentage 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
Percentage of outputs met in communication plan for Enhancing the Application of the Standards of GRAP	100%	100%	100%	100%	100%
Percentage of outputs met in the work plan for the Reference Group	100%	100%	100%	100%	100%
Percentage outputs met in the plan for the Language Project	100%	100%	100%	100%	100%
<b>Manage resources to ensure the ASB is operationally effective</b>					
No. of issues identified by external audit and reported in management letter.	0	Not applicable	0	Not applicable	Not applicable
Percentage outputs met in the ASB's Communication Plan	100%	100%	100%	100%	100%

## Explanation of planned performance over the medium-term period

- 7.1 The indicative work programme for 1 April 2023 to 31 March 2026 is reflected in Annexure B. The standard-setting activities for the period 1 April 2024 to 31 March 2025 are drawn from the three-year plan.
- 7.2 In the spirit of the theme of “Taking Stock” there is a mix of projects to ensure that stakeholders are not over-burdened with too many new or revised reporting requirements.
- 7.3 The revised Standard on *Financial Instruments* will be effective from 1 April 2025. The adoption of the revised Standard will require significant changes to entities’ current reporting. A specific project – the GRAP 104 Reference Group - was initiated in 2021 facilitate discussions on potential application and implementation issues with stakeholders in advance of the effective date. This project is executed through an external service provider for the duration of the project. It is anticipated that the project will end 31 March 2026.
- 7.3 There are two new projects for 2024-2025.
- *Measurement* – The purpose of this project is to provide guidance on how to determine the values of assets and liabilities in the public sector. This is an important project as this is a complex area, where there is limited guidance.
  - Review of the Standard of GRAP on *Related Party Disclosures* – The existence of related parties and their disclosure in the financial statements is important for users as it may point to transactions between parties on ‘different’ terms. Entities in the public sector are often related based on their location within government. Ensuring relevant information is disclosed about the relationships and transactions is critical to transparent reporting. The project will assess entities compliance with the Standard.
  - Amendments to the Standard of GRAP on *Accounting by Principals and Agents* – The Board will review the comments received during the Post-implementation Review. This may result in amendments to the Standard.
- 7.4 The remaining projects relate to projects commenced in 2023 that will only be completed in 2024-2025. These are:
- First-time adoption of the Standard of GRAP on *Social Benefits* – The expectation is that the final Standard will be approved in early 2024. The next step is identifying the key issues with the adoption of the Standard and what transitional provisions may be needed.
  - *Post-implementation Review of GRAP 108 on Statutory Receivables* – The outcomes of the review will be deliberated by the Board and next steps decided.
  - *Enhancing the Application of GRAP* – This project is discussed in paragraph 6.3.
- 7.5 The GRAP Reporting Framework is an annual project to explain to preparers which Standards should be applied in a particular reporting period.

## Programme resource considerations

	ENE 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27
<b>REVENUE</b>				
Grant	14 626 000	14 825 000	15 489 000	16 199 000
Interest	130 000	289 325	154 318	120 747
Other income	-	-	-	-
<b>Sub-total</b>	<b>14 756 000</b>	<b>15 114 325</b>	<b>15 643 318</b>	<b>16 319 747</b>
<b>EXPENSES</b>				
Staff costs	10 529 459	11 044 812	11 873 487	12 764 371
Board remuneration	938 093	1 026 972	1 068 051	1 110 773
Operating costs	2 766 794	2 483 685	2 152 691	2 466 289
Legal costs	521 654	30 000	30 000	30 000
Language project	-	500 000	500 000	-
<b>Sub-total</b>	<b>14 756 000</b>	<b>15 085 469</b>	<b>15 624 229</b>	<b>16 371 433</b>
<b>Surplus/(deficit)</b>	<b>0</b>	<b>28 856</b>	<b>19 089</b>	<b>- 51 686</b>
Add back non-cash items:				
Depreciation		50 144	68 411	60 186
Less: Capex		79 000	87 500	8 500
<b>Surplus/(deficit)</b>		<b>- 0</b>	<b>0</b>	<b>- 0</b>
<b>Expenses funded from prior year revenue</b>				
<b>GRAP 104 Reference Group</b>				
Use of trust account to fund GRAP 104 project	333 333	333 333	333 333	
Services rendered ito SLA with service provider	- 333 333	- 333 333	- 333 333	
<b>Legal fees</b>				
Use of surplus funds retained for legal fees	1 377 536	-	-	
Legal fees for RAF case	- 1 377 536	-	-	
<b>Monitoring and Evaluation</b>				
Use of surplus funds retained for M+E		1 742 241		
M+E costs		- 1 742 241		
Net effect				

