



ACCOUNTING STANDARDS BOARD

# ANNUAL REPORT 2020/21

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SAVE SOUTH AFRICA

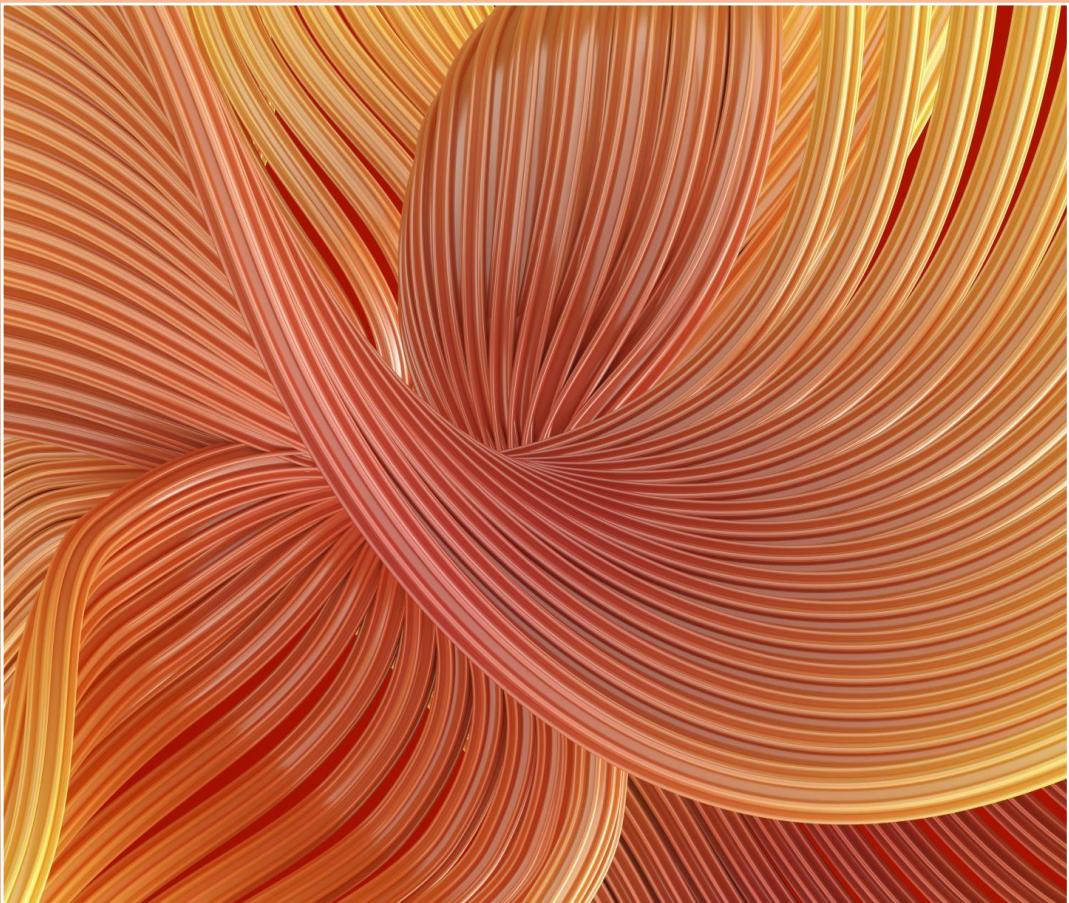
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# LIST OF ABBREVIATIONS

<b>AGSA</b>	Auditor-General of South Africa
<b>APC</b>	Accounting Practices Committee
<b>APP</b>	Annual Performance Plan
<b>ASB</b>	Accounting Standards Board
<b>B-BBEE</b>	Broad-Based Black Economic Empowerment
<b>B-BBEE Act</b>	B-BBEE Act, Act No. 53 of 2003
<b>CIGFARO</b>	Chartered Institute of Government Finance, Audit and Risk Officers
<b>Constitution</b>	Constitution of South Africa, 1996
<b>COVID-19</b>	Coronavirus Disease 2019
<b>CET Colleges</b>	Community Education and Training Colleges
<b>CPD</b>	Corporation for Public Deposits
<b>dtic</b>	Department of Trade, Industry and Competition
<b>FAQs</b>	Frequently Asked Questions
<b>GRAP</b>	Generally Recognised Accounting Practice
<b>IASB®</b>	International Accounting Standards Board
<b>IFRS® Standards</b>	International Financial Reporting Standards
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>IPSASB</b>	International Public Sector Accounting Standards Board
<b>KING IV</b>	The King IV Report on Corporate Governance
<b>MTEF</b>	Medium-Term Expenditure Framework
<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>SALGA</b>	South African Local Government Association
<b>SCoF</b>	Standing Committee on Finance
<b>TVET Colleges</b>	Technical Vocational Education and Training Colleges



## SECTION 1

### General Information

# MESSAGE FROM THE EXECUTIVE AUTHORITY

We are living in unprecedented times. The COVID-19 global health and economic crisis threatens to wipe out decades of economic progress and development. Our strained economy is, like many other economies, impacted by the crisis. Our public sector, which is a key component of the economy, is grappling with service delivery difficulties, poor management of finances and corruption. Despite these challenges, we remain resolute!

The current crisis presents a window of opportunity to rebuild our economy and public sector in order to restore and regain public trust. Timely and meaningful disclosures about the potential effects of the crisis on the financial position, performance and sustainability of the public sector, as well as measures taken to manage the risks are vital during these turbulent times.

The Accounting Standard Board (ASB) has developed a comprehensive suite of accounting standards that are relevant, credible, and can be implemented by entities in the public sector. These standards have assisted with increased accountability and improved decision-making by users of financial statements, including the public. Numerous activities are undertaken by the ASB to execute its mandate and responsibility to improve the quality of financial reporting in the public sector.

I commend members of the Board, outgoing and current, for their leadership, and staff for their dedication and achievements during these challenging times.



**ENOCH GODONGWANA**  
**MINISTER OF FINANCE**

# FOREWORD BY THE CHAIRMAN

Despite the disruption of COVID-19, the ASB's work continued without fail. The ASB adapted and kept things going in the rapidly changing and uncertain environment. The current crisis has demonstrated the ASB's resilience and commitment to improving financial reporting.

I am proud of the ASB's achievements as outlined in this annual report. I salute the outgoing members of the Board and welcome the incoming members of the Board.

## KEY HIGHLIGHTS

### Our strategy

The ASB's purpose is to develop accounting Standards that enhance financial reporting in the public sector. Our goal is to ensure that government has better information for decision-making and improved accountability to the public. To achieve this, the Board has identified the following strategic imperatives for the next five years:

- *Maintain and enhance existing Standards of GRAP and develop new Standards where gaps are identified.*
- *Facilitate and encourage stakeholder engagement and support.*
- *Undertake research to ensure Standards of GRAP respond to broader financial reporting needs.*
- *Influence development of international standards.*
- *Manage resources to ensure the ASB is operationally effective.*

Based on this strategy, the Board has identified specific activities it plans to undertake in its work programme for the period 1 April 2020 to 31 March 2023. These activities have been carefully considered to ensure that the Board achieves its objectives. [Annexure B](#) highlights these planned activities which comprise 13 new projects as well as six projects carried over from the previous work programme. The Board will commence consultation next year to determine the priorities for the next three years.

### Standard-setting

The ASB adapted swiftly to new ways of working. The activities continued with limited disruption. Due to staff shortages, some projects could not be undertaken and completed. Details about performance are provided in [Section 2](#).

The Board's composition changed as five members' terms came to an end. My sincere thanks to my fellow Board members and outgoing Chairperson for their combined wisdom and steering the organisation through one of the most challenging times in our history. On 1 March 2021, we welcomed four new members who bring a wealth of knowledge and experience to the Board. I look forward to working with you in leading the organisation.

### Stakeholder engagement

Engaging with our stakeholders is a fundamental part of our standard-setting process. Regular engagement during the standard-setting process enhances the quality and credibility of the pronouncements that the Board issues. Communication with our stakeholders became more critical than ever as we all worked virtually. We increased our outreach efforts and continued collaborating with our partners SAICA and CIGFARO to ensure that our stakeholders were well informed and given the opportunity to participate in the development of pronouncements throughout the period.

## **Challenges**

The ASB mandate sets out which entities should apply Standards of GRAP. Standards of GRAP are yet to be implemented by departments and some government components. The implementation of the Standards depends on a number of factors. The most significant is the successful development and implementation of information systems capable of delivering high quality financial information for the preparation of GRAP financial statements. The timing of completion of the development and successful implementation of the systems is uncertain. However, the Board will continue to pursue and advocate for the implementation of the Standards of GRAP.

## **LOOKING AHEAD**

In the next year, the Board will commence work on key projects, including Going Concern and the Liquidation Basis of Accounting, Social Benefits, the Review of GRAP 24 on *Presentation of Budget Information in Financial Statements*, and developing Communication Material for Users of Financial Statements. The Going Concern project comes at a crucial time when public sector entities are faced with the uncertainties of the pandemic and economic crisis. The Social Benefits project is a significant project for the Board as it will fill a gap in our literature to provide accounting requirements for social grants and benefits paid by government. Issuing the guidance is critical to the fulfilment of the Board's mandate to promote transparency in, and accountability of, government expenditure.

Another important project for the Board is developing Communication Material for the Users of Financial Statements such as the members of oversight structures. Over the years, the Board has observed that there is a need to educate users on the role of the financial statements, what the various components mean, and how they can be used to hold entities accountable. The communication material will explain the role of the financial statements, explain linkages with the budget and performance information, and how that information can be used to make decisions and hold government accountable.

## **APPRECIATION**

I would like to take this opportunity to express my heartfelt gratitude to:

- Our stakeholders and partners for their assistance and collaboration during the year and their role in contributing to our outputs and outcomes.
- My fellow Board members for the ongoing contributions and support.
- Ms Erna Swart and staff for their dedication and contribution to ensuring that we discharge our mandate during this difficult time.
- The Acting Accountant-General and the Auditor-General and their staff for the co-operation and assistance.

Lastly, we remember with great sadness the passing of the Auditor-General, Mr Kimi Makwetu, and Mr Jayce Nair from the National Treasury. We acknowledge with thanks the contributions they made, not only to the ASB, but to the journey towards establishing transparent, reliable financial and service delivery reporting in the public sector.



**Christoph Braxton**

Chairperson

27 July 2021

# REVIEW OF OPERATIONS BY THE CHIEF EXECUTIVE

COVID-19 has heightened the focus on how government manages the resources entrusted to it by the public. Now more than ever there is a need for all stakeholders - from the everyday person on the street, to policy makers, investors, businesses, and other providers of finance to government - to receive credible, timely and transparent information about government's activities. High quality financial reporting helps ensure that stakeholders have access to that information. Like sunlight, disclosure of the right information is the disinfectant needed to help curb corruption.

The ASB is responsible for developing Standards of GRAP for all entities in the public sector. In recent years, other entities including TVET and CET colleges have also applied the Standards of GRAP. These Standards, when applied properly, result in relevant, comparable financial information that promotes sound decision-making and ensures entities are held accountable.

Activities undertaken by the ASB during the period under review will contribute to addressing the need for relevant information when implemented.

## PROGRESSING THE STANDARD-SETTING PRIORITIES

We started the year by implementing the new strategic plan and adopted the new work programme for 2021 to 2023. The new strategy balances the delivery of Standards of GRAP that meet the needs of stakeholders and maintaining alignment with international requirements, while also influencing the international public sector standard-setting process.

Most of the projects undertaken during the current period relate to projects carried forward from the previous work programme for the period 2017 to 2020. This was anticipated by the Board, and as a result the Board committed to complete the projects and action any outcomes in the current year under review. I am pleased to report that three projects were finalised, while the remaining projects could not be completed due to unplanned staff shortages.

Since standard-setting cannot take place in a vacuum, we need to consult widely and encourage public participation. Most of our stakeholder consultation has traditionally been done through face-to-face meetings, workshops, and seminars. Many of these sessions would also have been facilitated by partners such as SAICA, CIGFARO, SALGA and others. This year all engagements were undertaken using digital platforms. [Section 3](#) provides details of the results of the outreach activities undertaken. A list of the organisations that provided technical assistance to the Board through participation in project groups is included in [Annexure A](#) of this report. We are indebted to these organisations for their continued support.

## OPERATIONAL MATTERS

Adhering to the relevant legislation, the ASB operated virtually and implemented changes to ensure the health and safety of our staff and stakeholders. We adapted and continued working virtually without disruptions.

Our performance is set out in [Section 2](#) of the annual report. We did not achieve some of the targets for the year. The target to implement *Strategic Objective 3 – Undertake research to ensure Standards of GRAP respond to broader financial reporting needs* was not achieved due to staff shortages that impacted two projects. The Board agreed to delay one project, while work on the other project is underway and expected to be completed in June 2021.

As a consequence of the COVID-19 lockdown restrictions on operations and travel, we have reported a surplus, which will be surrendered to the National Revenue Fund. Our financial results are outlined in [Section 6](#) of the annual report.

There were no changes amongst the employees during the year, however we did not have our full staff complement for four months. One of our staff members, Ms Naomi September, having reached the mandatory retirement age for the public sector, retired on 30 April 2021. Naomi made a significant contribution to the ASB and will be missed. We thank her for the support and dedication over the years.

## SUSTAINABILITY

The sustainability of an organisation is measured by its impact on the workplace, the economy, society, and the environment. The ASB assesses how it affects or contributes towards behaving in a responsible and sustainable manner in each of these areas.

The impact of the pandemic and economic crisis on the ASB's operations and financial performance has not been severe. The Board continues to monitor developments and their impact on the ASB and is confident that the ASB will have adequate resources to continue in operational existence for the foreseeable future.

The ASB's standard-setting activities comprise three key aspects:

- research, development and issuing of pronouncements and related activities;
- consultation with stakeholders on the development, adoption, and implementation of the Board's pronouncements; and
- influencing international developments at the IPSASB.

Based on these essential activities, the resources used by the ASB that have an environmental impact are water, energy, paper, and CO<sub>2</sub> emissions through air travel. Due to the impact of COVID-19 on our day-to-day operations, we have contributed positively to reduce our carbon footprint as there was no air travel, and staff worked from home during the period under review. Consequently, a detailed report on environmental sustainability has not been provided in this annual report. [Section 4](#) of this report addresses the impact on the workplace, the economy, and society.

## THE FUTURE

While the future remains uncertain, our mandate is clear, and we will continue setting credible Standards of GRAP to restore trust in the financial reporting of government.

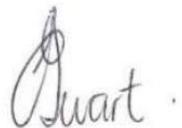
The Board will progress work on a number of significant projects including Social Benefits, Going Concern and the Liquidation Basis of Accounting, the Review of GRAP 24 on *Presentation of Budget Information in Financial Statements*, and developing Communication Material for Users of Financial Statements.

Internationally, the IPSASB's primary focus is developing public sector specific standards as this is the area of main concern of users. The IPSASB is expected to finalise the requirements on Revenue and Non-exchange Expenses in the medium term. The Leases and Measurement projects are also expected to be completed at the same time. The Board's participation in, and influence of, the development of these public sector specific standards is critical as it ensures minimal changes need to be made when the Board develops the local Standards.

As the COVID-19 pandemic has fundamentally changed the way we operate and forced us to adapt to a new way of working, we will need to assess the need for face-to-face meetings in the foreseeable future. However, it is likely that we will continue to host virtual meetings. Virtual meetings suit our stakeholders as they eliminate the cost of travelling in an environment where most of the public sector is experiencing declining budgets.

