



**ANNUAL PERFORMANCE PLAN
FOR THE FISCAL YEAR ENDING ON
31 MARCH 2019
DATE OF TABLING: MARCH 2018**

Foreword

The ASB is responsible for setting Standards of GRAP for all spheres of the public sector. The Board also performs any function incidental to advancing financial reporting in the public sector.

The Annual Performance Plan is aimed at setting policy priorities for the ASB for the next financial year in accordance with its legal mandate to enable the ASB's performance to be monitored.

Official Sign-Off

It is hereby certified that this Annual Performance Plan:

- Was developed by the management of the ASB under the guidance of the Minister of Finance.
- Was prepared in line with the current Strategic Plan of the ASB.
- Accurately reflects the performance targets which the ASB will endeavour to achieve given the resources made available in the budget for the financial year ending on 31 March 2019.

Erna Swart

Chief Executive Officer



Trix Coetzer

Chairperson



Contents

PART A: STRATEGIC OVERVIEW	5
1. Vision	5
2. Mission of the ASB	5
3. Updated situational analysis	5
3.1 Strategic planning process	5
3.2 Local financial reporting environment	5
3.3 International standard-setting environment.....	10
3.4 Funding.....	11
3.5 Organisational environment	12
3.6 Revisions to legislative and policy mandates	12
4. Revisions to legislative and policy mandates	13
4.1 Relating expenditure trends to strategic oriented outcome goals	13
4.2 Planned initiatives	14
5. Overview of 2019 budget and MTEF estimates	15
5.1 Expenditure estimates (R'000).....	15
5.2 Relating expenditure trends to strategic oriented outcome goals	17
5.3 Quarterly budgeted projections 2018-2019 (R).....	19
PART B: PROGRAMME PLAN	20
6. Strategic outcome oriented goal of the institution.....	20
6.1 Our strategic outcome oriented goal is as follows:	20
6.2 Programme performance indicators and annual targets for 2018-2019.....	20
6.3 Quarterly targets for 2018-19.....	21
PART C: LINKS TO OTHER PLANS.....	25
7. Links to long term infrastructure and other capital plans	25
8. Conditional grants.....	25

ASB ANNUAL PERFORMANCE PLAN FOR THE FISCAL YEAR 2019

9. Public entities..... 25

10. Public private partnerships 25

Annexure A – Changes to Strategic Objectives and Performance Indicators listed in Strategic Plan 26

Annexure B - Risk management..... 30

Annexure C – Work Programme for the year ended 31 March 2019 31

PART A: STRATEGIC OVERVIEW

1. Vision

To develop Accounting Standards that promotes accountability, transparency and effective financial management within all spheres of government.

2. Mission of the ASB

The ASB achieves this through focused and targeted stakeholder interaction that results in the provision of relevant, credible and implementable Accounting Standards.

3. Updated situational analysis

3.1 Strategic planning process

The strategy has been developed by the ASB after the national election in 2015. A new strategy will be developed in 2019 after the national elections that year. During the intervening period, the strategy is updated through the annual performance plan for changes in funding and the situational analysis.

The situational analysis comprises an analysis of both the local and international financial reporting environments, as well as the organisational environment.

The annual performance plan is informed by the work programme of the ASB. The work programme is compiled after consultation with stakeholders for a period of three years. The last work programme consultation took place in 2016, and covers the period 2017-2020. The next consultation will commence in 2018/2019.

The activities of the ASB are determined having regard to the resource constraints, i.e. limited funding and a small staff complement.

The OAG and AGSA are key stakeholders in the standard setting process and are consulted, before finalising the strategy.

The strategy is approved by the Board in its capacity as accounting authority and submitted for approval to the Minister of Finance in his capacity as executive authority for tabling in Parliament.

3.2 Local financial reporting environment

3.2.1 Activities of the ASB

In deciding which projects the ASB should undertake, the Board evaluates the feedback received from stakeholders and applies the following criteria in selecting and prioritising projects:

Project specific considerations

- Provides guidance where none exists, and would address inappropriate or divergent accounting practice.
- Maintains alignment with international best practice, and/or current suite of Standards.

ASB ANNUAL PERFORMANCE PLAN FOR THE FISCAL YEAR 2019

Overarching considerations

- Impact of the project, in particular its significance to accountability and decision-making.
- Available ASB resources.
- Financial management environment within which the entity operates.
- Capacity of stakeholders to participate in the public consultation process.
- Urgency of the topic.

The projects undertaken by the ASB address each of the four standard-setting objectives, i.e.: (a) setting the Standards, (b) promoting the implementation of the Standards, (c) monitoring the application of the Standards, and (d) influencing the international standard setting processes.

(a) Setting Standards of GRAP

For the first time during the year under review, the ASB will undertake both development and research activities.

Development activities

Based on feedback received, the ASB agreed to limit the development of new Standards during 2017 to 2020. Preparers are involved in a number of reforms in the public sector, including the implementation of mSCOA over this period, reducing the time available to comment on, or implement, new Standards. Any new Standards will focus on resolving issues experienced in practice related to the application of existing Standards.

The Board will complete the following projects during 2018/2019:

- Application of Materiality in the Preparation of Financial Statements:

Applying the Standards of GRAP results in information that is relevant to users to hold entities accountable and make decisions. "Materiality" is the threshold applied by preparers when compiling their financial statements to decide which information is most relevant to users. This consideration requires a high degree of judgement to be applied by preparers. This project aims to provide guidance to preparers on when and how to consider materiality so as to improve the quality of the information made available to users.