## Programme resource considerations

8.1 The table on the previous page reflects the MTEF submitted to the National Treasury in July 2023. The MTEF Guidelines from the National Treasury indicated that expenditure could increase at 4.8%.

### *Revenue*

8.2 The ASB's main source of revenue is the transfer from the National Treasury. Interest received from the investment of surplus funds is likely to remain relatively unchanged as the ASB has not historically accumulated surpluses. The increase in interest received from prior years is due to the increase in interest rates. The revenue estimates are based on the percentages outlined in the Budget Guidelines. The transfer from the National Treasury only increased by 1% for 2024/2025.

### *Expenses*

8.3 The most significant components of the ASB's spending are:

- Employee costs.
- International travel.
- Legal fees.
- Board remuneration and consultants.
- ICT costs.

#### Employee costs

8.4 The ASB's staff complement is seven employees. At present, all positions are filled.

8.5 Five out of the seven positions require professional staff that are experienced in the technicalities of financial accounting and financial reporting. The ASB needs to recruit from an accounting and auditing firm, the AGSA, or an organisation with an internal technical department. With new Standards being issued in the private sector requiring professional accountants for their implementation, the pool of potential candidates is becoming even more limited.

8.6 During the last round of recruitment, the ASB found it difficult to attract suitable candidates. Having an attractive compensation offering is vital to both attracting and retaining professionally qualified staff. It is critical that the Minister considers the ASB's Remuneration Framework.

8.7 All the projects on the work programme are identified through consultation with stakeholders. To address all the projects/priorities identified by stakeholders, the ASB needs an additional standard-setter. This would mean that the ASB is able to keep closer alignment to international standards, particularly by assessing their impact in advance of considering their adoption locally.

8.8 The overall budget for compensation of employees is contained within a range of 70-75% of overall expenditure. This is appropriate given that the ASB's key assets used for executing its activities are its employees. The ASB other operating costs are low as the entity operates in a virtual environment. Consultants can only be used for specialised projects rather than executing the ASB's day to day activities. An example is the use of a service provider to support the GRAP 104 Reference Group.

### *International travel*

8.9 The ASB will pay for A van der Burgh and E van der Westhuizen to attend the IPSASB meetings. While funding is sufficient for both to attend all four meetings, factors such as the volatile Rand-Dollar exchange rate and other global events could negatively affect the cost of international travel.

### *Legal fees*

8.10 The legal case with the RAF continues. These legal costs are funded from the R1.3 million retained from the surplus for the 2021/2022 reporting period. If the funding is insufficient, additional amounts may need to be requested.

### *Board remuneration and consultants*

8.11 The Regulations of the ASB allow a maximum of ten members. Included in the ten, are the Accountant-General and a representative of the AGSA who serve as ex-officio members. At present, there are six independent, non-executive Board members. All the Board members' terms end on 29 February 2024, with three members eligible for another three-year term. A submission was made to the Minister requesting that the Board be fully constituted with eight independent, non-executive members. Fully constituting the Board will bolster the technical skills of the Board, and ensure better continuity when changes are made to the Board.