## **APPRECIATION**

I would like to express my thanks to the members of the Board for their leadership and guidance during the year, as well as to my staff for their hard work and dedication.

A handwritten signature in black ink, appearing to read "Erna Swart".

**Erna Swart**

Chief Executive

27 July 2021

# **STATEMENT OF BOARD MEMBERS' RESPONSIBILITY**

To the best of our knowledge and belief, we confirm the following:

All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by Morar Incorporated, the independent external auditors.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared having regard to the guidelines on the annual report as issued by the National Treasury.

The annual financial statements have been prepared in accordance with the Standards of GRAP and the PFMA.

The Board is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Board is responsible for establishing and implementing a system of internal control, which has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The independent external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2021.

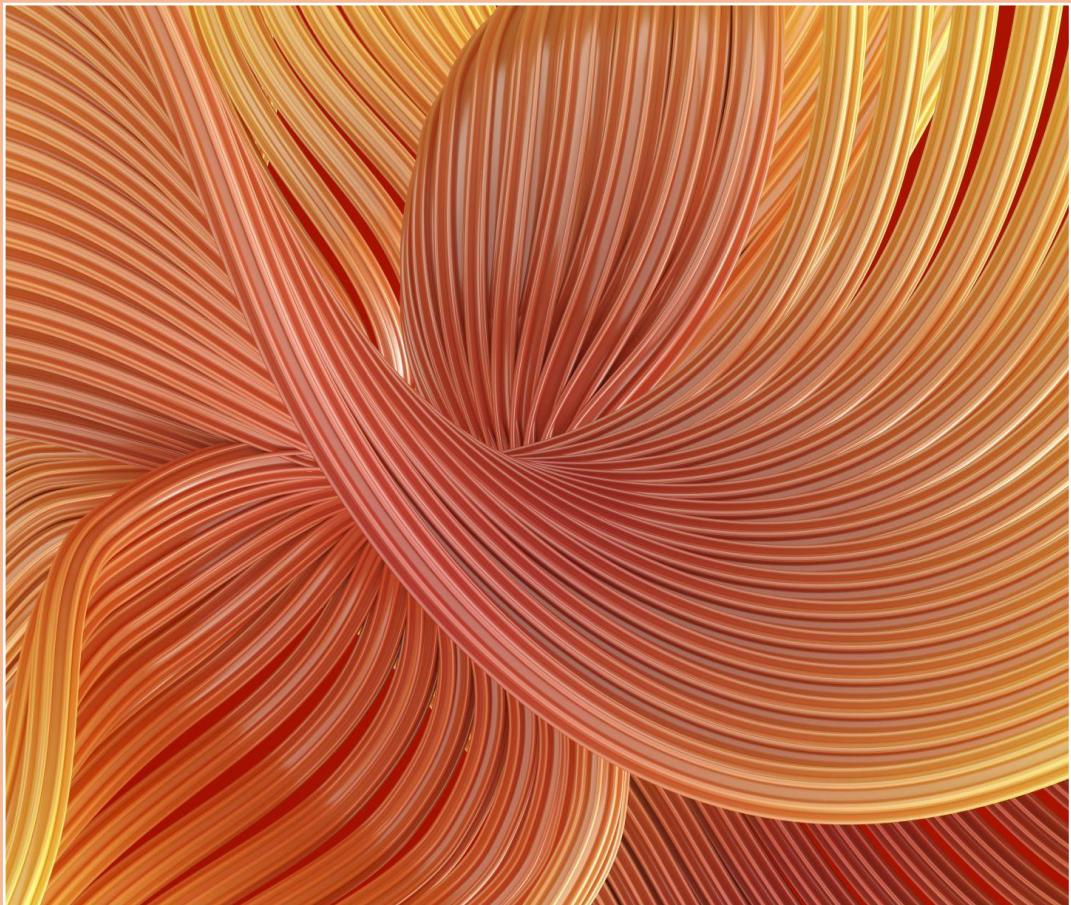
Signed on behalf of the Board by:



**C Braxton**

Chairperson

27 July 2021



## SECTION 2

# Performance Information

# **REVIEW OF ASB'S PERFORMANCE FOR 2020/21**

## **OUR MANDATE**

The ASB was established in 2002 in accordance with the PFMA to give effect to the constitutional requirement of section 216(1)(a) to introduce GRAP in each sphere of government.

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 effective dates of implementation of these Standards of GRAP for the different categories of institutions to which these Standards of GRAP apply to the Minister.
- 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.
- Promote accountability, transparency, and effective management of revenue, expenditure, assets, and liabilities of the institutions to which these Standards of GRAP apply.

## **OUR VISION**

To develop financial reporting standards that promote accountability, transparency, and effective financial management within all spheres of government.

## **OUR MISSION**

We achieve this through focused and targeted stakeholder interaction that results in the provision of relevant, credible, and implementable financial reporting standards.

## **OUR VALUES**

- We maintain a high standard of professional ethics.
- We set financial reporting standards in the public interest, which means that we act with integrity and objectivity in our deliberations, decisions and actions and are seen to be independent.
- We consult widely and encourage public participation in our standard-setting process.
- We promote a culture of learning to realise the full potential of our people.

## OUR STRATEGIC GOAL AND OBJECTIVES

The ASB's activities have a pervasive impact on accountability and decision-making in all spheres of government. The Board has identified five strategic objectives to improve financial reporting in the public sector.

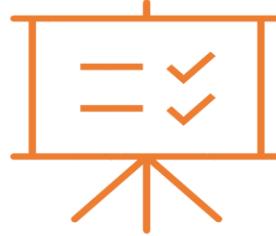


### **Strategic goal**

- *To enhance financial reporting in all three spheres of government on a continuous basis to engender confidence in financial reporting and improve accountability and decision-making.*

### **Strategic objectives**

- *Maintain and enhance existing Standards of GRAP and develop new Standards where gaps are identified.*
- *Facilitate and encourage stakeholder engagement and support.*
- *Undertake research to ensure Standards of GRAP respond to broader financial reporting needs.*
- *Influence development of international standards.*
- *Manage resources to ensure the ASB is operationally effective.*



The ASB's standard-setting activities are identified in a three-year work programme. The work programme is developed after consulting key stakeholders, preparers, users, auditors, and other interested parties. The current work programme spans the period 1 April 2020 to 31 March 2023. The annual performance plan reflects the planned activities for the year having considered the performance targets both for the medium term and annual plan.

The achievement of the strategic objectives and targets set out below is dependent on the availability of resources (staff, stakeholders to facilitate interactions during due process engagements and finances).

## RESULTS OF ACTIVITIES AND ACHIEVEMENTS

The ASB partially achieved its planned performance targets. All targets were met except those for strategic objective 3.

The ASB's performance in achieving its strategic objectives and annual targets for 2020/21 is outlined below.

### STRATEGIC OBJECTIVE 1 - Maintain and enhance existing Standards of GRAP and develop new standards where gaps are identified

Objective statement			
<i>Develop Standards for those areas identified as gaps in the South African reporting framework.</i>			
Measurable indicator	Related target	Actual performance	Reason for deviation
Number of pronouncements issued as identified in the work programme for the year	Issue four pronouncements	<p>The following pronouncements were issued by the Board:</p> <ul style="list-style-type: none"><li>▪ Exposure Draft of the Standard of GRAP on <i>Employee Benefits</i></li><li>▪ Revised Standard of GRAP on <i>Employee Benefits</i></li><li>▪ Exposure Draft of the Interpretation of the Standards of GRAP <i>The Effect of Past Decisions about Materiality</i></li><li>▪ Annexure outlining the GRAP Reporting Framework for 2021/22</li></ul>	No deviation

- The Board revised the Standard of GRAP on *Employee Benefits* to align it with IPSAS 39 on *Employee Benefits*. Some stakeholders were concerned about aligning with requirements that were intended for the private sector. However, the Board considered that the requirements are “sector neutral” (i.e., the nature of the transactions and their accounting treatment is the same in the public and private sector) and of relevance in the public sector.
- An Exposure Draft of the Interpretation of the Standards of GRAP on *The Effect of Past Decisions About Materiality* was issued for comment. The Exposure Draft considers the impact of past decisions about materiality on future financial statements.
- The Board issued the reporting framework for 2021/22 as an annexure to Directive 5 on *Determining the GRAP Reporting Framework*.

## STRATEGIC OBJECTIVE 2 – Facilitate and encourage stakeholder engagement and support

<b>Objective statement</b> <i>Continue the conversations with stakeholders during due process engagements.</i> <i>Engage stakeholders to facilitate strategic discussions and the identification of emerging issues.</i>			
<b>Measurable indicator</b>	<b>Related target</b>	<b>Actual performance</b>	<b>Reason for deviation</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 the FAQ	100%	<p>100% FAQs were issued on:</p> <ul style="list-style-type: none"> <li>▪ Statutory receivables</li> <li>▪ Interaction of the Housing Guideline with GRAP 23</li> <li>▪ Segment reporting</li> <li>▪ Effective interest rates</li> </ul>	No deviation
Number of PSAF meetings	Host at least eight PSAF meetings	Eight PSAF meetings were held virtually.	No deviation
Number of articles on different topics to continue awareness raising amongst stakeholders	Submit four articles on different topics	Submitted five articles to various stakeholders on different topics.	<p>Exceeded</p> <p>An unplanned article was requested by a stakeholder which was submitted for publication.</p>
Number of Meeting Highlights issued after Board meetings to create awareness of new developments	Issue four Meeting Highlights	Four Meeting Highlights were issued after the Board meetings.	No deviation

- The Secretariat issues FAQs to provide principle-based guidance on issues experienced in practice. A need for additional FAQs was identified and these were issued within the approved timeframe from date of identification.
- The Secretariat facilitates PSAF meetings to discuss financial reporting concerns, and to receive feedback on the application of existing and/or proposed Standards of GRAP from preparers, auditors, consultants, and other stakeholders. Eight virtual meetings were held during the current reporting period.
- To increase its outreach with stakeholders, the Secretariat issues several publications to keep stakeholders abreast of matters affecting public sector financial reporting. Articles were published to raise awareness about a range of topics. Meeting Highlights were issued by the Secretariat after each Board meeting to inform stakeholders of key Board decisions.

### STRATEGIC OBJECTIVE 3 - Undertake research to ensure Standards of GRAP respond to broader financial reporting needs

<b>Objective statement</b> <i>Monitor developments at international and national standard setters.</i>			
<b>Measurable indicator</b>	<b>Related target</b>	<b>Actual performance</b>	<b>Reason for deviation</b>
Number of reviews completed and/or research reports issued	Undertake four reviews and/or issue research reports	<p>The following two reviews were completed:</p> <ul style="list-style-type: none"> <li>▪ Post-implementation Review of the Standard of GRAP on <i>Heritage Assets</i></li> <li>▪ Review of the Standard of GRAP on <i>Cash Flow Statements</i></li> </ul> <p>The following research paper was issued:</p> <ul style="list-style-type: none"> <li>▪ Research Paper on the <i>Application of Standards of GRAP by Small Entities</i></li> </ul>	<p>Due to staff constraints the Board suspended work on the Review of the Use of the Cash Flow Statement, and delayed work on the Review of Directive 12 on <i>The Selection of an Appropriate Reporting Framework by Public Entities</i>.</p> <p>The work on cash flow statements will be reconsidered once international standard setting bodies complete their projects on cash flow statements.</p> <p>The review of Directive 12 will be completed in June 2021.</p>

- Consultations on the Post-implementation Review of the Standard of GRAP on *Heritage Assets* were completed during the year under review. Issues raised by stakeholders indicated the challenges experienced in the classification of dual-purpose assets and measurement of heritage assets, amongst other application issues. The Board agreed to make amendments to the Standard as well as develop FAQs to resolve some of the application issues.
- In the Review of the Standard of GRAP on *Cash Flow Statements*, the Board assessed compliance with the requirements in the Standard and identified common issues experienced in practice. Stakeholders shared their concerns which indicated a need for improving the processes, policies, and overall financial management environment within which financial statements are prepared. As a consequence, the Board did not propose any changes to the Standard. The findings will be published in a Research Paper in the next reporting period.
- A Research Paper on the *Application of Standards of GRAP by Small Entities* was published. The research objective was to establish whether the requirements in the Standards can be applied by small entities. The research identified accounting issues as well as other issues arising from the environment in which these entities operate. The research concluded that the issues identified, including potential root causes, does not warrant differential reporting.

It also suggests that some of the accounting issues could be resolved if materiality is applied properly.

- The Board suspended further work on the Review of the Use of the Cash Flow Statement. The project was identified to assess if the format of the cash flow statement could be modified to enable a comparison with the cash budget. The Board noted the linkages of the project to the IPSASB's project on presentation requirements for receivables and payables in the Exposure Drafts on *Revenue with Performance Obligations* and *Transfer Expenses* and agreed to suspend the project to enable it to consider the impact of the IPSASB project.
- Work on the Review of Directive 12 on *The Selection of an Appropriate Reporting Framework by Public Entities* was delayed due to staff constraints. The purpose of the review is to assess the status of compliance by entities, and to evaluate the effectiveness of the Directive. Work on the project is expected to be finalised by June 2021.

#### STRATEGIC OBJECTIVE 4 – Influence development of international Standards

Objective statement			
<i>Participate in the process to comment on IFRS where the standards were used as the basis for development of IPSASs or Standards of GRAP.</i>			
Measurable indicator	Related target	Actual performance	Reason for deviation
Number of international Board meetings attended	Attend four meetings	Attended all four IPSASB meetings held virtually.	No deviation
Percentage of relevant IPSASB Exposure Drafts commented on within the comment period set by IPSASB	100%	Submitted 100% comment letters to the IPSASB for Exposure Drafts 70 to 72, and 74 in October 2020 and February 2021, respectively.	No deviation
Percentage of IASB Exposure Drafts that are relevant to the public sector commented on within the comment period set by IASB	100%	Not applicable – There were no public sector issues that required comment.	No deviation

- Influencing the development of international Standards requires representation on the IPSASB, and active participation in the IPSASB's activities. South Africa is fortunate in that it continues to be represented on the IPSASB. Ms L Bodewig, a former ASB Board member and Chief Director at the National Treasury is the South African IPSASB member. Her technical advisor is one of the ASB staff members.

The IPSASB held all its meetings virtually. The virtual meetings incorporated a check-in meeting between the main meetings. The main meetings have been extended to seven days spread over two weeks to accommodate the spread of members across the continents.

Having virtual meetings that are broadcasted on a YouTube channel has meant that attendance was not limited to the IPSASB member and technical advisor, but other staff members were able to observe the discussions at the meetings.

- Participation in the IPSASB's activities is not only limited to attending meetings. The Board publishes international Exposure Drafts concurrently with the IPSASB and submits comment letters to the IPSASB to influence the development of pronouncements. The following pronouncements were published during the period under review:
  - Exposure Draft on *Revenue with Performance Obligations*
  - Exposure Draft on *Revenue without Performance Obligations*
  - Exposure Draft on *Transfer Expenses*
  - Exposure Draft on *IPSAS 5 on Borrowing Costs*
  - Exposure Draft on *Leases* and Request for Information (*The comment letters will be submitted in the next reporting period.*)
- The work of the IASB is monitored to enable us to participate where relevant to the public sector. Two staff members participate in the APC discussions hosted by SAICA. The APC drafts comment letters on behalf of the accounting profession on pronouncements issued by the IASB. The pronouncements considered by the IASB during the year under review had limited public sector relevance.