- Accounting for Adjustments to Revenue:

Entities in the public sector frequently charge revenue based on legislative or other requirements, e.g. municipal property rates, taxes, levies, licences and other fees. Legislation or equivalent usually requires the entity to follow a specific due process to determine the fee, levy, percentage or basis to use in charging revenue. These processes may be subject to an appeal or objection. Due to the legislative nature underpinning these types of revenue, an entity will recognise revenue based on the best information available at a point in time. The outcome of an appeal or objection process may however mean that adjustments are needed to the amounts of revenue already recognised (sometimes in historical reporting periods). The project aims to

ASB ANNUAL PERFORMANCE PLAN FOR THE FISCAL YEAR 2019

provide guidance on how these adjustments should be made in the financial statements of the current and any previous reporting period affected.

- Accounting for landfill sites:

Municipalities are primarily responsible for the operation of landfill sites. Legislation requires municipalities to rehabilitate the landfill site after closure to its previous state. Accounting principles require that the municipality recognise an obligation in its financial statements for the costs it will incur in future to rehabilitate the site. Local government preparers highlighted practice issues with both accounting for the landfill site as an asset and the obligation it should recognise for rehabilitation. A guideline is being developed to assist preparers on these matters.

- Financial Instruments:

The accounting for financial instruments was criticised in the wake of the global financial crisis, particularly the use of certain measurement bases and the delay in recognising credit losses in the financial statements. Although the Board has a Standard on *Financial Instruments*, it is necessary to revise certain aspects of it based on new thinking in the private sector. These amendments will improve the information available on financial instruments as (a) entities have greater flexibility in how the instruments are measured so as to reflect an entity's reasons for holding instruments, and (b) more information is available about the credit risk associated with instruments.

A new project will be initiated during 2018/2019 to develop guidance on the Use of Standards of GRAP by Public Sector Entities that Apply IFRS. This guidance is aimed at providing guidance to public sector entities that apply IFRSs, but where the IFRSs lack guidance on public sector specific issues, e.g. heritage assets.

Research activities

The ASB will undertake research in two areas:

- Citizens Guide on Financial Reporting:

One of the primary users of the financial statements is citizens, i.e. people that pay taxes and receive government's services. The information in the financial statements is voluminous and may not be easily understood by the average citizen. In order to make the information more accessible, the ASB was requested to consider whether a more simplified report may be needed for citizens on key aspects of an entity's financial position and financial performance. The Board will research the need for this information, whether it is within the ASB's mandate to require entities to produce this information, and/or whether the simplified report should include a discussion on service delivery achievement.

- Application of Standards of GRAP by small entities:

At present, all entities in the public sector apply Standards of GRAP. Stakeholders indicated that some entities require less onerous accounting requirements as their operations are not complex. It was indicated that having less onerous requirements would assist in addressing the skill and capacity shortages that often exist in these entities as they fail to attract and retain skilled staff. The ASB will research whether

ASB ANNUAL PERFORMANCE PLAN FOR THE FISCAL YEAR 2019

certain aspects of the Standards of GRAP could be excluded from the reporting framework for smaller entities.

(b) *Promoting the implementation of Standards*

The date for the selection and implementation of an appropriate reporting framework by government business enterprises (Schedule 2, 3B and 3D entities) based on the criteria set out in Directive 12 is financial years commencing on or after 1 April 2018. Accordingly, the ASB anticipates that entities that are late in applying the Directive may experience difficulties and need guidance. This may include the development of *Frequently Asked Questions* during this period.

(c) *Monitor the application of the Standards*

Monitoring the application of the Standards is a two-fold process. Firstly, principles are provided to preparers during the implementation phase in the form of directives to facilitate implementation, and forums for discussions are hosted for preparers. Secondly, once Standards are implemented, preparers, auditors and users are consulted about the implementation experience and difficulties encountered in meeting the reporting requirements to determine whether the Standards are achieving the accountability and decision making focus intended.

The ASB will undertake the following projects aimed at monitoring the application of the Standards:

- Assessing the effectiveness of the amendments made to GRAP 16 and 17 arising from the post-implementation review.
- Completing any actions arising from the review of Statement of Financial Performance.

(d) *Influence international standard setting activities*

In line with the ASB's strategy of not issuing any new Standards, no new Standards of GRAP based on International Public Sector Accounting Standards (IPSASs) will be issued during the reporting period.

The strategy for the upcoming year is to monitor international projects and provide input on these projects on an on-going basis. Of particular importance are projects to develop guidance on accounting for social benefits and non-exchange expenses, revising the accounting for leases, and revisiting the principles for the recognition of revenue.

3.2.2 Strategic risks facing the ASB

The following are strategic risks facing the ASB:

- Delays in the determination of an implementation date by the Minister of Finance for Standards approved by the Board – The dates proposed for implementation of Standards of GRAP approved by the Board are determined after consultation with the Accountant-General and the Auditor-General. As a result, the approval by the Minister of Finance and the publication of the Notice in the Government Gazette should be a simple administrative function. The current delays result in potential improvements in public financial management not being implemented. Information that should be included in annual financial statements is not provided. As a result decision making

ASB ANNUAL PERFORMANCE PLAN FOR THE FISCAL YEAR 2019

and accountability is adversely affected. Some of the potential impact is offset by permitting entities to use the approved standards to formulate accounting policies for the applicable transactions, and events.