8.12 The estimates in the MTEF are based on the following:

- Eight independent, non-executive Board members. Four members will be remunerated, and four will not. The members that are not remunerated will be sourced from the public sector.
- The Audit Committee will continue to be shared with the National Treasury.

## Key risks

- 9.1 The objective of the ASB is to improve financial reporting so that government entities can be held accountable, and that relevant, timely decisions can be made by a wide range of users about government's financial position, performance, and cash flows.
- 9.2 To achieve this objective, the Standards of GRAP need to be adopted by all entities, and they need to be adopted within an appropriate period after their publication by the Board. Standards of GRAP are not applied by all entities within the ASB's mandate. There are often delays in the Minister approving the implementation of Standards. The delay in approving Standards of GRAP impacts the relevance of the information reported in the financial statements as it may be based on the most recent best practice in the sector. As a result of these two aspects, a key risk is the failure to implement the Standards of GRAP.
- 9.3 The development of Standards of GRAP that are based on international best practice but at the same time are relevant to the South African environment, requires skilled standard-setters. As noted elsewhere, the retention of suitably qualified staff is a key risk for the ASB. The risk of staff leaving the ASB could arise from the remuneration being below market expectations, over-burdening staff because of staff absences, or shortages, or an inappropriate level of resourcing due to budget constraints.
- 9.4 A key risk last year was the risk of new litigation arising between auditors and auditees and the ASB's potential involvement. It seems as if the AGSA's new Dispute Resolution Mechanism is mitigating new litigation.

Outcome	Key risk	Risk mitigation
Enhanced financial reporting to engender confidence in financial reporting and improve decision making and accountability	Failure to implement Standards	Frequent communication with the PEOU and Minister's office about submissions requiring action.
	Inadequate resources as a result of the failure to retain staff due to below-market remuneration and appoint an additional standard-setter.	Request additional funds as and when opportunities arise. Revised Remuneration Framework submitted to the Minister.

## Part D: Technical indicator descriptions (TID)

	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		
Indicator title	No. of approved draft or final pronouncements issued as identified in the work programme for the year	No. of work programmes issued	No. of reviews issued for consultation, and/or completed and/or research reports published	No. of international board meetings attended (Virtual or physical)	Percentage of relevant IPSASB Exposure Drafts commented on within the comment period set by IPSASB	Percentage of IASB Exposure Drafts that are relevant to the Public Sector commented on within the comment period set by IASB.
Definition	To develop and approve exposure drafts, Standards of GRAP and other pronouncements as identified in the annual work programme	To publish a draft three-year work programme for comment, and finalise the work programme based on feedback received from stakeholders.	To ensure consistent interpretation and application of Standards of GRAP and other pronouncements as identified in the annual work programme	Provide technical support to the South African representative on the IPSASB	Respond to international public sector developments by submitting a well-researched comment letter on relevant IPSASB exposure drafts issued	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	Draft or final pronouncements approved for issue by the ASB	Draft and final work programme approved for issue.	Board minutes, and/or review reports or research reports tabled for consideration by the Board	Minutes and/or airfare and accommodation for each meeting	Comment letters submitted on relevant projects. Exposure Drafts requiring comment are approved by the Board and/or Technical Committee.	Comment letters submitted on relevant projects. Exposure Drafts requiring comment are approved by the Board and/or Technical Committee.
Method of calculation	Simple count of no. of draft or final pronouncements issued	Simple count of no. of draft or final work programmes	Simple count of reviews completed and/or research reports issued	Simple count of no. of meetings attended	No. of comment letters submitted divided by the no. of relevant Exposure Drafts issued for comment X 100	No. of comment letters submitted divided by the no. of relevant Exposure Drafts issued for comment X 100
Means of verification	Board minutes	Board minutes and/or final work programme	Board minutes and/or research reports published.	Meeting attendance register published by IPSASB	Confirmation emails received that comment letters were submitted.	Emails with comment letters sent.