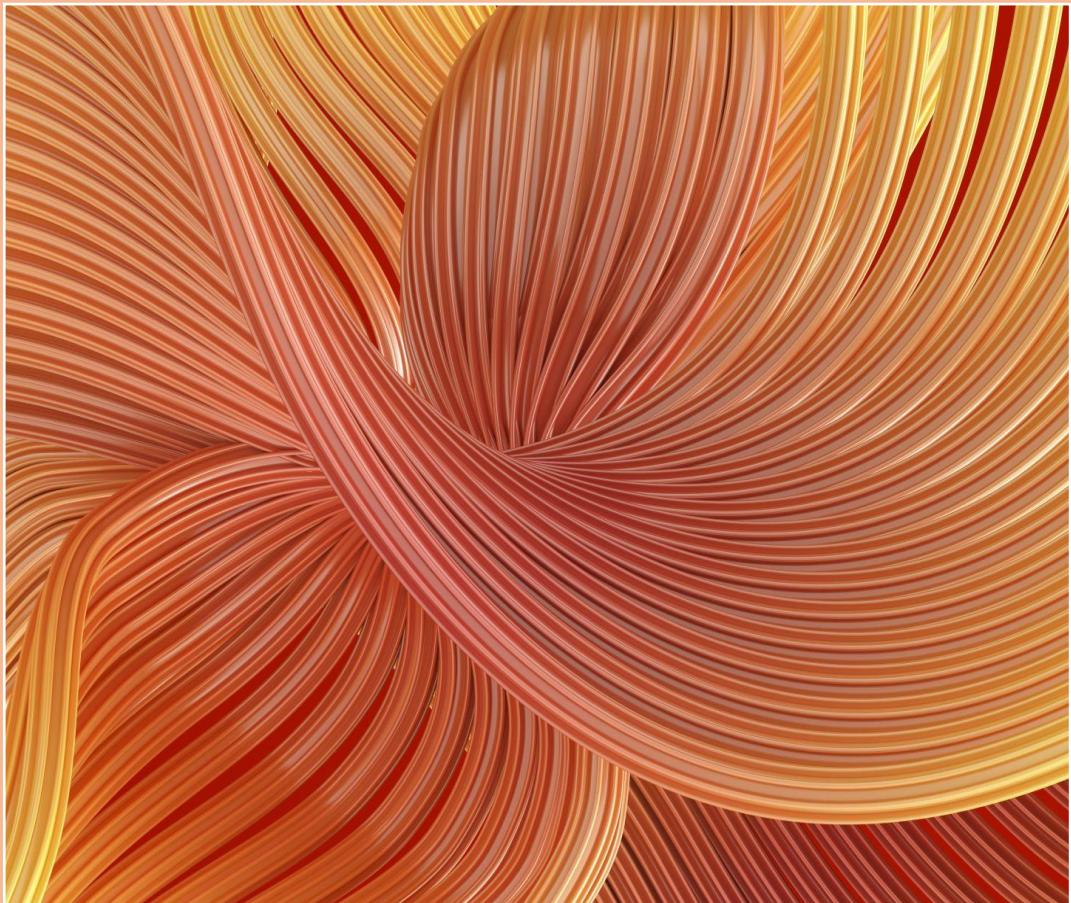
#### **STRATEGIC OBJECTIVE 5 – Manage resources to ensure the ASB is operationally effective**

<b>Objective statement</b>			
<i>To ensure the ASB delivers on its mandate by having a clean audit and minimal issues identified during internal audits of the organisation.</i>			
<b>Measurable indicator</b>	<b>Related target</b>	<b>Actual performance</b>	<b>Reason for deviation</b>
To ensure the ASB delivers on its mandate by having a clean audit and minimal issues identified during the audit of the organisation (number of issues identified by external audit and reported in management letter).	Clean audit report	<p>Clean audit report</p> <p>The ASB received an unqualified opinion in respect of the 2019/20 financial statements, and no findings were reported.</p> <p>No findings were reported on compliance with legislation and the report on performance.</p>	No deviation

The ASB continued its record of clean audit opinions received since inception in October 2002.

## STRATEGIC OBJECTIVES FOR 2021/22 AND BEYOND

<b>Strategic objective</b>	<b>Measurable indicator</b>	<b>Related target</b>
<i>Maintain and enhance existing Standards of GRAP and develop new standards where gaps are identified</i>	Number of pronouncements issued as identified in the work programme for the year	Issue 4 pronouncements
<i>Facilitate and encourage stakeholder engagement and support</i>	Percentage of FAQs issued to respond to issues raised by stakeholders within the approved timeframe from date of identification of the need to develop the FAQ	100%
	Number of PSAF meetings	Host at least 8 PSAF meetings
	Number of articles on different topics to continue awareness raising amongst stakeholders	Submit 4 articles on different topics
	Number of Meeting Highlights issued after Board meetings to create awareness of new developments	Issue 4 Meeting Highlights
<i>Undertake research to ensure Standards of GRAP respond to broader financial reporting needs</i>	Number of reviews completed and/or research reports issued	Undertake 4 reviews and/or issue research reports
<i>Influence development of international Standards</i>	Number of international Board meetings attended	Attend 4 meetings
	Percentage of relevant IPSASB Exposure Drafts commented on within the comment period set by IPSASB	100%
	Percentage of IASB Exposure Drafts that are relevant to the public sector commented on within the comment period set by IASB	100%
<i>Manage resources to ensure the ASB is operationally effective</i>	To ensure the ASB delivers on its mandate by having a clean audit and minimal issues identified during the audit of the organisation (number of issues identified by external audit and reported in management letter).	Clean audit report



## SECTION 3

### Stakeholder Outreach

# STAKEHOLDER OUTREACH

Interactions with stakeholders, whether part of the public consultation on Standards of GRAP issued by the Board or on other aspects of the Board's work, is a critical part of the standard-setting process. Feedback received from these interactions ensures that the Standards of GRAP and the Board's work remain credible and relevant to the South African public sector.

## OUR STAKEHOLDERS

The Board issues reporting requirements for "general purpose financial statements" requiring that the information in the financial statements should be relevant to a wide range of users. As a result, the stakeholders that the Board consults need to be able to provide input into the Board's work that represents a diversity of views.

The Board's stakeholders include preparers of the financial statements, auditors, consultants, professional bodies, users of the financial statements (as well as representatives of any of these stakeholders), academics, and other interested parties.

## OUTREACH ACTIVITIES

The Board consults with stakeholders throughout the standard-setting process, i.e., when:

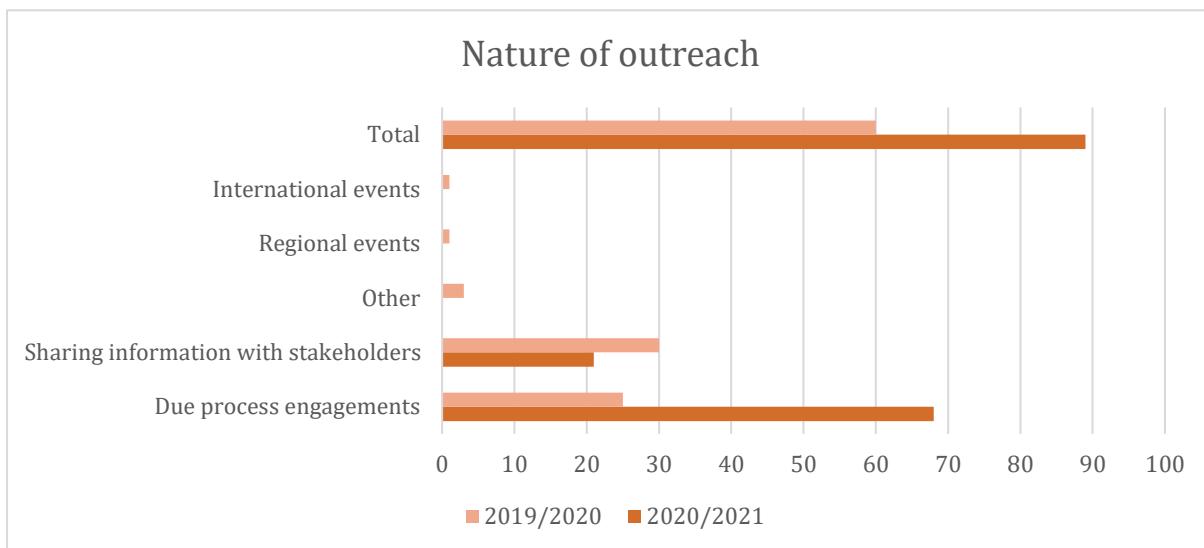
- Developing Standards or undertaking research.
- Issuing Standards for public consultation.
- Developing transitional provisions to enable implementation of Standards approved by the Board.
- Reviewing Standards or aspects of Standards as part of a post-implementation or other review.

A fundamental part of the Board's outreach is raising awareness about newly effective Standards as well as communicating the work that the Board has done to improve financial reporting, for example, by undertaking reviews of the application of Standards.

## RESULTS OF OUTREACH ACTIVITIES

Due to the lockdown restriction measures, all consultations undertaken during the year were hosted virtually. The Board undertook a total of 89 (2020: 60) consultations during the year. The figure below provides information about the nature of the consultations undertaken.

*Figure 1 – Nature of outreach activities*



#### Due process engagements

These engagements were aimed at receiving input on the pronouncements during their development or as part of the public consultation process. The number of outreach events undertaken during the year increased compared to the prior year, due to the nature of the projects undertaken which required extensive consultation with stakeholders. In particular:

- The Board issued concurrent Exposure Drafts on Revenue, Transfer Expenses and Leases. Given the volume and complexity of the Exposure Drafts, education sessions and roundtable sessions were held. These sessions account for 43% of the due process engagements.
- The Post-implementation Review of GRAP 103 required extensive consultation with stakeholders. These roundtable discussions comprised 24% of the due process engagements.

#### Sharing information with stakeholders

There was a decrease in the consultations for the year. During 2019/20 the Board focused on sharing information about newly effective pronouncements and other relevant information about the Board's work aimed at improving financial reporting. These engagements are usually arranged through other organisations based in the provinces. This year, due to travel restrictions these provincial engagements were replaced by virtual sessions that could accommodate participants across the nine provinces.

#### Other engagements with stakeholders

There were no "other" engagements held during the current period under review. In 2019/20 the Secretariat facilitated engagements between its stakeholders and the National Treasury, for the National Treasury to receive feedback on its revised GRAP Accounting Guidelines.

#### Regional and international events

Due to travel restrictions the Secretariat did not participate in any regional or international events during the period under review.

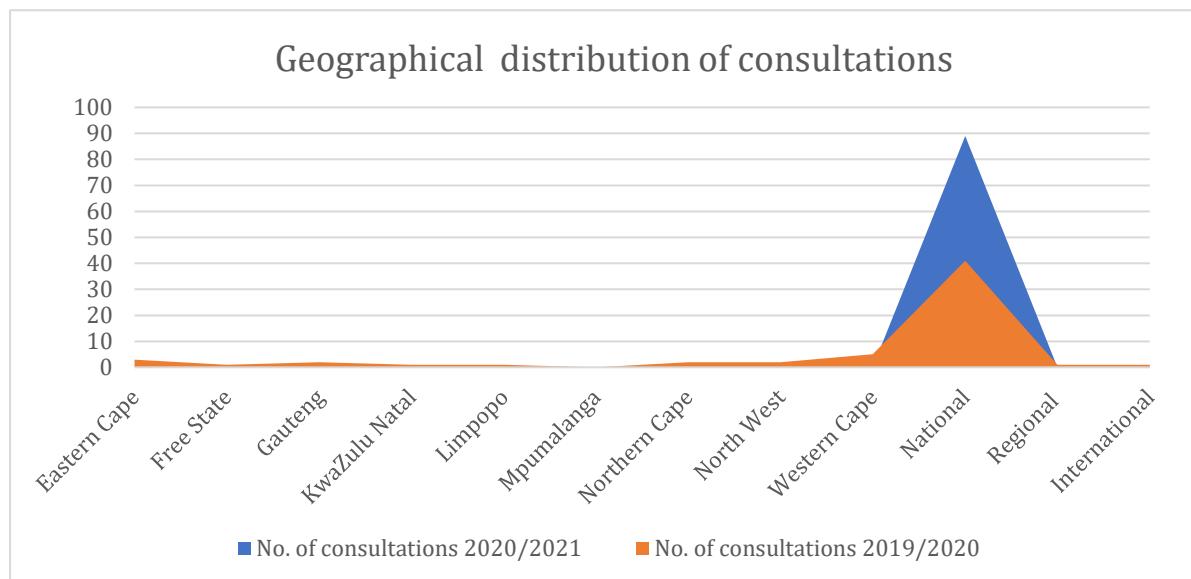
#### Geographical reach

The Board's stakeholders are based across the country, with stakeholders in each province bringing different approaches, issues etc. to financial reporting in the public sector. As a result,

consultation across the nine provinces is critical. The Board's engagements in the provinces are dependent on invitations from the relevant organisations in the respective provinces.

This year, due to travel restrictions and all outreaches being virtual, there is limited information on the geographical distribution of outreach. Figure 2 below details the geographic distribution of the consultations.

*Figure 2 – Geographical distribution of consultations*



A list of the stakeholder consultations for the year is available on the [ASB website](#).

### **USE OF TECHNOLOGY TO IMPROVE OUTREACH**

Before the COVID-19 pandemic, the majority of the Board's consultation involved face-to-face interactions through workshops, conferences, and meetings. The current crisis accelerated the use of digital platforms to reach stakeholders. All planned engagements with stakeholders were hosted virtually. These engagements were geared at educating stakeholders on the proposed Standards at the same time as receiving feedback on proposals. These interactions were also opportunities for stakeholders to discuss any issues related to the Standards of GRAP directly with the standard-setter.

While the attendance rate for virtual meetings is higher than face-to-face meetings, the level of engagement at some of the meetings has been poor compared to face-to-face meetings. This is particularly the case for project group meetings related to setting Standards of GRAP. While this could relate to the complexity of the topics being discussed, it may also reflect on stakeholders' ability to engage virtually. Going forward, the Board will monitor the effectiveness of hosting virtual meetings and consider establishing certain protocols to increase the level of engagement.

The Board has continued partnering with SAICA to webcast the bi-annual GRAP Updates. YouTube videos are also recorded for Standards of GRAP that are newly effective and other topical issues. These videos allow stakeholders to receive information in a shorter, more accessible format. SAICA also records its monthly TechTalk series where the ASB is invited to provide updates and present on topical issues.