- The number of changes in the officeholders of the Minister, the Director-General and the Accountant-General – The number of Standards for which an implementation date has not been determined stretches over a period from 2011 to date. During that period, there were 4 different Ministers of Finance, 3 different Directors-General and two Accountants-General and a number of Acting Accountants-General. The lack of continuity contributed to the delays in determining implementation dates.
- New Board members – The current term of the Board expires on 28 February 2018. The new Board members must have the technical financial reporting skills expected from a standard setting board. A number of technical projects as set out in the work programme will be in progress. The timely appointment of the new Board, and the time needed by new Board members to understand the standard setting process and the stage of development of those projects already in progress, may have an adverse effect on the Board's ability to deliver in accordance with the agreed work programme and performance targets.
- Exemptions and partial exemptions from compliance with the requirements of Standards of GRAP - The granting of exemptions by the Minister or the OAG to entities that need to adopt Standards of GRAP (in full or with the requirements of a specific Standard), or the extension of the transitional requirements of a Standard may hold a reputational risk for the Board. It may impact the commitment of current preparers to comply with the requirements of Standards and impair the quality of information prepared in accordance with the Standards.
- Finalisation of Memorandum of Understanding (MOU) with the Office of the Accountant-General (OAG) – The finalisation of a MOU with the OAG is aimed at formalising the working relationship between the ASB in its capacity as standard setter and the OAG in its capacity as implementer of the Standards. The MOU clarifies the roles and responsibilities of both parties, including turnaround times for documents submitted to both parties and continuity and funding of IPSASB participation.
- Adequacy of funding – Sufficient funding is not available to perform all the functions required from a standard setter. As a result, post-implementation reviews of Standards of GRAP are not performed. Post-implementation reviews are used to identify implementation issues experienced by preparers of financial statements, and whether the implementation of the Standard of GRAP achieved the intended outcome. A post-implementation review is used to identify whether the disclosure requirements of a Standard is being provided by preparers and whether or not the information provided is used by users and whether the information is useful. The results of the review are used to clarify the Standard, provide additional guiding principles, if necessary, and alert both the National Treasury and the Auditor General of South Africa of capacity constraints or training initiatives required. Mitigating controls have been implemented to ensure that feedback from stakeholders is obtained. These include the Accounting Forum, the trilateral meetings, the establishment on a user reference group and the issuing of *Frequently Asked Questions* based on feedback received. Desktop reviews of selected

ASB ANNUAL PERFORMANCE PLAN FOR THE FISCAL YEAR 2019

areas of financial reporting are also used to identify the need for further guidance to preparers and a limited consultation with users regarding the information presented.

- Retention of key staff – The work programme of the ASB is determined after consultation with stakeholders and taking into account the capacity available in the ASB. Accordingly, a vacancy amongst ASB technical staff can result in the ASB being unable to deliver in accordance with its work programme or achieve the targets set out in its performance plan. The available pool of potential employees is also limited, as the skills required are not those demonstrated by recently qualified chartered accountants. Standard setters need to have an interest in the technical nature of standards and have an ability to write. These skills are not taught during the training of chartered accountants. At present, there are no vacancies, but the situation is monitored on an on-going basis. The problem is made worse by the small pool of employment equity candidates available for recruitment.
- Remuneration of key staff - The adequacy of funding has an impact on the ability of the ASB to retain key technical staff. Staff remuneration is benchmarked using a national remuneration survey and those of the staff of the Auditor-General and the Independent Regulatory Board of Auditors. Both organisations employ staff performing research and setting standards, which are the closest match to the work performed by the technical staff. The remuneration paid by the ASB is lower than those paid by these organisations. In addition, cost containment measures have reduced the funding available for performance based remuneration. Funding constraints mean the ASB cannot pay a premium to recruit staff with employment equity credentials.

3.3 International standard-setting environment

3.3.1 Influencing the International Public Sector Accounting Standards Board (IPSASB)

Internationally, the IPSASB work programme focuses on public sector-specific projects and maintaining the existing IPSASs. Existing IPSASs are either public sector-specific or based on IFRS.

The ASB monitors the work of the IPSASB and consults widely on the IPSASB pronouncements by publishing consultation papers and exposure drafts concurrently for comment and submitting comment letters on those pronouncements. South Africa participates in the meetings of the IPSASB, with the Chief Director: Technical Support Services in the Office of the Accountant-General of the National Treasury serving as a board member for a renewable term of three years from 1 January 2017, while an employee of the ASB serves as technical advisor. The finalisation of the MOU with the OAG is important to ensure continuity of membership.

New projects undertaken by IPSASB require more research to crystallise public sector specific issues and to align Standards with the Conceptual Framework. Since many of the developments are new to the public sector and to South Africa specifically, the resources available to the ASB should be considered.

The nature of the work will challenge the staff of the ASB, and the ASB needs to ensure the appropriate project specialists are involved at the right time.

3.3.2 Influencing the International Accounting Standards Board (IASB)

The ASB monitors the development of new or revised IFRSs issued by the IASB to maintain alignment with these Standards, to identify public sector specific issues and to ensure staff have the skills needed to influence the international processes. The preferred and most cost effective method is to leverage off the international processes, by first influencing the IASB standard setting process, and then the IPSASB process when these Standards are amended to take into account public sector specific issues. Once these processes are complete, the ASB commences the local process to identify South African specific issues before considering these Standards for inclusion on to the ASB work programme.

The ASB participates in the local process, by attending the Accounting Practices Committee, a committee of the South African Institute of Chartered Accountants that is tasked with monitoring the work of the IASB and commenting on pronouncements issued for comment. The ASB participates in project groups to assist with drafting the comment letter where the matter is of relevance to the public sector and in some cases where the issue is of such significance, issue an independent comment letter. The ASB also attends the Financial Reporting Standards Council (FRSC), a council operating under the auspices of the Department of Trade and Industry, the private sector standard setters meetings and participating in the FRSC's Financial Reporting Technical Committee.