	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		
Assumptions	Four Board meetings held. Draft or final pronouncements finalised as per the work programme	Board minutes where draft and final work programme discussed	Four Board meetings held. Review/research reports finalised as per the work programme	Four international meetings held. Sufficient travel budget (if physical attendance is required)	IPSASB will issue Exposure Drafts for comment. Sufficient resources to respond to exposure drafts.	IASB will issue Exposure Drafts for comment. Sufficient resources to respond to exposure drafts.
Disaggregate beneficiaries	N/A	N/A	N/A	N/A	N/A	N/A
Spatial transformation	N/A	N/A	N/A	N/A	N/A	N/A
Calculation type	Cumulative (Year-End)	Cumulative (Year-End)	Cumulative (Year-End)	Cumulative (Year-End)	Non-cumulative	Non-cumulative
Reporting cycle	Quarterly	Annually (or as long as finalisation of work programme takes)	Quarterly	Quarterly	Quarterly	Quarterly
Desired performance	Targeted performance is desirable	Targeted performance is desirable	Targeted performance is desirable	Targeted performance is desirable	Submit a well-researched comment letter on all relevant IPSASB Exposure Drafts within the comment period	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.

	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		
Indicator responsibility	Chief Executive Officer	Chief Executive Officer	Chief Executive Officer	Chief Executive Officer	Chief Executive Officer	Chief Executive Officer

	Facilitate and encourage stakeholder engagement and support				
Indicator title	Percentage 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	No. of accounting forum meetings	No. of articles on different topics to continue awareness raising amongst stakeholders	No. of meeting highlights issued after Board meetings to create awareness of new developments	Percentage of outputs met in communication plan for Enhancing the Application of the Standards of GRAP
Definition	Issue FAQs identified by stakeholders in accordance with the ASB's policy.	To facilitate and encourage stakeholder engagement and support	Engage stakeholders to facilitate strategic discussions	Share current developments as discussed at Board meeting	To enhance the application of the Standards of GRAP through enhanced communication with stakeholders.
Source of data	FAQs issued within the approved timeframe. The approved timeframe is outlined in the ASB's policy on responding to queries.	Agenda and minutes of meetings	No. of articles submitted	No. of meeting highlights issued	Communication outputs issued in terms of the plan.
Method of calculation	No. of FAQs issued divided by the FAQs identified X 100	Simple count of no. of meetings held	Simple count of no. of articles submitted for publication	Simple count of the number of meeting highlights issued	Communication outputs issued divided by communication outputs identified in the communication plan X 100
Means of verification	FAQs discussed at the PSAF and subsequently published on website.	Meeting minutes	Copy of article	Copies of meeting highlights (website)	Communication plan approved by Technical Committee and/or Board
Assumptions	Stakeholders will identify matters requiring clarification through FAQs.	Interest from stakeholders Sufficient resources available	Sufficient resources available	Four Board meetings held per year	There is need for stakeholders to receive communication of this nature.
Disaggregate beneficiaries	N/A	N/A	N/A	N/A	N/A

	Facilitate and encourage stakeholder engagement and support				
Spatial transformation	N/A	N/A	N/A	N/A	N/A
Calculation type	Non-cumulative	Cumulative (Year-end)0	Cumulative (Year-end)	Cumulative (Year-end)	Non-cumulative
Reporting cycle	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly
Desired performance	Develop and publish FAQs that aid the application of the Standards of GRAP.	Targeted performance in desirable	Targeted performance in desirable	Targeted performance in desirable	Targeted performance is desirable
Indicator responsibility	Chief Executive Officer	Chief Executive Officer	Chief Executive Officer	Chief Executive Officer	Chief Executive Officer