In line with its communication strategy, the Board aims to communicate regularly with all relevant stakeholders. This has led to the ASB being active on Facebook, LinkedIn, and Twitter. Since last year, a weekly Newsletter is published that focuses on emerging technical issues,

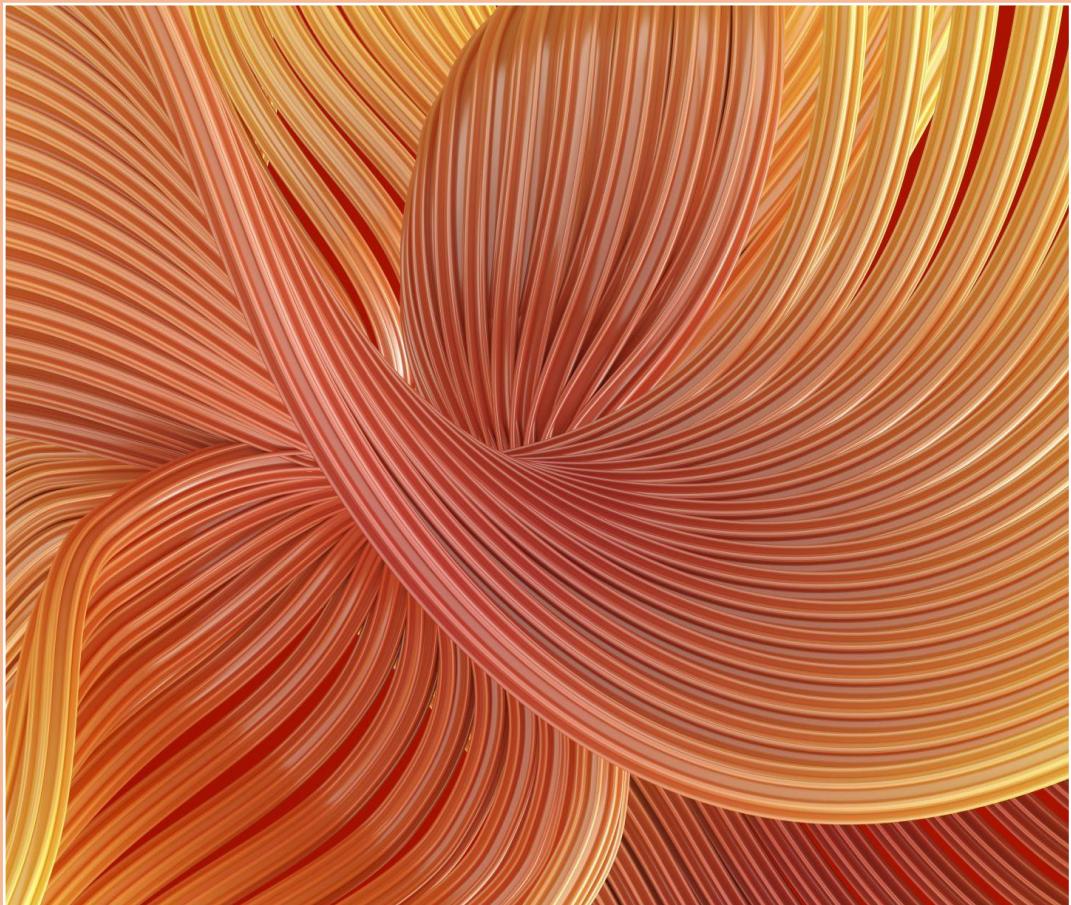
events, requests for comment and international developments. Stakeholders have been receptive to these initiatives.

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### **ACCESSIBILITY OF PRONOUNCEMENTS**

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The Standards are translated into isiZulu, Sesotho, and Afrikaans to improve access to, and understanding of, the Standards of GRAP issued by the Board. The translated Standards of GRAP are available on the ASB website.



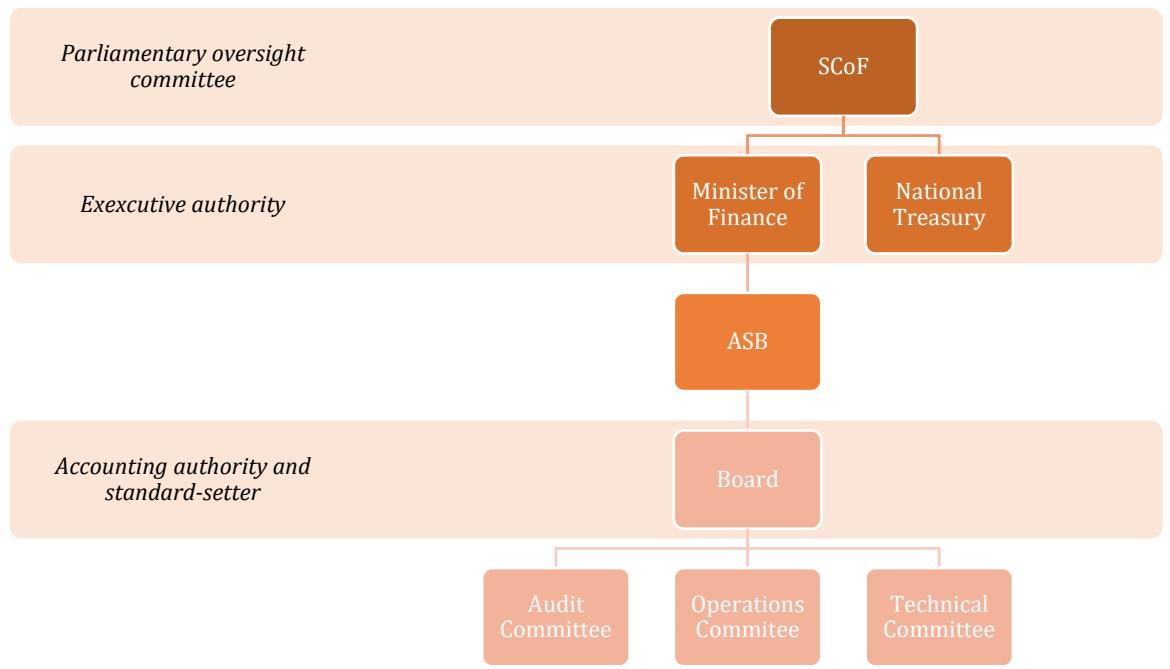
## SECTION 4

# Governance

# GOVERNANCE OF THE ASB

The Board has implemented and maintained an effective governance structure, supported by processes, policies, systems and a strategic plan and APP to ensure that the Board and its employees are held accountable.

*Figure 3: The governance structure at a glance*



## SCoF

Parliament exercises its role of evaluating the performance of the ASB by considering its annual financial statements, which, together with other documents, must be tabled from time to time. The ScoF is required to review the ASB's annual financial statements and the reports of the external auditor. The ScoF provides oversight over the ASB, as an entity in the portfolio of the Minister of Finance.

## EXECUTIVE AUTHORITY

The Minister of Finance is the Executive Authority responsible for the ASB.

The Minister of Finance appoints Board members and ensures those members have the necessary skills and expertise in accounting and public sector finance, knowledge and understanding of financial reporting and governance to guide the ASB as a public entity.

In addition to appointing the Board members, the Minister of Finance determines the implementation dates for Standards of GRAP developed by the Board.

## THE BOARD

Firstly, the Board is responsible for governance and accountability, and as the Accounting Authority, for ensuring the ASB meets the objectives set out in the strategic plan. The Board executes this role through the Operations Committee and the Chief Executive.

Secondly, the Board is responsible for setting the Standards of GRAP. It executes this role through the Technical Committee and the Technical Director. The Chief Executive is a member of the Technical Committee.

The Board has delegated specific functions to the Technical Committee. To ensure the Board maintains its integrity and fulfils its governance and accountability responsibilities, it has further delegated some of its functions to the Operations Committee, to assist with the effective performance of its functions.

In its capacity as standard-setter, the Board develops and approves Standards of GRAP, Interpretations of Standards of GRAP, Directives, Discussion Papers, Exposure Drafts, and Guidelines for those entities required to comply with the Standards of GRAP. Once a Standard of GRAP has been approved by the Board, an implementation date is recommended to the Minister of Finance. The recommendation is made after consultation with the AGSA and the OAG.

The Board is also required to promote transparency in, and effective financial management of, revenue, expenditure, assets, and liabilities in the public sector.

The Board retains the responsibility for ethics, as it believes the tone is set at the top. As a result, the Board has not established a separate ethics committee or delegated the responsibility to an existing sub-committee of the Board.

### Composition of Board members

The Board is made up of a maximum of 10 non-executive members, appointed by the Minister of Finance. The Minister exercised his discretion by appointing nine members on 1 March 2021.

The role of the Chairperson of the Board and the Chief Executive are separate, with a clear division of responsibilities to ensure a balance of power and authority between them. The Chairperson has no executive functions, except for the monthly approval of the Chief Executive's salary and leave.

During the year under review the Board members were as follows:

*Table 1 – Board members during the year*

Name of Board member	Designation in terms of Board structure	Date appointed	Designations	Area of expertise
C Braxton 	Chairperson of the Board Chairperson of the Operations Committee Chairperson of the Technical Committee	1 March 2018 Re-appointed for a second term on 1 March 2021	Chartered Accountant (SA)	Technical accounting, auditing, and training (public and private sector)
P Moalusi*	Deputy Chairperson of the Board Member of the	1 March 2018 Re-appointed for a second	Chartered Accountant (SA)	Public sector finance

Name of Board member	Designation in terms of Board structure	Date appointed	Designations	Area of expertise
	Operations Committee	term on 1 March 2021		
<b>W de Jager</b> 	Member of the Operations Committee	1 March 2021	Chartered Accountant (SA) Fellow Cost and Management Accountant Chartered Global Management Accountant	Public sector finance
<b>D Dlamini*</b> 	Member of the Technical Committee	1 March 2021	Professional Accountant Chartered Director (SA)	Public sector finance
<b>K Maree* (Acting Accountant-General)</b> 	Ex-officio member representing National Treasury	14 April 2020	Chartered Accountant (SA) Chartered Financial Analyst	Public sector finance
<b>Dr P Masegare</b> 	Member of the Technical Committee	1 March 2021	Associate General Accountant Professional Accountant Professional Internal Auditor	Public and private sector governance, audit, and finance
<b>N Themba*</b> 	Member of the Operations Committee	1 March 2018 Re-appointed for a second term on 1 March 2021	Professional Accountant	Public sector finance and internal audit
<b>M Sedikela*</b> 	Ex-officio member representing AGSA	14 April 2020	Chartered Accountant (SA)	Public sector audit
<b>A van der Burgh</b> 	Member of the Technical Committee	1 March 2021	Chartered Accountant (SA)	Academic (public and private sector accounting)

Name of Board member	Designation in terms of Board structure	Date appointed	Designations	Area of expertise
<i>Members whose term ended on 28 February 2021</i>				
V Ngobese 	Chairperson of the Board Chairperson of the Operations Committee Member of the Technical Committee	1 March 2015	Chartered Accountant (SA)	Public sector finance and consulting
F Abba 	Member of the Technical Committee	1 March 2018	Chartered Accountant (SA)	Technical accounting and auditing (public and private sector)
L Bodewig* 	Chairperson of the Technical Committee	Chairperson from 1 March 2018 to 14 April 2020	Chartered Accountant (SA)	Public sector finance Member of the IPSASB
K Hoosain 	Member of the Operations Committee	1 March 2018	Chartered Accountant (SA)	Technical accounting and auditing (public and private sector)
I Lubbe 	Member of the Technical Committee	1 March 2015	Chartered Accountant (SA)	Academic (public and private sector accounting)

[\*] Indicates that the member is not remunerated.

### Remuneration of Board members

The Minister of Finance determines the remuneration of Board members.

The Chairperson receives a monthly fee for his responsibilities over and above the duties as chair of meetings. This fee has been determined by the Minister of Finance and increases annually at the rate determined by the National Treasury in accordance with Treasury Regulation 20.2.2.

Board members are remunerated at the rate of a partner in accordance with the Guideline on *Fees for Audits and Audit Related Services Performed by Auditors in Private Practice on behalf of the Auditor-General of South Africa*. Board members are remunerated at an hourly rate for the duration of the meeting.

Employees of national, provincial, and local government and any of their agencies, entities, or organs of state are not remunerated. Those members are identified by an asterisk (\*) in the tables below.

Actual expenses incurred by Board members to attend meetings are refunded. The tables reflect actual meeting attendance and remuneration for the year.

#### Evaluation of the performance of the Board

The annual evaluation of Board members' performance recognises the relevant roles and responsibilities, and cohesion of the Board. In the first year of a term, the assessment of the member is performed by the Chairperson of the Board and the Chairpersons of the Board subcommittees. In the second year of a term, the Board and the subcommittees conduct a self-assessment. In the final year Board members assess each other's performance and those of the Chairperson.

Based on the assessment in the current year, the Board is satisfied that it identified no significant issues. The Board is operating efficiently and effectively.

#### Board Meetings

The Board met six times during the current year under review. Attendance at the Board meetings for 2020/21 is set out below.

*Table 2 – Composition and attendance of Board meetings*

Name of Board member	Date appointed	No. of meetings attended
<b>C Braxton (Chairperson)</b>	1 March 2018  (appointed as Chairperson on 19 March 2021)	6 of 6
<b>W de Jager</b>	1 March 2021	3 of 3
<b>D Dlamini*</b>	1 March 2021	3 of 3
<b>K Maree*</b>	14 April 2020	6 of 6
<b>P Masegare</b>	1 March 2021	3 of 3
<b>P Moalusi*</b>	1 March 2018  (appointed as Deputy-Chairperson on 19 March 2021)	5 of 6
<b>M Sedikela*</b>	14 April 2020	4 of 6
<b>N Themba*</b>	1 March 2018 (reappointed 1 March 2021)	6 of 6
<b>A van der Burgh</b>	1 March 2021	3 of 3
<i>Members whose terms ended during the year</i>		
<b>V Ngobese (Chairperson)</b>	1 March 2015 to 28 February 2021	4 of 4
<b>F Abba</b>	1 March 2018 to 28 February 2021	4 of 4
<b>L Bodewig</b>	1 March 2018 to 14 April 2020	2 of 4
<b>K Hoosain</b>	1 March 2018 to 28 February 2021	4 of 4
<b>I Lubbe</b>	1 March 2015 to 28 February 2021	4 of 4

### Subcommittee Meetings

The Operations Committee met five times, while the Technical Committee met four times during the current year under review. Attendance at these subcommittee meetings is set out below.

*Table 3 – Composition and attendance of Operations Committee meetings*

Name of Board member	Date appointed	No. of meetings attended
<b>C Braxton</b>	1 March 2018 (reappointed 1 March 2021)	5 of 5
<b>W de Jager</b>	1 March 2021	0 of 0
<b>P Moalusi*</b>	1 March 2018 (reappointed 1 March 2021)	4 of 5
<b>N Themba*</b>	1 March 2018 (reappointed 1 March 2021)	5 of 5
<b>P Masegare</b>	1 March 2021	0 of 0
<i>Members whose terms ended during the year</i>		
<b>V Ngobese (Chairperson)</b>	31 August 2018 to 28 February 2021	5 of 5
<b>K Hoosain</b>	1 March 2018 to 28 February 2021	4 of 5

*Table 4 – Composition and attendance of Technical Committee meetings*

Name of member	Date appointed	No. of meetings attended
<b>C Braxton</b>	1 March 2018 (reappointed 1 March 2021)	4 of 4
<b>L Bodewig*</b> <b>(OAG representative)</b>	21 July 2015	4 of 4
<b>D Dlamini*</b>	1 March 2021	1 of 1
<b>P Masegare</b>	1 March 2021	1 of 1
<b>M Mentz*</b> <b>(AGSA representative)</b>	10 February 2017	4 of 4
<b>E Swart*</b>	21 July 2015	4 of 4
<b>A van der Burgh</b>	1 March 2021	1 of 1
<i>Members whose terms ended during the year</i>		
<b>V Ngobese (Chairperson)</b>	21 July 2015 to 28 February 2021	3 of 3
<b>F Abba</b>	1 March 2018 to 28 February 2021	3 of 3
<b>I Lubbe</b>	21 July 2015 to 28 February 2021	3 of 3

[\*] Indicates that the member is not remunerated.