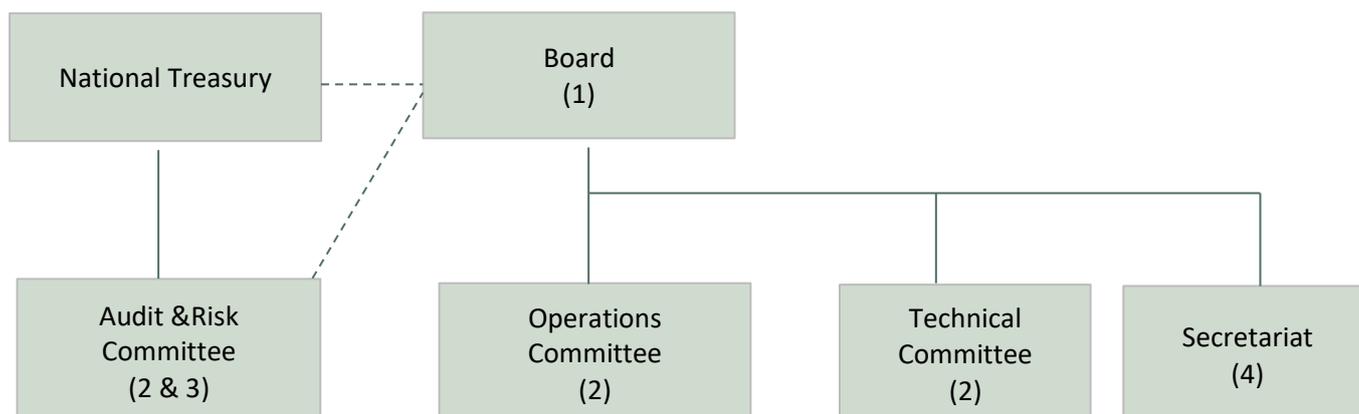
3.4 Funding

The ASB is funded through a transfer payment within the National Treasury Vote.

The transfer payment equates to approximately 97% of the revenue with the balance being fees received from membership of other entities' audit committees and interest earned as a result of effective cash management.

From an expenditure perspective, approximately 81% relates to remuneration of employees and fees paid to Board members, with the balance relating to the cost of the ASB establishment. Of the total expenditure, 3% is discretionary, while the balance is fixed. Discretionary expenses are those expenses that can be delayed or avoided, for example training and translations. Both are essential components given the strategic risks and ensuring compliance with laws and regulations.

3.5 Organisational environment



Notes to the organisational environment:

1. The Board is comprised of 10 non-executive members. Board members (or their employers) are remunerated for their attendance at meetings (with the exception of members who are employed by another organisation in the public sector). Both the Accountant-General and the Auditor-General are members of the Board in their official capacity. When these positions are vacant, the Board has fewer members, unless the Minister of Finance appoints the Acting Accountant-General or Auditor-General during the interim.
2. The Board has three Board committees: the Audit and Risk Committee (ARC), the Operations Committee and the Technical Committee. The National Treasury remunerates members of ARC for attendance of meetings. Members of the other two committees are remunerated for their attendance by the ASB. Members of ARC are appointed by the National Treasury, while the members of the other two committees are appointed by the Board.
3. The ARC and the internal audit function are shared with the National Treasury. The National Treasury bears the cost of these functions. The Chairperson of ARC attends the Board meetings. He/she is remunerated for attending the Board meetings of the ASB, by the ASB.
4. The Secretariat is currently comprised of a Chief Executive Officer, a Technical Director, three standard setters, a financial manager, and an office administrator.

3.6 Revisions to legislative and policy mandates

3.6.1 Legislative mandate

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;

ASB ANNUAL PERFORMANCE PLAN FOR THE FISCAL YEAR 2019

- 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;
- Take into account all relevant factors in setting Standards of GRAP;
- Set different Standards of GRAP, where necessary, for different categories of institutions to which these Standards of GRAP apply; and
- Promote accountability, transparency, and effective management of revenue, expenditure, assets and liabilities of the institutions to which these Standards of GRAP apply.

3.6.2 Policy mandate

In terms of the PFMA, the Board determines Standards of GRAP for:

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

Other legislation or regulations may require certain entities to apply Standards of GRAP.

- The Auditor-General Directive, through the Public Audit Act, requires unlisted entities to apply Standards of GRAP.
- The Treasury Regulations requires the preparation of financial statements applying Standards of GRAP for the national and provincial revenue funds, even though they currently apply the modified cash basis.

The ASB monitors changes to the reporting environment for those entities that have not yet adopted Standards of GRAP to ensure appropriate guidance is developed on time.

The Department of Higher Education and Training has adopted Standards of GRAP as the reporting framework for public Technical and Vocational Education and Training Colleges (TVET). Implementation issues may arise from continued compliance in an attempt to reduce the number of qualified audit reports in this sector. The situation will be monitored.

4. Revisions to legislative and policy mandates

4.1 Relating expenditure trends to strategic oriented outcome goals

The ASB contributes to the following outcomes identified by the Presidency:

ASB ANNUAL PERFORMANCE PLAN FOR THE FISCAL YEAR 2019

- Outcome 9 – a responsive, accountable, effective and efficient local government system.
- Outcome 12 – an efficient, effective and development oriented public service.

The Constitution requires the National Treasury to introduce uniform accounting practices for all spheres of government. The promulgation of the PFMA in 1999 and the establishment of the ASB in 2002 gave effect to this requirement.

Uniform accounting practices have a pervasive effect throughout government. They provide information to hold officials accountable, deliver uniform information that can be used for improved decision making and enables comparisons between entities in the same sector and across sectors. They contribute to certainty about the financial reporting framework in the minds of preparers and users of financial statements. If not implemented, they highlight poor accounting practices.