	Facilitate and encourage stakeholder engagement and support		Manage resources to ensure the ASB is operationally effective	
Indicator title	Percentage of outputs met in the work plan for the Reference Group	Percentage outputs met in the plan for the Language Project	No. of issues identified by external audit and reported in management letter.	Percentage outputs met in the ASB's Communication Plan to raise awareness about the ASB
Definition	To facilitate stakeholder discussions on revised GRAP 104 to identify implementation issues in advance of the date of implementation. Publish FAQs, Fact Sheets or other tools identified by the Reference Group.	To improve the accessibility to, and understandability of, the ASB's pronouncements by making simple information available in certain official languages.	Monitor quality of internal management of the ASB	To raise awareness about the ASB and the importance of its work through ongoing communication initiatives.
Source of data	Discussions held with stakeholders based on outputs in the work plan agreed by the Reference Group, and publish tools identified by the Group.	Activities undertaken for the Language project as per the project plan.	External auditors report and management letter	Activities undertaken to raise awareness about the ASB as per the communication plan
Method of calculation	Outputs and other matters addressed for the reference group divided by total number of outputs in the work plan for the reference group X 100	Activities undertaken divided by the total number of activities in the project plan X 100	Simple count of no. of issues identified and reported	Activities undertaken divided by the total number of activities in the Communication Plan X 100
Means of verification	Topics/matters discussed or tools developed as per the work plan and/or meeting minutes	Project plan, progress reports of the project plan and/or minutes of progress meetings	External auditors report and management letter	Board minutes, Communication Plan and/or progress reports.
Assumptions	Interest from stakeholders Sufficient resources available	Service provider able to meet deadlines Stakeholders available to engage with service provider (if required)	Result of the audit performed during the period 1 April 2023 to 31 March 2024 for the annual financial statements for the year ending 31 March 2024	Interest from stakeholders to meet

	Facilitate and encourage stakeholder engagement and support		Manage resources to ensure the ASB is operationally effective	
Disaggregate beneficiaries	N/A	Non-English speaking stakeholders will benefit from this activity	N/A	N/A
Spatial transformation	N/A	N/A	N/A	N/A
Calculation type	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
Reporting cycle	Quarterly	Quarterly	Annually	Quarterly
Desired performance	Targeted performance is desirable	New indicator – Targeted performance is desirable	No matters must be reported, i.e., a clean audit opinion and no matters in the Management Report	New indicator – Targeted performance is desirable
Indicator responsibility	Chief Executive Officer	Chief Executive Officer	Chief Executive Officer	Chief Executive Officer

## Annexures to the Annual Performance Plan

### Annexure A – Indicative work programme 1 April 2024 to 31 March 2025

Project	Responsible	Year ending 31 March 2025			
		Quarter 2 July 2024	Quarter 2 September 2024	Quarter 3 December 2024	Quarter 4 March 2025
Maintain and enhance existing Standards of GRAP and develop new standards where gaps are identified					
Maintenance of Standards					
Reporting Framework	S Nondlazi		Annexure		
Other activities					
Work programme for 2027 to 2029	E van der Westhuizen		LED		
GRAP 104 reference group	N Imam Shah	Outputs per plan	Outputs per plan	Outputs per plan	Outputs per plan
Convergence with IPSASB and IASB					
Social benefits	E van der Westhuizen		GRAP		LED
Measurement	N Imam Shah			Issues Paper	
- Amendments to Conceptual Framework					
- Standard of GRAP on <i>Measurement</i>					Issues Paper
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>	E van der Westhuizen / A Botha	RR			LED
Post-implementation review of GRAP 108 on <i>Statutory Receivables</i>	A Botha				Comments

Project	Responsible	Year ending 31 March 2025			
		Quarter 2 July 2024	Quarter 2 September 2024	Quarter 3 December 2024	Quarter 4 March 2025
Review of GRAP 20 on <i>Related Party Disclosures</i>	S Nondlazi	Analysis of findings		RR	
Facilitate and encourage stakeholder engagement and support					
Enhancing the application of Standards of GRAP	All staff	Outputs per plan	Outputs per plan	Outputs per plan	Outputs per plan

**Key:**

LED – Local Exposure Draft

GRAP – Final Standard of GRAP

RR – Research report