*Table 5 – Remuneration of Board members*

Name of Board member	Board	Operations Committee	Technical Committee	Fee for Chair	Total 2021	Total 2020
<u>Paid to Members</u>						
<b>C Braxton</b>	76 416	23 392	62 380	10 512	172 700	94 189
<b>W de Jager</b>	38 987		12 476	-	51 463	-
<b>K Hoosain</b>	45 225	23 393	-	-	68 618	43 859
<b>I Lubbe</b>	46 785	-	46 785	-	93 570	71 900
<b>P Masegare</b>	20 273	-	6 238	-	26 511	-
<b>V Ngobese</b>	46 785	29 631	40 547	115 636	232 599	196 610
<b>A van der Burgh</b>	38 988	-	15 595	-	54 583	-
<u>Paid to employer</u>						
<b>F Abba</b>	50 216	-	50 216	-	100 432	76 897
<b>Total</b>	<b>363 675</b>	<b>76 416</b>	<b>234 237</b>	<b>126 148</b>	<b>800 476</b>	<b>483 455</b>

*Table 6 – Average number of Board members*

Average number of members per Board Committee	2021	2020
Board	9	10
Technical Committee	8	8
Operations Committee	4	4

*Table 7 – Remuneration of Chairperson of the Audit Committee*

Name of Chairperson	Board	Total 2021	Total 2020
<b>P Mzizi</b> ( <i>Term commenced 1 July 2019</i> ) Attended two meetings	12 476	12 476	20 851

#### Audit Committee

Due to the size and nature of the ASB, it shares the National Treasury's Audit Committee.

The National Treasury appoints and remunerates the members of the Audit Committee.

The National Treasury is responsible for the governance and accountability of the Audit Committee. The Chairperson of the Audit Committee attends the Board meetings and the ASB's Chief Executive attends the Audit Committee meetings ensuring an unimpeded direct link to the ASB's Board.

The annual report of the National Treasury includes information on attendance of the Audit Committee meetings by members and their remuneration. The ASB remunerates the Chairperson of the Audit Committee for attending Board meetings.

The Audit Committee's report on page 45 to 49 sets out the information on the members of the Audit Committee.

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### **APPLICATION OF KING IV**

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The Board has benchmarked its governance policies and practices to the recommended principles set out in King IV and has identified the following differences.

- The Chief Executive and the Technical Director are not members of the Board but attend all Board meetings and meetings of committees of the Board to provide members with the required information.
- The employment contracts of key employees do not contain any termination conditions, other than a standard calendar month notice period. This may be revisited by the Board at a future date in conjunction with the Minister of Finance to ensure that any amendments are funded.
- Audit Committee members are appointed by the National Treasury and are not members of the Board. The chair of the Audit Committee is invited to attend all the Board meetings and has the rights and obligations of Board members, excluding the right to vote at Board meetings.

A detailed report on the Board's compliance with King IV is available on the ASB website.

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### **INTERNAL CONTROL AND RISK MANAGEMENT**

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The internal audit unit and the Audit Committee ensure that an effective, efficient, and transparent system of internal control is implemented and maintained by the Board. This is done through the establishment of an appropriate control environment.

Due to the size and the nature of the ASB's operations, a complex system of internal control and risk management is not feasible. The Chief Executive is responsible for supervising the day-to-day operations of the ASB. The Operations Committee monitors compliance with applicable legislation against the Board's approved operating policies and procedures. The Operations Committee evaluates the effectiveness of the risk management framework instituted by management.

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### **EXTERNAL AND INTERNAL AUDIT**

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Morar Incorporated are the external auditors of the ASB. The external auditors do not provide non-audit services. Their report is set out on pages 50 to 54.

The internal audit unit is shared with the National Treasury. See pages 45 to 49 of the Report of the Audit Committee for details of their activities.

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### **COMBINED ASSURANCE**

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The Board relies on the combined assurance model when forming its view of the adequacy of risk management and internal control at the ASB.

The combined assurance model set out in table 8, recognises three lines of defence.

Table 8 – Combined assurance model

Level 1	Level 2	Level 3
<b>Operational management</b>	<b>Risk resilience and compliance management</b>	<b>Internal and external audit</b>
<p>Assurance over:</p> <ul style="list-style-type: none"> <li>▪ adequacy of risk management,</li> <li>▪ effective adherence to systems of internal control, and</li> <li>▪ delivery against predetermined strategic objectives and performance measures.</li> </ul>	<p>Oversight by the Operations Committee, Technical Committee and Audit Committee.</p> <p>Oversight over:</p> <ul style="list-style-type: none"> <li>▪ implementation of risk and compliance management, and</li> <li>▪ policies and processes.</li> </ul>	<p>The internal audit activity provides assurance over:</p> <ul style="list-style-type: none"> <li>▪ adequacy and effectiveness of the systems of internal control,</li> <li>▪ risk management, and</li> <li>▪ control and governance processes.</li> </ul> <p>External audit provides independent reasonable assurance that:</p> <ul style="list-style-type: none"> <li>▪ financial statements are free from material misstatement, and</li> <li>▪ are prepared in all material respects in accordance with the Standards of GRAP.</li> </ul> <p>External audit also has a responsibility to report in the auditor's report findings on:</p> <ul style="list-style-type: none"> <li>▪ the reported performance against predetermined objectives, and</li> <li>▪ compliance with legislation.</li> </ul>

## FRAUD AND CORRUPTION

The Board has developed and implemented a fraud prevention plan to address the risk of fraud and corruption. The policy on Whistleblowing was also revised to align it with amendments to legislation.

No incidents were identified or reported during the financial year.

## MINIMISING CONFLICTS OF INTEREST

To minimise conflicts of interest, the Board has developed and implemented appropriate procedures to deal with any conflicts of interest. All Board members are required to complete a declaration of interests and notify the Chief Executive of any changes. The declarations of Board members are updated at each Board meeting, and any interests on any of the agenda items declared.

Employees are required to make an annual declaration of interests and notify the Chief Executive of any changes. Newly appointed employees are required to declare all actual or perceived conflicts of interest on appointment. When new conflicts of interest arise, employees

are required to declare such interests in the appropriate register, and changes to declarations are reported to the Board. No violations of conflicts of interest were identified during the year.

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### **CODE OF CONDUCT**

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The Board has approved and implemented a Code of Conduct that requires all Board members and the Secretariat to conduct the ASB's operations fairly, impartially, in an ethical and proper manner, and in full compliance with all known and applicable legislation. The Board expects all employees to share its commitment to high moral, ethical and legal standards. Any violations of the Code of Conduct are reported to the Chief Executive, the Chairperson of the Board and to the internal and external audit, where applicable, with appropriate channels of reporting where anybody in the reporting line is the party against whom the allegations have been made. No violations of the Code of Conduct occurred in the year.

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### **STRATEGIC PLAN, APP AND BUDGET**

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The Chief Executive prepares the strategic plan, APP, and budget. This is done in consultation with the Operations Committee and the Technical Committee, with final approval by the Board. The Board submits these documents to the National Treasury for consideration. The documents are submitted to the Minister of Finance for approval and tabled in Parliament. Quarterly performance reports, financial statements, and reports on compliance with legislation are submitted to the Public Entity Oversight Unit in the National Treasury. The APP serves as the performance agreement between the ASB and the Minister of Finance.

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### **FINANCIAL SUSTAINABILITY**

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The current allocations made over the MTEF period are sufficient to allow the ASB to undertake its core activities. Current funding is insufficient to allow for mandates, such as the requirement to translate the Standards of GRAP into three official languages as required by the Use of Official Languages Act.

The ASB is conscious of expenditure control and complies with the National Treasury's cost containment measures.

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### **COMPLIANCE WITH LEGISLATION**

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The Board established a framework and implemented various policies to ensure compliance with the applicable legislation. The register of applicable legislation is updated on a regular basis and the ASB is fully compliant at year end. The non-payment of VAT on imported services resulted in an additional payment of VAT, penalties, and interest to SARS. More information is disclosed in Note 15 of the annual financial statements.

Professional accountants have an obligation in terms of their Code of Conduct to report non-compliance with laws and regulations affecting the financial statements. A policy has been developed to guide the Board and employees in this regard.

## **COMPLIANCE WITH B-BBEE LEGISLATION**

The ASB was evaluated against the dtic Specialised QSE Scorecard. Based on the evaluation the ASB is a Level 8 contributor.

The ASB procurement policies are aligned with the Constitution, the PFMA and Treasury Regulations, and the B-BBEE Act. The ASB only does business with suppliers registered on the National Treasury Central Supplier Database and gives preference to suppliers that have achieved the highest score in terms of, among others, B-BBEE rating and price.

In selecting suppliers, the ASB gives preference to small, medium, and micro-enterprises. The ASB pays well within the legislated 30-day period.

*Table 9 – Level of contribution to the B-BBEE Scorecard*

<b>Elements</b>	<b>Actual score</b>	<b>Target score</b>
Management control	14	25
Skills development	4	30
Enterprise and supplier development	24	30
Socio-economic development	0	15
<b>Overall score</b>	<b>42</b>	<b>100</b>

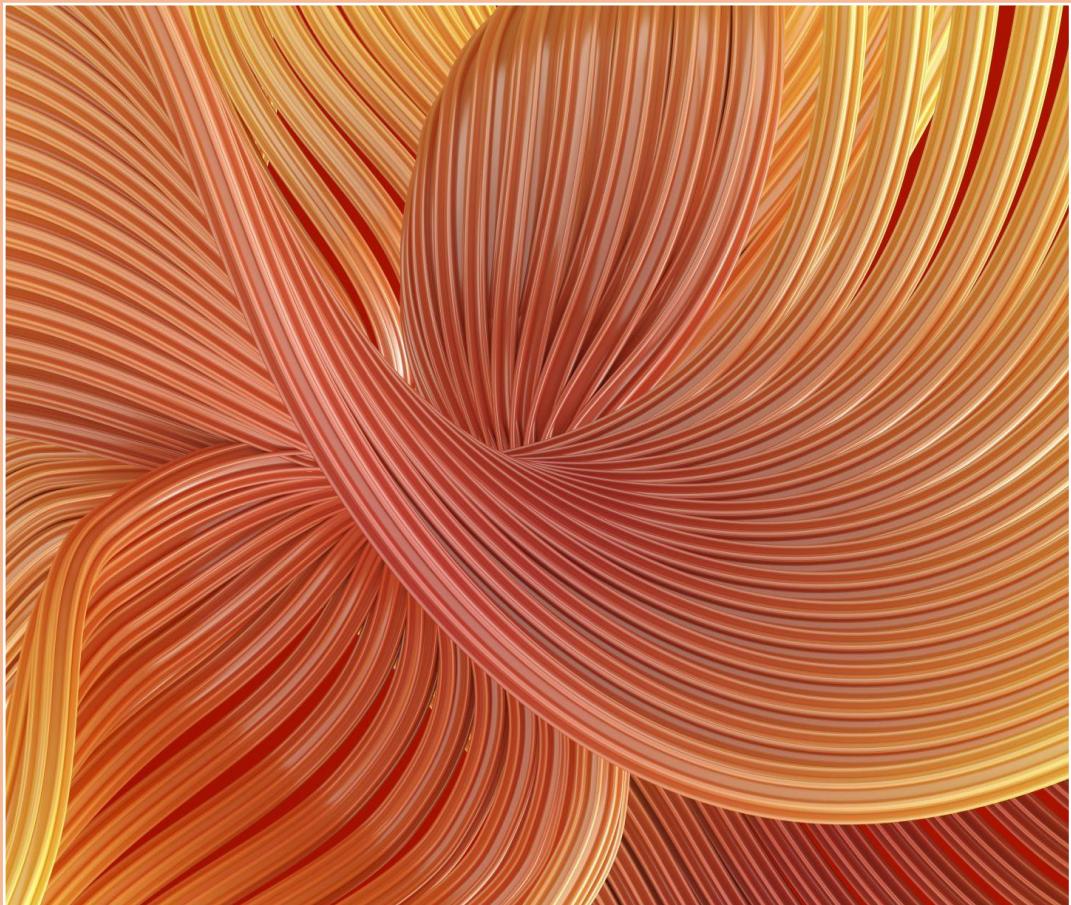
## **SOCIAL RESPONSIBILITY**

The ASB is funded through a National Treasury allocation, which is indirectly funded through taxpayer and other public contributions. The ASB policy is therefore not to make donations or contributions.

## **HEALTH, SAFETY AND ENVIRONMENTAL ISSUES**

The Board has approved an occupational health and safety policy aimed at providing and maintaining a safe and healthy working environment for its employees. The Board reviews this regularly.

The ASB recorded no violations of the policy concerning health, safety and other environmental issues were recorded in the reporting period.



## SECTION 5

# Human Resource Management

# MANAGING AND DEVELOPING THE PEOPLE OF THE ASB

## INTRODUCTION

The employees of the ASB are vital to the achievement of the ASB's strategic mandate. It is therefore imperative for the ASB to attract, develop, engage, and retain employees with the right skills in the right positions and at the right time. To help achieve this, the ASB aims to provide market-related remuneration, focus on learning and development and a professional and collaborative work environment supported by progressive human resource policies and practices.

## OVERVIEW OF HUMAN RESOURCES

### *Human resource priorities and key strategies to attract and retain a capable workforce*

The strategy used by the Board creates a workplace and organisational culture that is inclusive and respectful, aimed at the retention of a highly qualified and committed workforce. The Board strives to enable employees to achieve a healthy work-life balance and rewards long service. This enhances the levels of employee commitment to the organisation.

The Board acknowledges the importance of having a respectful working environment preventing exclusion, discrimination, and harassment. This contributes to a reduction in the levels of interpersonal conflict across the office and work-related stress.

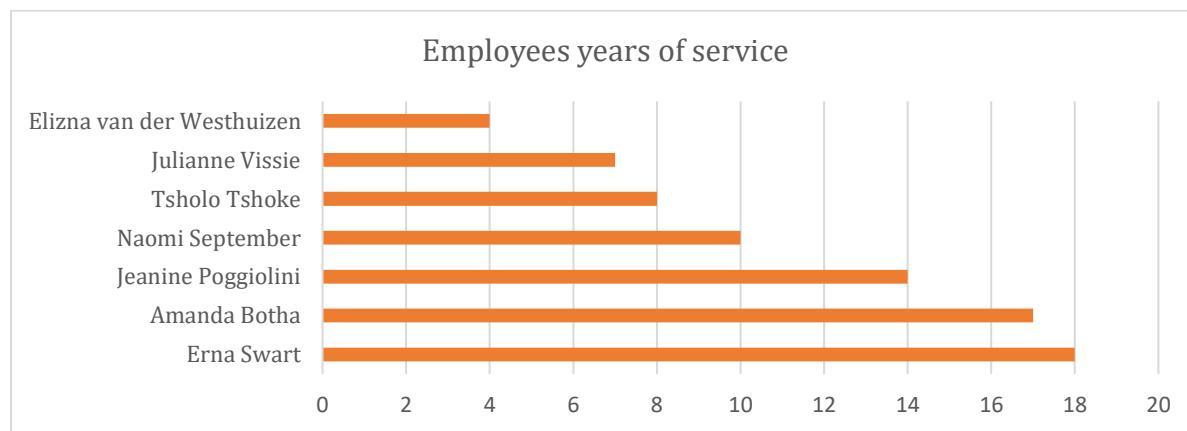
In 2021/22 the ASB will further explore ways to retain employees by enhancing the value proposition offered within the current budgetary constraints.

## HUMAN RESOURCE OVERSIGHT STATISTICS

### *Changes in employee complement*

During the reporting period, the employee complement of seven remained unchanged from the previous period and there are currently no vacancies. The ASB team has remained relatively stable since the establishment of the ASB which is evident by several long-serving employees.