They provide a financial reporting framework for the Auditor-General to assess whether financial statements fairly reflect the financial performance and financial position of entities. The inability to comply with the requirements of a Standard is a symptom of poor internal control procedures within entities and often poor management of revenue, expenditure, assets and liabilities.

Implementing uniform accounting practices enable government to be efficient, effective and development oriented by providing credible information for decision making about the nature of services to be delivered and where scarce resources should be invested.

Even though no specific outcome of the ASB can be directly linked to the MTSF, an analysis of the MTSF in relation to outcome 9 shows an improvement in overall municipal audit outcomes, with a target that at least 75% of municipalities receive unqualified audits by 2019.

Implementing Standards of GRAP at national and provincial spheres will extend the ability of those charged with governance to improve decision making and hold entities accountable.

4.2 Planned initiatives

The ASB regulations made in accordance with section 89 of the PFMA do not permit alternates for Board members. Allowing the Accountant-General and the Auditor-General alternates would assist the ASB to ensure that meetings of the Board are quorate. Although the Minister of Finance has appointed alternates for these two members, the alternates are not included in the determination of a quorum. The regulations need to be amended to allow for this. The legal unit at the National Treasury is drafting the proposed amendments.

ASB ANNUAL PERFORMANCE PLAN FOR THE FISCAL YEAR 2019

5. Overview of 2019 budget and MTEF estimates

5.1 Expenditure estimates (R'000)

R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2014/15	2015/16	2016/17	2017/18	2014/15-2017/18		2018/19	2019/20	2020/21	2017/18 - 2020/21	
Administration	11,992	11,679	12,963	13,878	5.0%	100.0%	14,268	14,981	15,908	4.7%	100.0%
Total expense	11,992	11,679	12,963	13,878	5.0%	100.0%	14,268	14,981	15,908	4.7%	100.0%

Statement of financial performance	Audited Outcome		Audited Outcome		Audited Outcome		Budget estimate	Revised estimate	Outcome/Budget Average %	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	Budget	2014/15	Budget	2015/16	Budget	2016/17						2017/18	2014/15-2017/18	2018/19		
Non-tax revenue	110	333	115	331	166	360	167	354	1.2%	2.1%	2.8%	176	161	160	-23.3%	1.5%
Transfers received	10,250	11,499	11,274	11,274	12,517	12,517	13,463	13,463	98.8%	5.4%	97.2%	14,054	14,843	15,659	5.2%	98.5%
Total revenue	10,360	11,832	11,389	11,605	12,683	12,877	13,630	13,817	100.0%	5.3%	100.0%	14,230	15,004	15,819	4.6%	100.0%
Expenses																
Current expenses	10,414	11,992	11,526	11,679	12,821	12,963	13,759	13,878	100.0%	5.0%	100.0%	14,268	14,981	15,908	4.7%	100.0%
Compensation of employees	7,470	7,650	8,767	8,838	9,634	10,439	10,328	9,287	74.5%	6.7%	71.7%	9,730	10,372	11,045	5.9%	68.4%
Goods and services	2,890	4,258	2,683	2,827	3,141	2,454	3,409	4,518	25.1%	2.0%	27.8%	4,470	4,567	4,841	2.3%	31.2%
Depreciation	54	84	76	14	46	70	22	73	0.4%	-4.6%	0.5%	68	42	22	-33.0%	0.4%
Interest, dividends and rent on land	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenses	10,414	11,992	11,526	11,679	12,821	12,963	13,759	13,878	100.0%	5.0%	100.0%	14,268	14,981	15,908	4.7%	100.0%
Surplus/(Deficit)	(54)	(160)	(137)	(74)	(138)	(86)	(129)	(61)		-27.5%		(38)	23	(89)	13.4%	

Note: The deficit reflected in this table is an accounting deficit, and not a cash deficit, as a result of the impact of timing differences between the recognition of the acquisition of property, plant & equipment and the consumption of those assets through the recognition of depreciation, the impact of the change in the leave pay provision and the straight lining of leases versus the recognition of the lease payment. On a cash basis there is no deficit.

ASB ANNUAL PERFORMANCE PLAN FOR THE FISCAL YEAR 2019

Financial position	Audited		Audited		Audited		Budget	Revised	Outcome/ Budget	Average	Net change/ total:	Medium-term estimate			Average	Net
	Budget	Outcome	Budget	Outcome	Budget	Outcome	estimate	estimate	Average	growth	Average	2018/19	2019/20	2020/21	growth	change/ total:
	2014/15	2015/16	2016/17	2017/18	2014/15 - 2017/18	2018/19	2019/20	2020/21	2017/18 - 2020/21	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Carrying value of assets	96	198	122	184	125	191	90	125	28.9%	-14.2%	23.4%	149	107	86	-11.7%	20.8%
<i>of which:</i>																
Acquisition of assets	-	-	-	-	-	(77)	-	-	-	-	-2.7%	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued investment interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables and prepayments	99	90	55	56	55	69	55	55	20.1%	-15.1%	8.9%	55	55	55	-	9.8%
Cash and cash equivalents	-	908	394	441	382	443	418	369	51.0%	-25.9%	67.7%	392	384	409	3.5%	69.4%
Non-current assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Defined benefit plan assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derivatives financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	195	1,196	571	681	562	703	563	549	100.0%	-22.9%	100.0%	596	546	550	0.1%	100.0%
Accumulated surplus/(deficit)	96	198	137	123	138	38	116	125	42.3%	-14.2%	15.7%	149	107	86	-11.7%	20.8%
Capital and reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital reserve fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade and other payables	-	679	97	350	203	338	213	203	22.7%	-33.1%	48.3%	213	192	203	-	36.2%
Benefits payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capitalised value of pensions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provisions	-	319	337	208	221	327	234	221	35.0%	-11.5%	36.0%	234	247	261	5.7%	43.1%
Managed funds (e.g. poverty alleviation fund)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derivatives financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total equity and liabilities	96	1,196	571	681	562	703	563	549	100.0%	-22.9%	100.0%	596	546	550	0.1%	100.0%

Analysis of trends

Revenue

The transfer payment has been increased at the rate set out in the allocation letter received from the National Treasury.

Non-tax revenue represents interest earned on working capital from the Corporation for Public Deposits and fees for membership of public sector entity audit committees.

Expenditure

Remuneration have been increased at the rate set out in the budget framework, while expenditure relating to standard setting has been determined based on the number of documents appearing on the work programme, for example the documents needing translation, the extent of consultation required away from the office, etc. Operating expenditure relating to the ASB establishment has been increased at the contractual rate or inflation, in the absence of a contract.

5.2 Relating expenditure trends to strategic oriented outcome goals

To enable the ASB to fulfil its mandate, it should budget for the following:

- To attend 4 IPSASB meetings in a year.
- To have a full complement of staff.
- Planning adequate training of staff in accordance with their personal development plans.
- Planning 4 Board meetings, 4 Operations Committee meetings and 4 Technical Committee meetings.
- Remunerating Board members and the Chairperson of the Audit and Risk Committee for their attendance at meetings (Board, Operations Committee and Technical Committee) (using SAICA rates approved by the Auditor-General). The Chairperson of the Board receives an annual fee for other responsibilities at rates approved by the Minister of Finance. Where board members are not located in Gauteng, travel costs are reimbursed.
- Continuing the outreach programme to stakeholders, ensuring stakeholders in all three spheres and in all provinces have an opportunity to be reached.
- Budgeting for overhead and general administration costs based on CPI.
- Performing post implementation reviews of implemented Standards of GRAP.
- To attend the 2 meetings of the International Forum of Accounting Standard Setters, the annual meeting of the World Standard Setters, the annual meeting of the International Forum of Public Sector Standard Setters and the four meetings of the Pan-African Federation of Accountants Technical and Standards Setters Forum.
- Being able to obtain the services of any person or entity to perform any specific act or function such as labour relations, information technology, legal opinions, etc. as and when the need arise.

Due to the amount of the funding available to the ASB, no provision has been made in the budget for the following:

ASB ANNUAL PERFORMANCE PLAN FOR THE FISCAL YEAR 2019

- Performing post implementation reviews of implemented Standards of GRAP.
- To attend the 2 meetings of the International Forum of Accounting Standard Setters, the annual meeting of the World Standard Setters, the annual meeting of the International Forum of Public Sector Standard Setters and the four meetings of the Pan-African Federation of Accountants Technical and Standards Setters Forum.
- Being able to obtain the services of any person or entity to perform any specific act or function such as labour relations, information technology, legal opinions, etc. as and when the need arise.

Eliminating these items of expenditure from the ASB budget has the following implications for the ASB's ability to deliver on its mandate:

- As stated under the strategic risks in paragraph 3.2.2 post-implementation reviews are used to identify implementation issues experienced by preparers of financial statements, and whether the implementation of the Standard of GRAP achieved the intended outcome. A post-implementation review is used to identify whether the disclosure requirements of a Standard is being provided by preparers and whether or not the information provided is used by users and whether the information is useful. Evaluation and improvement are critical stages in the standard setting process to ensure the reporting framework used for the preparation of financial statements maintain credibility.
- The ASB is required in terms of section 89 (2) of the PFMA to consider best practice (nationally and internationally) when developing Standards. International participation in the International Forum of Accounting Standard Setters, the annual meeting of the World Standard Setters, the annual meeting of the International Forum of Public Sector Standard Setters and the four meetings of the Pan-African Federation of Accountants Technical and Standards Setters Forum allows for interaction with a wider audience than those represented at an IPSASB meeting. By non-participation, the ASB is unable to assess current developments and experiences of standard setters in other developed and developing countries.
- Given the size of the ASB (10 Board members and 7 staff members) resources are limited. The ASB cannot employ staff to provide it with all the skills it needs. Accordingly, based on a cost benefit-analysis it must obtain specialist skills from time to time. This means that discretionary expenditure on training and development of staff are delayed to fund the payment of these skills to avoid budget deficits.