Figure 4 – Employee years of service



*Table 10 – Employment and vacancies*

Level	2020	2021			% of vacancies
	No. of employees	Approved posts	No. of employees	Vacancies	
Management	2	2	2	0	0
Professional qualified	3	3	3	0	0
Skilled	1	1	1	0	0
Semi-skilled	1	1	1	0	0
<b>TOTAL</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>0</b>	<b>0</b>

*Remuneration of employees*

The ASB's remuneration policy establishes and maintains competitive, fair, equitable and market-related compensation to attract, motivate and retain employees. Details of the Chief Executive's and Technical Director's remuneration are provided in the notes to the financial statements.

All the positions in the ASB are graded using the Paterson scale of grading as this grading scale is sufficiently flexible determining pay scales for each employee. The current remuneration is determined by reference to the qualifications and experience when recruited time at the ASB, time in a particular position and work performance. Consideration is also given to recommendations on remuneration by the National Treasury.

The remuneration is calculated on the total cost to the ASB, with a requirement to belong to a medical aid and to contribute to a retirement fund.

*Table 11 – Personnel cost by salary band*

Level	Personnel expenditure (R'000)	% of Personnel exp. to total personnel cost	No. of Employees	Average personnel cost per employee (R'000)
Management	4 862	49.06%	2	2 431
Professional qualified	4 027	40.87%	3	1 342
Skilled	724	7.35%	1	724
Semi-skilled	240	2.44%	1	240
<b>TOTAL</b>	<b>9 853</b>			

*Performance rewards*

The objectives set for the organisation at the beginning of the year are based on the performance objectives approved by the Board.

The ASB's compensation philosophy is to reward performance. Employees are compensated for performance that delivers timely and tangible results. This enables the ASB to retain and motivate employees and strive for improved results and, contribute to providing an equitable work environment.

The key performance indicators agreed with the Chief Executive filter through the organisation, with each employee aligning personal objectives according to their role. This allows each employee to see how their role and effort contributes to the overall success of the organisation.

The incentive scheme has a variable component with 40% weighed in favour of organisational performance and 60% in favour of individual performance. Incentives to a maximum of 30% of guaranteed remuneration are paid, at the discretion of the Board, when funds are available. Due to the fiscal constraints, this level of remuneration has not been achieved in the past two years, creating a potential risk to the Board. A revision of the remuneration framework is planned.

The Chairperson evaluates the Chief Executive's performance, and the Operations Committee oversees the performance reviews and the remuneration of the Secretariat. The Operations Committee, in its capacity as remuneration committee, makes recommendations to the Board on proposed changes to remuneration and incentives considering affordability and budgetary constraints. The Board makes the final decision.

### **EMPLOYMENT CHANGES**

There were no changes in employees during the last two years. The accountant, having reached retirement age, retired on 30 April 2021 and the Chief Executive will be retiring on 31 March 2022. The Board will commence a recruitment process in the new year to minimise disruption and ensure continuity.

### **LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION**

No disciplinary action of any form was required or taken against any employee during the period under review.

### **DEVELOPMENT OF EMPLOYEES**

The Board is committed to enabling each employee to develop their talent, skills, and ability to deliver quality services to its stakeholders. It ensures all employees receive up-to-date, and relevant training and development so the ASB can fulfil its mission and vision. The Board has developed and approved various training and development policies and procedures to enable all employees to develop at both a personal and a career level. As standard-setting is a specialised discipline, standard-setting employees are given access to an executive coach to assist with areas of development. This has yielded positive results over the years.

*Table 12 – Expenditure on training and development*

Personnel expenditure	Training expenditure		No. of employees trained	Average training cost per Employee
(R'000)	(R'000)	% of personnel cost		(R'000)
9 853	168	1.71%	4	42

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## EMPLOYMENT EQUITY

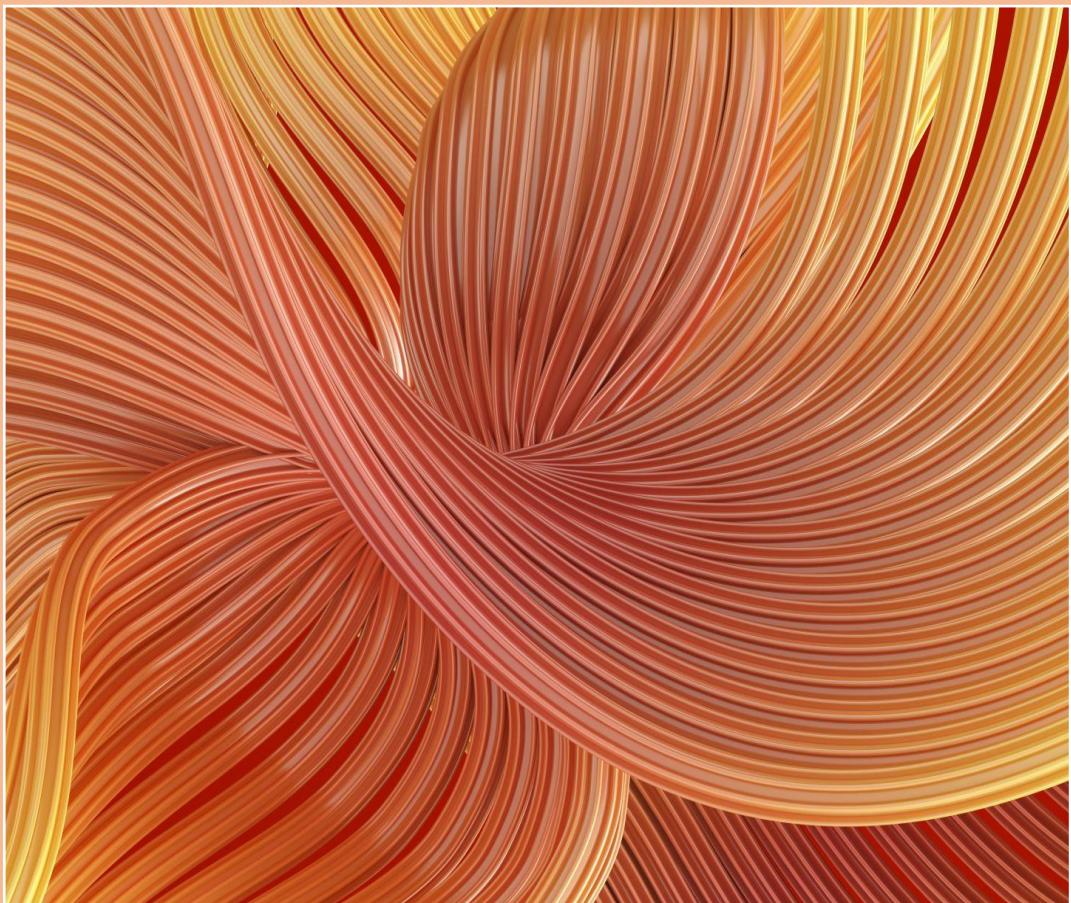
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The ASB is committed to fully inclusive employment practices based on equality of opportunity and, the ability of the person to perform the essential functions of the job. The ASB is committed to ensuring greater diversity among its employees, particularly in terms of demographic representation and gender balance. The ASB is hampered by the lack of funds available to accelerate the achievement of this goal.

The demographic composition of the ASB at reporting date was as follows:

*Table 13 – Employment equity*

Level	Females			
	African	Coloured	Indian	White
Management	0	0	0	2
Professional qualified	1	0	0	2
Skilled	0	1	0	0
Semi-skilled	0	1	0	0
<b>TOTAL</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>4</b>



## SECTION 6

### Financial Information

# REPORT OF THE AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2021.

## BACKGROUND

The Audit and Risk Committee (the Committee) is established as a statutory committee in terms of section 51 (1) (a) of the Public Finance Management Act and Treasury Regulation 27.1.

The Committee has adopted formal terms of reference as the Committee charter and has fulfilled its responsibilities for the year, in compliance with its terms of reference.

## MEMBERSHIP AND ATTENDANCE

The Committee consists solely of independent members who are financially literate and have appropriate experience.

The Committee met 6 times during the year.

#	Meeting	Meeting Date
1	Special AC Meeting to discuss the Annual Report for 2019/20	5 May 2020
2	Special AC Meeting to discuss the External Audit Report	24 June 2020
3	Ordinary AC Meeting to review the Quarter 1	01 September 2020
4	Ordinary AC meeting to review the Quarter 2	22 October 2020
5	Ordinary AC meeting to review the Quarter 3	10 February 2021
6	Ordinary AC meeting to review the Quarter 4	11 May 2021

The following is a list of its members, qualifications, and a record of their attendance:

Name of member	Qualifications	Appointment Date	Number of meetings attended
Ms Pumla Mzizi (Chairperson)	BCom Honours in Transport Economics CA (SA) BCompt Honours CTA BBusSci Finance Honours	1 October 2018	6 of 6
Ms Anna Badimo	B.Sc Computer Science, B.Sc Hons Computer Science  Master in Business Administration (MBA), Master of Science (M.Sc), CISM (Certified Information Security Manager), CGEIT (Certified in the Governance of Enterprise IT), CISA (Certified Information Systems Auditor), CRISC (Certified in Risk and	1 July 2015	6 of 6

Name of member	Qualifications	Appointment Date	Number of meetings attended
	Information Systems Control), Cobol Programming Diploma, PMP (Project Management Professional), Cert. IT Auditing, COBIT 5, ITIL[F], Certified ISO 22301 Lead Implementer, F. Inst D (IoDSA)		
Mr Brandon Furstenburg	Master of Science (MSc) in Financial Management, Master of Commerce (MCom) in Economics, BCom Hons, BCom and FAIS exams: RE1, RE3 & RE5. M.InstD	1 June 2017	6 of 6
Mr Freddy Sinthumule	Dip Finance and Auditing ( Unizul) B. Com Accounting (Univen) MBA with special project on PFMA (Univ. of Limpopo)	16 July 2019	6 of 6

### THE AUDIT COMMITTEE'S RESPONSIBILITIES

The Committee in conjunction with the Risk Committee is satisfied that it has discharged its responsibilities in assisting the Accounting Authority with the following activities:

- Reviewing the adequacy, reliability and accuracy of the financial information provided by management and other users of such information;
- Overseeing the activities of, and ensuring coordination between, the activities of internal and external audit;
- Providing a forum for discussing exposures to financial and enterprise-wide risks and monitoring of controls designed to minimize these risks;
- Reviewing the entity's quarterly performance information, annual report, including annual performance information and annual financial statements, and any other public reports or announcements containing financial & non-financial information;
- Receiving and dealing with any complaints concerning the accounting practices, internal and external audit or the content and audit of its financial statements or related matters; and
- Annually reviewing the Committee's work in line with the charter and making recommendations to the Accounting Authority to ensure the Committee's effectiveness.

### RISK MANAGEMENT

Management is responsible for the establishment and maintenance of an effective system of governance, risk management, the prevention and detection of fraud and internal controls.

Internal Audit was guided by the risk profile, provided by management, critical audit areas and managements inputs in the formulation of its 3-year strategic and annual plans.

The entity has a committee that is composed of board members and management to fulfil the risk management responsibilities. The Committee met 6 times during the year under review.

A risk register is updated quarterly to ensure that all the major risks including emerging risks facing the organisation are effectively managed. The Committee monitors management's implementation of the risk management plans on a quarterly basis.

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### **INTERNAL AUDIT**

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The Committee approved a risk based 3 year rolling Strategic Plan and an Annual Internal Audit Coverage Plan for periods 1 April 2020 to 31 March 2023. Initially there were no audits planned for the 2020/21 financial year, but on the revised Internal Audit Plan the Procurement (SCM) Consulting review was added and completed.

The Committee reviewed all the internal audit reports; and is satisfied:

- With the activities of the internal audit function, including its annual work program, co-ordination with the external auditors and the responses of management to specific recommendations.
- That internal audit is conducted in accordance with the standards set by the Institute of Internal Auditors.

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### **ACCOUNTING AND AUDITING CONCERNS IDENTIFIED BY INTERNAL AUDIT**

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There are no accounting and auditing concerns that have been noted and brought to our attention.

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### **OTHER IDENTIFIED CONCERNs**

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The Committee noted the following areas of concern:

- Financial constraints limiting the organisation's ability to deliver on its mandate; and
- The length of the COVID crisis which will impact on the ability of the ASB to achieve its performance objectives.

Other than these matters, nothing significant has come to our attention to indicate any material breakdown in the functioning of controls, procedures, and systems.

The Committee is therefore of the opinion that Internal Audit is independent, has provided objective assurance and consulting activities that were designed to add value and improve the organisation's operations; and it is satisfied with the effectiveness of the Chief Audit Executive.

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### **THE ADEQUACY, RELIABILITY AND ACCURACY OF THE FINANCIAL INFORMATION**

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The Committee is of the opinion, based on the information and explanations provided by management as well as the results of audits performed by the internal auditors, and Morar Incorporated on behalf of the Auditor-General, that the financial information provided by management to users of such information is adequate, reliable, and accurate.

The external auditors commended management for submitting financial statements that were free from material misstatements and the Committee is satisfied with the effectiveness of the CFO and the finance function.

## **EXTERNAL AUDIT**

The Committee has reviewed the independence and objectivity of the external auditors; noted that there were no non-audit services rendered by them during the year. In line with the legislative requirements, we have also considered the external auditors' independence declaration in the auditors' report, "*We are independent of the entity in accordance with the Independent Regulatory Board for Auditors' Code of professional conduct of registered auditors (IRBA code) and other independence requirements applicable to performing audits of the financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IESBA code and in accordance other ethical requirements applicable to performing audits in South Africa. The IRBA code is consistent with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (parts A and B)*"; and the Committee is therefore satisfied with their independence.

Morar Incorporated has been appointed as the auditor of the Accounting Standards Board until 2022. The external auditors attended 5 meetings of the Committee. The Committee reviewed and approved the external audit report, and no accounting and auditing concerns were noted.

## **THE EFFECTIVENESS OF INTERNAL CONTROLS**

The Committee considered all the reports issued by the various assurance providers e.g., Internal and External auditors, Risk Committee, etc. Noted managements' actions in addressing identified control weaknesses and is satisfied with the following achievements reported for the year:

Assurance Provider	Total Findings	Resolved Findings	Unresolved Findings
Internal Audit	0	0	0
External Audit	0	0	0

Considering the above we report that the system of internal control for the period under review is considered to have been adequate.

## **COMPLIANCE WITH LEGAL AND REGULATORY PROVISIONS**

The Committee has reviewed the in-year management and quarterly reports submitted in terms of the Public Finance Management Act and the Division of Revenue Act and are satisfied that no material deviations were noted. The Committee also noted managements' policies and procedures to ensure compliance with applicable laws and regulations. The Committee also noted the external auditor's report highlighting that no instances of non-compliance were identified.

## **EVALUATION OF FINANCIAL STATEMENTS AND ANNUAL REPORT**

The Committee has evaluated the annual financial statements and performance information for the year ended 31 March 2021 and duly recommended it for the Accounting Authority's approval prior to being submitted to the external auditors for audit.

The Committee considered the Auditors' Management and Audit reports; and concurs with their conclusions. The Committee therefore accepts the audit opinion expressed by the external auditors on the annual financial statements, and annual report.