ASB ANNUAL PERFORMANCE PLAN FOR THE FISCAL YEAR 2019

5.3 Quarterly budgeted projections 2018-2019 (R)

EXPENSES	Total Budget 2018/19	Quarterly Projections			
		Q1	Q2	Q3	Q4
SALARIES	9,730,408	2,229,667	2,229,667	2,229,667	3,041,407
Staff	9,717,916	2,226,544	2,226,544	2,226,544	3,038,284
UIF Company Contributions	12,492	3,123.00	3,123.00	3,123.00	3,123.00
OPERATING COSTS	4,537,334	1,073,991	1,238,663	1,097,213	1,127,466
BOARD REMUNERATION	1,242,049	310,512	310,512	310,512	310,512
Board Members meetings	408,567	102,141.72	102,141.72	102,141.72	102,141.72
Board Chair Meetings	58,369	14,592.31	14,592.31	14,592.31	14,592.31
Management Committee Members	78,035	19,508.63	19,508.63	19,508.63	19,508.63
Project Groups	-	-	-	-	-
Technical Committee meetings	408,567	102,141.72	102,141.72	102,141.72	102,141.72
Ad Hoc Meetings	102,142	25,535.43	25,535.43	25,535.43	25,535.43
Management Committee Chair	39,017	9,754.31	9,754.31	9,754.31	9,754.31
Chair	147,353	36,838.14	36,838.14	36,838.14	36,838.14
OTHER OPERATING COSTS	3,295,285	763,479	928,151	786,701	816,954
TRAVEL AND MEETINGS					
Local					
Board Meetings travel costs	35,116	8,778.91	8,778.91	8,778.91	8,778.91
Meetings with stakeholders Travel	67,053	16,763.17	16,763.17	16,763.17	16,763.17
Staff Local travel costs	56,766	14,191.49	14,191.49	14,191.49	14,191.49
Foreign					
IPSASB - Member Travel Costs	603,885	150,971.31	150,971.31	150,971.31	150,971.31
REFRESHMENTS					
Board Meetings	10,373	2,593.35	2,593.35	2,593.35	2,593.35
TRAINING					
Books 'Short Courses	55,592	13,897.96	13,897.96	13,897.96	13,897.96
Personnel Development	200,810	50,202.50	50,202.50	50,202.50	50,202.50
COMMUNICATION & MARKETING					
Web site Development (marketing)	24,293	24,293	-	-	-
Web Site 'Maintenance	104,747	26,186.75	26,186.75	26,186.75	26,186.75
Editing	44,208	11,051.89	11,051.89	11,051.89	11,051.89
Translation of Docs	421,314	105,328.46	105,328.46	105,328.46	105,328.46
Telephone	56,947	14,236.73	14,236.73	14,236.73	14,236.73
PRINTING AND PUBLICATION					
Annual Report	32,370	-	32,370.00	-	-
Government Gazette	9,513	2,378.25	2,378.25	2,378.25	2,378.25
Printing, Postage, Photocopies & Stationary	52,322	13,080.38	13,080.38	13,080.38	13,080.38
ADMINISTRATION					
Rent	583,311	145,827.75	145,827.75	145,827.75	145,827.75
Cleaning & Security	102,842	25,710.47	25,710.47	25,710.47	25,710.47
Water & Electricity	95,610	23,902.59	23,902.59	23,902.59	23,902.59
Audit Fees	178,527		178,527.00		
Bank Charges	23,774	5,943.51	5,943.51	5,943.51	5,943.51
Insurance	41,737	19,237.00	7,500.00	7,500.00	7,500.00
Legal & Other Professional Fees	38,528	9,631.91	9,631.91	9,631.91	9,631.91
Maintenance	41,278	10,319.58	10,319.58	10,319.58	10,319.58
Software & Support	116,977	29,244.17	29,244.17	29,244.17	29,244.17
Staff Welfare	49,693	12,423.19	12,423.19	12,423.19	12,423.19
Subscriptions - local	69,447	-	-	69,447.00	-
Subscriptions - International	105,700	6,000.00	-	-	99,700.00
Workmans Compensation	4,195	4,195.00	-	-	-
Depreciation	68,359	17,089.75	17,089.75	17,089.75	17,089.75
Total Expenses	14,267,742	3,303,658	3,468,330	3,326,880	4,168,873

PART B: PROGRAMME PLAN

6. Strategic outcome oriented goal of the institution

6.1 Our strategic outcome oriented goal is as follows:

Strategic Outcome Oriented Goal	Improve financial reporting
Goal statement	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	<p>Set Standards of GRAP.</p> <p>Promote the adoption of the Standards of GRAP.</p> <p>Monitor the application of the Standards of GRAP</p> <p>Influence development of international standards.</p> <p>Manage resources to ensure the ASB is operationally effective.</p>

6.2 Programme performance indicators and annual targets for 2018-2019

Programme objective	Audited/Actual performance			Estimated performance	Medium-term targets		
	2014/15 R'000	2015/16 R'000	2016/17 R'000	2017/18 R'000	2018/19 R'000	2019/20 R'000	2020/21 R'000
Enhanced financial reporting	11 992	11 679	12 963	13 893	14 268	14 981	15 908

ASB ANNUAL PERFORMANCE PLAN FOR THE FISCAL YEAR 2019

6.3 Quarterly targets for 2018-19

	Strategic Objective	Measurable objective	Output	Outcomes	Measurable indicator	Quarterly performance targets			
						1st	2nd	3rd	4th
1	Set Standards of GRAP	To develop and issue accounting standards to ensure a comprehensive financial reporting framework is established and maintained	Issue new Standards of GRAP and other pronouncements, maintain existing Standards of GRAP and other pronouncements	To provide preparers with standards for all significant aspects of financial statements	Present 8 documents as identified in the work programme. Present the completed research for 2 projects as identified in the work programme.	-	3 1	2	2 1
2	Monitor the application of the Standards of GRAP	To respond proactively to practice difficulties experienced when implementing Standards of GRAP	Issue FAQs when identified.	To ensure consistent interpretation and application of Standards of GRAP	Issue a FAQ within 6 months of the identification of the need to develop a FAQ Monitor effectiveness of amendments to GRAP 16 & 17 by issuing a completed	100% on time	100% on time	100% on time 1	100% on time

ASB ANNUAL PERFORMANCE PLAN FOR THE FISCAL YEAR 2019

	Strategic Objective	Measurable objective	Output	Outcomes	Measurable indicator	Quarterly performance targets			
						1st	2nd	3rd	4th
					research report				
		To provide a forum for preparers and other interested parties to raise issues and share experiences	Host Accounting Forum meetings applications issues	To ensure consistent interpretation and application of Standards of GRAP	Host at least 8 meetings per year	2	2	2	2
3	Promote the adoption of the Standards of GRAP	To improve accessibility and understand ability of Standards of GRAP by translating the Standards	Translate Standards of GRAP into 3 official languages	To provide preparers and auditors with Standards that is understandable.	Translate final standards and amendments to Standards within 12 months after approval date by the Board	-	-	-	1
		To keep preparers, auditors and users informed about the work of the ASB	Communicate with stakeholders every quarter	To maintain communication about the activities of the ASB	Submit four different articles on different topics for publication to professional bodies per year	1	1	1	1
		To keep stakeholders	Communicate with stakeholders every	To demonstrate to preparers, auditors	Issue a newsletter and meeting	1	1	1	1