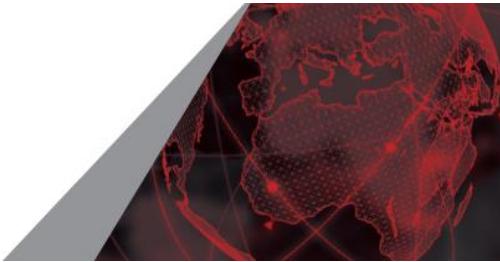
We would like to express our appreciation to the Board for their leadership and support, Chief Executive Officer, Internal Audit and management for their commitment and achievement of an unqualified audit opinion.

A handwritten signature in black ink, appearing to read "Pumla Mzizi".

**Pumla Mzizi CA(SA)**

Chairperson

24 June 2021



# INDEPENDENT AUDITOR'S REPORT TO PARLIAMENT ON THE ACCOUNTING STANDARDS BOARD

## Report on the audit of the financial statements

### Opinion

1. We have audited the financial statements of the Accounting Standards Board set out on pages 55 to 72, which comprise the statement of financial position as at 31 March 2021, statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In our opinion, the financial statements present fairly, in all material respects, the financial position of the Accounting Standards Board as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

### Basis for opinion

3. We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of this auditor's report.
4. We are independent of the entity in accordance with sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of professional conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of ethics for professional accountants and the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) respectively.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of accounting authority for the financial statements

6. The board, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP

and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

7. In preparing the financial statements, the accounting authority is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting authority either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. A further description of our responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

### **Report on the audit of the annual performance report**

#### **Introduction and scope**

10. In accordance with the Public Audit Act of South Africa of 2004 (PAA) and the general notice issued in terms thereof, we have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. We performed procedures to identify material findings but not to gather evidence to express assurance.
11. Our procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the entity. We have not evaluated the completeness and appropriateness of the performance indicators/ measures included in the planning documents. Our procedures do not examine whether the actions taken by the entity enabled service delivery. Our procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, our findings do not extend to these matters.
12. We evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the entity for the year ended 31 March 2021:

<b>Objectives</b>	<b>Pages in the annual performance report</b>
Maintain and enhance existing Standards of GRAP and develop new standards where gaps are identified.	16

Objectives	Pages in the annual performance report
Facilitate and encourage stakeholder engagement and support	17
Undertake research to ensure Standards of GRAP respond to broader financial reporting needs	18 - 19
Influence development of international Standards	19 – 20
Manage resources to ensure the ASB is operationally effective	20

- 13. We performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. We performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
- 14. We did not identify any material findings on the usefulness and reliability of the reported performance information for these objectives.

#### **Other matters**

- 15. We draw attention to the matters below. Our opinions are not modified in respect of these matters.

#### **Achievement of planned targets**

- 16. Refer to the annual performance report on pages 14 to 21 for information on the achievement of planned targets for the year.

### **Report on the audit of compliance with legislation**

#### **Introduction and scope**

- 17. In accordance with the PAA and the general notice issued in terms thereof, we have a responsibility to report material findings on the entity's compliance with specific matters in key legislation. We performed procedures to identify findings but not to gather evidence to express assurance.
- 18. We did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

#### **Other information**

- 19. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the chairperson's report, chief executive officer report and the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported in this auditor's report.

20. My opinion on the financial statements and my findings on the reported performance information and compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.
21. In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

### **Internal control deficiencies**

22. We considered internal control relevant to our audit of the financial statements, reported performance information and compliance with applicable legislation; however, our objective was not to express any form of assurance on it. We did not identify any significant deficiencies in internal control.

### **Auditor tenure**

23. In terms of the IRBA rule published in Government Gazette Number 39475 dated 4 December 2015, I report that Morar Incorporated has been the auditor of the Accounting Standards Board for 4 years.



**Vishall Samarjith**

**Director**

**Registered Auditor**

**Morar Incorporated**

**27 July 2021**

**Pietermaritzburg**

## **Annexure – Auditor’s responsibility for the audit**

1. As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout our audit of the financial statements, and the procedures performed on reported performance information for selected objectives and on the entity’s compliance with respect to the selected subject matters.

### **Financial statements**

2. In addition to our responsibility for the audit of the financial statements as described in this auditor’s report, we also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the [type of entity’s internal control].
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members of the board, which constitutes the accounting authority.
  - conclude on the appropriateness of the board’s, which constitutes the accounting authority, use of the going concern basis of accounting in the preparation of the financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of Accounting Standards Board to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. Our conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause an entity to cease operating as a going concern.
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### **Communication with those charged with governance**

3. We communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
4. We also confirm to the accounting authority that we have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

# **ANNUAL FINANCIAL STATEMENTS**

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**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH  
2021**

Figures in Rand	Note	2021	2020
<b>Revenue</b>			
Non-exchange revenue			
Transfer		11 562 577	14 340 000
Exchange revenue			
Interest		179 022	235 682
Other revenue		26 912	13 803
		205 934	249 485
		<b>11 768 511</b>	<b>14 589 485</b>
<b>Expenditure</b>			
Depreciation and impairment	6	(114 302)	(92 891)
Employee benefits	1	(9 559 351)	(11 333 258)
Operating expenditure	2	(2 071 385)	(3 111 696)
		<b>(11 745 038)</b>	<b>(14 537 845)</b>
<b>Surplus for the year</b>		<b>23 473</b>	<b>51 640</b>

**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021**

Figures in Rand	Note	<b>2021</b>	<b>2020</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	3 564 577	1 274 213
Receivables from exchange transactions	5	169 591	55 186
		<b>3 734 168</b>	<b>1 329 399</b>
<b>Non-current assets</b>			
Property, plant and equipment	6	365 267	341 794
		<b>4 099 435</b>	<b>1 671 193</b>
<b>Net assets and liabilities</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables from exchange transactions	7	295 825	430 060
Unused amount to be surrendered		2 844 423	-
Employee benefit provisions	8	593 920	899 339
		<b>3 734 168</b>	<b>1 329 399</b>
<b>Total liabilities</b>			
<b>Net assets</b>			
Accumulated surplus		365 267	341 794
		<b>4 099 435</b>	<b>1 671 193</b>

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2021**

Figures in Rand	Accumulated surplus	Total net assets
<b>Balance at 01 April 2019</b>	<b>290 154</b>	<b>290 154</b>
Surplus for the year	51 640	51 640
<b>Balance at 01 April 2020</b>	<b>341 794</b>	<b>341 794</b>
Surplus for the year	23 473	23 473
<b>Balance at 31 March 2021</b>	<b>365 267</b>	<b>365 267</b>

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021**

Figures in Rand	Note	<b>2021</b>	<b>2020</b>
<b>Cash flow from operating activities</b>			
Cash receipts			
Transfer		14 407 000	14 340 000
Other revenue		26 912	13 803
		<hr/> 14 433 912	<hr/> 14 353 803
Cash payments			
Employees		(9 854 569)	(13 000 677)
Suppliers and other service providers		(2 330 226)	(2 791 574)
		<hr/> (12 184 795)	<hr/> (15 792 251)
<b>Net cash flows from operating activities</b>	<b>9</b>	<b>2 249 117</b>	<b>(1 438 448)</b>
<b>Cash flows from investing activities</b>			
Interest		179 022	235 682
Acquisition of property, plant and equipment	6	(137 775)	(82 545)
Proceeds on disposal of property, plant and equipment	6	-	2 000
<b>Net cash flows from investing activities</b>		<b>41 247</b>	<b>155 137</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2 290 364</b>	<b>(1 283 311)</b>
Cash and cash equivalents at the beginning of the year		1 274 213	2 557 524
<b>Cash and cash equivalents at the end of the year</b>	<b>4</b>	<b>3 564 577</b>	<b>1 274 213</b>

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR  
ENDED 31 MARCH 2021**

Figures in Rand	Note	Actual	Last Publicly Available Budget	Variance
<b>Revenue</b>				
Transfer	16a	11 562 577	14 407 000	(2 844 423)
Interest	16b	179 022	160 000	19 022
Other revenue	16c	26 912	26 912	-
		<b>11 768 511</b>	<b>14 593 912</b>	<b>(2 825 401)</b>
<b>Operating expenditure</b>		<b>(11 745 038)</b>	<b>(14 641 564)</b>	<b>2 896 526</b>
Employee benefits	16d	(9 559 351)	(10 859 784)	1 300 433
Board remuneration	16e	(812 952)	(848 944)	35 992
Domestic travel	16f	-	(76 107)	76 107
Foreign travel	16g	31 435	(306 247)	337 682
Training and refreshments	16h	(169 617)	(343 969)	174 352
Communication and marketing	16i	189 021	(816 501)	1 005 522
Printing and publications	16j	(21 796)	(27 633)	5 837
Administration	16k	(1 401 778)	(1 362 379)	(39 399)
<b>Surplus/(Deficit) for the year</b>		<b>23 473</b>	<b>(47 652)</b>	<b>71 125</b>

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## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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### GENERAL INFORMATION

The ASB is a juristic person established in accordance with the PFMA and listed in Schedule 3A of that Act. The principal activity of the Board is the setting of Standards of GRAP.

### SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation and presentation of these financial statements are set out below. The accounting policies described below relate to the material activities of the ASB. As the ASB is a standard-setter, its significant accounting policies relate to revenue recognition, employee-related costs, and assets. A statement of all the accounting policies used by the ASB is published on the [ASB website](#).

### BASIS OF PREPARATION

The annual financial statements have been prepared in accordance with Standards of GRAP, as set out in the Directive on *Determining the GRAP Reporting Framework*. They are presented in South African Rand, which is the functional currency of the Republic of South Africa.

These financial statements are prepared on an accrual basis using the going concern principle. Assets and liabilities are measured using the historical cost measurement basis, unless stated otherwise.

### EMPLOYEE BENEFITS

Employee benefits include monthly salaries, leave entitlements, performance bonuses, and post-retirement benefits.

#### *Leave entitlement*

Provision for employee entitlement to annual leave represents the present obligation that the ASB has as a result of employees' services provided up to the reporting date. The provision is calculated using salary rates effective at the reporting date.

Provision is made for long service leave which accrues to employees who have completed ten years of unbroken service and every five years thereafter. The provision is based on the actual leave days granted at the rate of remuneration. Long service leave is forfeited if not used within two years after the grant date.

#### *Performance bonuses*

The provision for performance bonuses represents the obligation to reward performance based on the performance incentive arrangements in place for services rendered up to the reporting date. The provision is the best estimate of performance bonuses payable in terms of the rules of the arrangements at the reporting date and using past history.

#### *Post-retirement employee benefits*

The ASB contributes to a retirement annuity fund on behalf of some of its employees and is not exposed to any actuarial or investment risk of the fund. As the contributions made are those of the employees from guaranteed remuneration, the contributions paid are expensed as remuneration.

## **REVENUE**

### *Transfer from the National Treasury*

The transfer from the National Treasury is recognised when it is probable that future economic benefits will flow to the ASB and when the amount can be reliably measured. The ASB determines this date to be the transfer it is entitled to at the start of the financial year. The transfer is subject to conditions because, if the ASB does not utilise the funds for the purposes agreed with the National Treasury, the ASB must return unutilised funds. A liability is recognised for any unutilised funds.

### *Services received in-kind*

The ASB recognises services received in kind in the statement of financial performance at the fair value of these services received, when they are significant to the ASB's operations, and to the extent that a fair value can be determined reliably. Where the services are not significant, and/or the fair value cannot be determined reliably, the nature and type of services received are disclosed. Services received in kind include shared services with the National Treasury, volunteer project group members and Board members in public service, training provided to the ASB employees, and the hosting of events. While these services are important for the ASB's operations, they are not significant and therefore not recognised.

## **PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The depreciable amounts of property, plant and equipment are allocated on systematic bases over their useful lives. Management expects to use the assets for their full useful lives and therefore the residual values are estimated to be negligible. Useful lives and residual values are assessed when there is an indication that there is a change in the useful life or residual value.

The estimated useful lives of property, plant and equipment are as follows:

<b>Item</b>	<b>Average useful life</b>
Furniture and fittings	12 – 20 years
Office equipment	3 – 12 years

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in surplus or deficit for the period.

## **BUDGET INFORMATION**

The financial statements and the budget are prepared on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period has been included in the Statement of Comparison of Budget and Actual Amounts.

## **CRITICAL ACCOUNTING JUDGEMENTS**

Aspects where judgement has been exercised that may have a significant risk of causing a material adjustment to the carrying value of liabilities and assets within the next financial period, are discussed below.

### *Determination of adequacy of leave provision*

The leave provision is based on actual days leave due to employees at their rate of remuneration. Remuneration increases take effect annually at the beginning of the financial year. In determining the provision, it is assumed that no leave will be forfeited. The assumption is based on past history.

The provision is based on the actual leave days granted at the rate of remuneration. Unused long service leave cannot be converted into cash, and it is also forfeited if not used by retirement date or when an employee resigns.

*Determination of useful lives for property, plant and equipment*

In determining the useful lives of items of property, plant and equipment, consideration is given to the physical condition and the likelihood of obtaining funding to replace individual assets. The assets' lives exceed industry norms for similar assets. In re-assessing useful lives, the depreciation charge in the statement of financial performance is adjusted.

**FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and/or wasteful expenditure incurred. Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.

Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

Figures in Rand	<b>2021</b>	<b>2020</b>
<b>1. Employee benefit costs</b>		
Guaranteed salary	9 852 871	9 793 000
Performance bonus	-	1 142 605
Contribution to UIF	11 898	12 492
<b>Employee cost</b>	<b>9 864 769</b>	<b>10 948 097</b>
Movement in provision for performance bonus	(363 548)	363 548
Movement in leave provision	58 130	21 613
	<b>9 559 351</b>	<b>11 333 258</b>

**2. Operating expenditure has been arrived at after charging**

Auditors' remuneration – Fees	100 646	94 306
Domestic travel	-	139 036
Foreign travel	(31 435)	368 269
Operating lease expense	548 648	653 061

**3. Taxation**

The ASB is exempt from income tax in terms of Section 10(1)(cA)(i) of the Income Tax Act, Act No. 58 of 1962, as more than 80% of its expenditure is defrayed from funds voted by Parliament.

The ASB is exempt from the payment of Value Added Tax (VAT) on the transfer received. However, the ASB is liable to pay VAT on imported services received. VAT paid by the ASB for other goods and services is not refundable by SARS. As a result, some of the items of revenue and expenditure and assets and liabilities include VAT.

Figures in Rand

2021

2020

#### 4. Cash and cash equivalents

Cash and cash equivalents consist of the following:

##### Financial assets

Cash at bank	55 889	67 689
Interest bearing call account	3 508 688	1 206 524
	<b>3 564 577</b>	<b>1 274 213</b>

Refer to note 11 on financial instruments for how risk is managed in relation to the financial assets listed above.

#### 5. Receivables from exchange transactions

Deposits	55 186	55 186
Staff receivables	114 405	-
	<b>169 591</b>	<b>55 186</b>

#### 6. Property, plant and equipment

	2021			2020		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fittings	472 148	(288 412)	183 736	475 092	(258 778)	216 314
Office equipment	436 706	(255 175)	181 531	301 530	(176 050)	125 480
<b>Total</b>	<b>908 854</b>	<b>(543 587)</b>	<b>365 267</b>	<b>776 622</b>	<b>(434 828)</b>	<b>341 794</b>

Figures in Rand

	Furniture and fittings	Office equipment	Total
<b>Balance 1 April 2019</b>	<b>161 632</b>	<b>192 741</b>	<b>354 373</b>
Additions	82 545	-	82 545
Disposals at cost	(31 956)	-	(31 956)
Depreciation on disposals	29 723	-	29 723
Depreciation and impairment	(25 630)	(67 261)	(92 891)
<b>Balance 1 April 2020</b>	<b>216 314</b>	<b>125 480</b>	<b>341 794</b>
Additions	-	137 775	137 775
Depreciation and impairment	(32 578)	(81 724)	(114 302)
<b>Balance 31 March 2021</b>	<b>183 736</b>	<b>181 531</b>	<b>365 267</b>

	2021	2020
<b>Proceeds on disposal</b>	-	2 000
Disposals at net book value	-	(2 233)
<b>Loss on disposal</b>	<b>-</b>	<b>(233)</b>

Figures in Rand

**2021**

**2020**

## 7. Payables from exchange transactions

Payables at amortised cost	20 355	4 652
Accruals for goods and services	224 522	412 592
Payroll related accruals	2 615	12 816
	247 492	430 060
Straight-lining of operating lease	48 333	-
	<b>295 825</b>	<b>430 060</b>

Refer to note 11 on financial instruments for how risk is managed in relation to the financial liabilities listed above.

## 8. Employee benefit provisions

Provision for leave	593 920	535 791
Provision for performance bonuses	-	363 548
	<b>593 920</b>	<b>899 339</b>

### Provision for leave

Opening balance	535 791	514 177
Increase in provision	843 358	864 968
Leave paid out	(61 539)	-
Change in estimate	24 601	23 518
Amounts utilised during the year	(748 291)	(866 872)
Closing balance	<b>593 920</b>	<b>535 791</b>

In terms of the ASB's leave policy, employees are entitled to accumulated vested leave benefits not taken within a leave cycle, provided that any leave benefits not taken within one year after the end of a leave cycle are forfeited.

Figures in Rand	<b>2021</b>	<b>2020</b>
<b>Provision for performance bonuses</b>		
Opening balance	363 548	2 050 006
Increase / (Decrease) in provision	(363 548)	1 506 153
Performance bonuses paid: 2018/19	-	(2 050 006)
Performance bonuses paid: 2019/20	-	(1 142 605)
<b>Closing balance</b>	<b>-</b>	<b>363 548</b>

In terms of the ASB policy, the Operations Committee, in its capacity as remuneration committee makes recommendations to the Board to reward performance. Performance bonuses are usually paid on 31 March.

## 9. Net cash flows from operating activities

Surplus for the year	23 473	51 640
<b>Adjustments for:</b>		
Depreciation and impairment	114 302	92 891
Decrease in provisions	(305 419)	(1 664 845)
Interest	(179 022)	(235 682)
Loss on disposal	-	233
Straight-lining of operating lease	48 333	-
<b>Changes in working capital:</b>		
Receivables from exchange transactions	(114 405)	-
Payables from exchange transactions	(182 568)	317 315
Unused amount to be surrendered	2 844 423	-
<b>2 249 117</b>	<b>(1 438 448)</b>	

## 10. Financial instruments

### Financial assets

Cash and cash equivalents	4	3 564 577	1 274 213
Staff receivables	5	114 405	-
		3 678 982	1 274 213

### Financial liabilities

Payables from exchange transactions	7	295 825	430 060
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## 11. Financial risk management

### Credit risk

#### *Cash and cash equivalents*

The ASB holds cash and cash equivalents with an investment grade rated registered banking institution, which it regards as having an insignificant credit risk. The balance is held at the CPD, which has the same rating as the South African Reserve Bank. Funds deposited with the CPD are kept at a maximum to maximise interest earned. The interest rates on this account fluctuate in line with movements in current money market rates. Rates earned on funds deposited with the CPD are higher than those earned on funds in the short-term money market account.

### Liquidity risk

#### *Payables from exchange transactions*

The ASB is only exposed to liquidity risk regarding the payment of its payables. These payables are all due within the short-term. The ASB manages its liquidity risk by holding sufficient cash in its bank account, supplemented by cash available at the CPD.

Figures in Rand

## 12. Related parties

### Remuneration of key management

<b>2021</b>	<b>Salary</b>	<b>Performance bonus</b>	<b>UIF contributions</b>	<b>Total</b>
Chief Executive	2 782 000	-	1 785	<b>2 783 785</b>
Technical Director	2 080 000	-	1 785	<b>2 081 785</b>
	<b>4 862 000</b>	-	<b>3 570</b>	<b>4 865 570</b>
<hr/>				
<b>2020</b>				
Chief Executive	2 660 000	208 010	1 785	2 869 795
Technical Director	1 989 000	155 538	1 785	2 146 323
	<b>4 649 000</b>	<b>363 548</b>	<b>3 570</b>	<b>5 016 118</b>

The Board appointed the Chief Executive, Ms E Swart, on 1 March 2003. She reaches retirement age and will retire in March 2022.

### Remuneration of Board members

Refer to [Section 4](#) on Governance for the disclosure of Board members' remuneration. Board members employed by national, provincial, or local government or other organs of state are not remunerated.

### Other related parties

The Minister of Finance is the Executive Authority, and the National Treasury has the responsibility to make provision for funding the activities of the ASB by way of a transfer listed in the Estimates of National Expenditure. The ASB also receives Audit Committee and internal audit services that are paid for by the National Treasury.

As the ASB is a national public entity and controlled by the national government, any other controlled entity of the national government is a related party. All transactions with such entities are at arm's length and on normal commercial terms, except where employees of national departments or national public entities participate in the ASB's processes and do not receive any remuneration.

	2021	2020
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## 13. Commitments

### Lease commitments

#### Office building and parking

Due within one year	372 000	511 980
Due within 2-5 years	1 116 000	2 317 047
	<b>1 488 000</b>	<b>2 829 027</b>

The lease is a five-year lease, which commenced on 1 April 2020 and terminates on 31 March 2025. The lease agreement provides for an escalation of rental by 5% per annum. The lockdown demonstrated the need for smaller offices and as a result, the rent was renegotiated at R 31 000 (2020: R42 665) per month from 1 March 2021 for the remaining lease period.

## 14. Fruitless and wasteful expenditure

Opening balance	-	-
Penalties and interest incurred on import VAT	19 874	-
Closing balance	<b>19 874</b>	-

The ASB, along with other public sector entities, was advised by SARS that it should pay VAT on imported services. A process of identifying services received in the last five years was undertaken. As no VAT had previously been paid, penalties and interest on the non-payment of VAT was incurred. This resulted in an additional expense of R67 210 of which R4 742 relates to penalties and R15 132 is interest. No investigation was undertaken as no one can be held accountable for the non-payment of VAT.

## 15. Services received in-kind

The ASB received services in-kind from:

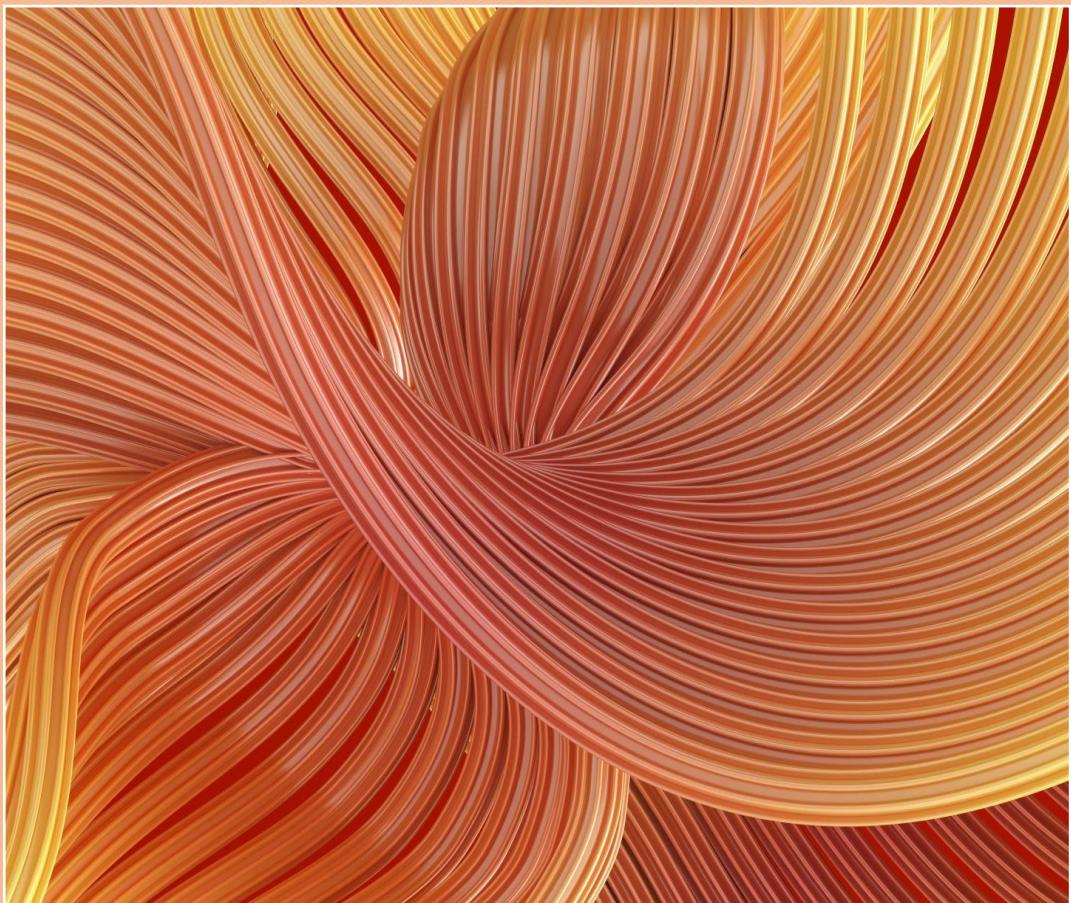
- The National Treasury for the shared internal audit activity and remuneration paid to the members of the Audit Committee. The annual report of the National Treasury includes information on attendance and remuneration of the Audit Committee members.
- Members of project groups who are not remunerated by the ASB for their contributions to standard-setting. Refer to [Annexure A](#) for the detail of support received.
- Board members who are employees of organs of state who are not remunerated.
- W.Consulting for allowing the Secretariat to attend training courses free of charge. The value of services received in-kind during the reporting period is R2 134 (2020: R14 490).
- ASB events, meetings and workshops that are hosted by several organisations.

## **16. Budget variances**

The Board approved the budget and submitted it to the Executive Authority in terms of section 53(1) of the PFMA.

Explanations for significant variances from the last publicly available budget are:

- a. Unused funds to be surrendered to the National Revenue Fund.
- b. Interest received is higher than budgeted due to the higher levels of unused funds that resulted from reduced spending. The unused funds were invested in the CPD account.
- c. Royalties earned from the sale of GRAP Handbooks.
- d. The variance arose from the saving on employee costs due to a staff member being on unpaid leave for four months, the reversal of the 2019/2020 unused bonus provision and the non-payment of bonuses during 2020/21.
- e. The Board held additional meetings while the duration of some of the planned Board and subcommittee meetings were shorter than the budgeted time.
- f. No local travel costs were incurred. This is due to the impact of COVID-19 with the travel restrictions and all Board meetings and stakeholder engagements hosted virtually.
- g. No international travel costs were incurred due to the COVID-19 travel restrictions. A refund was received on cancelled tickets.
- h. Training costs are lower than budget. Three staff members have not made use of any of the coaches on the panel of coaches.
- i. Communication and marketing costs are lower than budget. This is mainly due to the translations costing less than budgeted and the reversal of an accrual. The appointment of a panel of translators has been delayed until funding becomes available. Savings were also made on website maintenance and social media management which is now in-house.
- j. Printing costs are lower than budget as staff is working virtually.
- k. Administrative costs include savings on establishment costs incurred while working virtually but includes an accrual for the cost of a legal opinion obtained that was not budgeted.



## SECTION 7

### Annexures

## **ANNEXURE A – TECHNICAL SUPPORT RECEIVED IN THE DEVELOPMENT OF THE BOARD’S PRONOUNCEMENTS**

The table below outlines the technical support received from representatives of the following organisations, in the form of participation in project groups, during the development of pronouncements issued by the Board. Four meetings were hosted per project. The table indicates the number of meetings attended per project.

Organisation	<i>Projects</i>	
	Employee Benefits	Past Materiality Decisions
<b>PREPARERS</b>		
City of Cape Town	2	-
Department of Rural Development and Land Reform	2	-
Drakenstein Municipality	-	1
Nelson Mandela Bay Municipality	1	-
SANPARKS	1	-
Sol Plaatje Municipality	1	-
Technology Innovation Agency	1	-
<b>AUDITORS AND CONSULTANTS</b>		
AGSA	2	2
EY	2	2
KPMG	1	-
Mazars	1	-
PWC	2	2
SoluGrowth	1	2
W Consulting	-	1

Organisation	<i>Projects</i>	
	Employee Benefits	Past Materiality Decisions
<b>USERS</b>		
Free State Provincial Treasury	1	-
National Treasury	2	2
<b>ACADEMIA</b>		
University of Pretoria	2	1
<b>PROFESSIONAL BODIES</b>		
SAICA	1	-
SAIPA	1	-

## **ANNEXURE B - LIST OF PROJECTS IDENTIFIED IN THE WORK PROGRAMME FOR 2021 TO 2023**

The table below outlines the projects identified by the Board to be undertaken during the period 1 April 2020 to 31 March 2023.

No.	Project	Status			
		2021	2022	2023	
<b>Strategic objective 1 – Maintain and enhance existing Standards of GRAP and develop new Standards where gaps are identified</b>					
<b><i>Local initiatives</i></b>					
1.	Review of GRAP 3 on <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	In progress	Finalise		
2.	Going Concern and Liquidation Basis of Accounting		Commence		
<b><i>Maintenance of Standards</i></b>					
3.	Reporting Framework (published annually)	Completed	Commence	Commence	
4.	Improvements to Standards			Commence	
<b><i>Convergence with IPSASB and IASB</i></b>					
5.	Employee Benefits*	Completed			
6.	Social Benefits		Commence		
7.	Leases			Commence	
8.	Review of IPSAS 40 on <i>Public Sector Combinations</i>			Commence	
9.	IFRIC 22 on <i>Foreign Currency Transactions and Advance Consideration</i>			Commence	
<b><i>Promote adoption of Standards</i></b>					
10.	Transitional Provisions for Social Benefits			Commence	
11.	Influence Adoption of Standards of GRAP by Departments	Ongoing	Ongoing	Ongoing	

No.	Project	Status		
		2021	2022	2023
<b>Strategic objective 2 – Facilitate and encourage stakeholder engagement and support.</b>				
12.	Communication Material for Users of Financial Statements		Commence	
<b>Strategic objective 3 – Undertake research to ensure Standards of GRAP respond to broader financial reporting needs</b>				
<b>Research</b>				
13.	Application of GRAP by Small Entities*	Completed		
14.	Use of the Cash Flow Statement*	Suspended		
<b>Reviews of Standards of GRAP</b>				
15.	Results of Post-implementation Review of GRAP 103 on <i>Heritage Assets</i> and possible amendments*	Completed		
16.	Results of review of Directive 12 <i>The Selection of an Appropriate Reporting Framework by Public Entities</i> and possible amendments*	Ongoing	Finalise	
17.	Post-implementation review of GRAP 109 on <i>Accounting by Principals and Agents</i>			Commence
18.	Desktop Review of GRAP 2 on <i>Cash Flow Statements</i> *	Completed		
19.	Desktop Review of GRAP 24 on <i>Presentation of Budget Information in Financial Statements</i>		Commence	

\*These projects were carried over from the previous work programme for the period 2017 to 2020.



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**RP163/2021  
ISBN: 978-0-621-49469-3**