ASB ANNUAL PERFORMANCE PLAN FOR THE FISCAL YEAR 2019

Strategic Objective	Measurable objective	Output	Outcomes	Measurable indicator	Quarterly performance targets			
					1st	2nd	3rd	4th
	informed of the process followed and the consideration of comment received during the development of a pronouncement	quarter	and users the due process followed by the Board when setting standards	highlights within one month after a Board meeting				
4	Influence development of international standards	Comment on all relevant IPSASB Exposure Drafts and Consultation Papers	To reduce the number of changes needed during the local standard setting practice	Comment within the comment period set by IPSASB on those IPSASB EDs relevant to the ASB	100% on time	100% on time	100% on time	100% on time
	To influence the international standard setting process so that Standards of GRAP can leverage off best practice	Attend all IPSASB meetings	To reduce the number of changes needed during the local standard setting practice by influencing the international	Attend all four IPSASB meetings	1	1	1	1

ASB ANNUAL PERFORMANCE PLAN FOR THE FISCAL YEAR 2019

	Strategic Objective	Measurable objective	Output	Outcomes	Measurable indicator	Quarterly performance targets			
						1st	2nd	3rd	4th
				process					
5	Manage resources to ensure the ASB is operationally effective	To ensure that: <ul style="list-style-type: none"> • sound financial policies and practices are enforced • sound internal controls and risk management practices are in place • all relevant laws and regulations are complied with; and • the ASB delivers in accordance with its approved mandate 	No qualifications of any aspects of the ASB audit report.	To ensure efficient use of resources	No qualifications reported by external auditor	-	-	-	-

PART C: LINKS TO OTHER PLANS

7. Links to long term infrastructure and other capital plans

This section is not applicable to ASB.

8. Conditional grants

This section is not applicable.

9. Public entities

This section is not applicable.

10. Public private partnerships

This section is not applicable.

Annexure A – Changes to Strategic Objectives and Performance Indicators listed in Strategic Plan

Changes to Strategic Objectives

Strategic plan	Annual Performance Plan 2018-19
Set Standards of GRAP	Set Standards of GRAP
Promote the adoption of the Standards of GRAP.	Promote the adoption of the Standards of GRAP.
Monitor the application of the Standards of GRAP	Monitor the application of the Standards of GRAP
Influence development of international standards.	Influence development of international standards.
Promote good governance and financial management	Manage resources to ensure the ASB is operationally effective
Realise the potential of our people	Deleted
Communicate with stakeholders.	Deleted

Changes to performance indicators

Performance indicators in Strategic Plan	Performance indicators in Annual Performance Plan 2018-19
Set Standards of GRAP	
Number of pronouncements issued	Present 7 documents as identified in the work programme
Analysis of the results of the post-implementation review.	Deleted – cost containment
Analysis of issues raised at stakeholder outreach	Deleted – already part of another performance indicator
	Present the completed research for 2 projects as identified in the work programme – recognise change in the nature of current

ASB ANNUAL PERFORMANCE PLAN FOR THE FISCAL YEAR 2019

Performance indicators in Strategic Plan	Performance indicators in Annual Performance Plan 2018-19
	projects on the work programme.
Influence development of international standards	
Comment on all IPSASB Exposure Drafts and consultation papers	Comment within the comment period set by IPSASB on those IPSASB EDs relevant to the ASB
Comment on those private sector standards that are relevant to the public sector	Deleted – not specific and not under ASB control
	Attend all four IPSASB meetings
Promote the adoption of Standards of GRAP	
Make Standards of GRAP available in 3 official languages	Translate final standards and amendments to Standards within 12 months after approval date by the Board
Develop appropriate transitional provisions for new pronouncements that will facilitate the adoption by reporting entities.	Deleted – already part of another performance measure
Recommend the implementation dates for Standards approved by the Board after the transitional provisions have been developed within three months.	Deleted – already part of another performance measure
Regular interactions with key stakeholders to ensure timely guidance are made available.	Issue a newsletter and meeting highlights within one month after a Board meeting
	Submit four different articles on different topics for publication to professional bodies per year – raising awareness
Issue FAQs and Interpretations when necessary	Deleted - duplication
Monitor the application of Standards of GRAP	
Issues raised by participants in monthly	Deleted - duplication

ASB ANNUAL PERFORMANCE PLAN FOR THE FISCAL YEAR 2019

Performance indicators in Strategic Plan	Performance indicators in Annual Performance Plan 2018-19
accounting forum.	
Issues raised for consideration at the regular informal meetings between the ASB, OAG and AGSA convened by the AGSA.	Host at least 8 meetings per year
Issue FAQs and Interpretations when necessary.	Issue a FAQ within 6 months of the identification of the need to develop a FAQ.
Respond appropriately to post-implementation reviews findings	Deleted – cost containment
	Monitor effectiveness of amendments to GRAP 17 & 18 by issuing a completed research report – action in lieu of ability to perform post-implementation reviews
Realise the potential of our people	
Low staff turnover with replacement of staff within six months.	Deleted – not specific
Efficient and effective recruitment process.	Deleted – not specific
Staff development plans for all staff.	Deleted – not specific
Board induction and training.	Deleted – no new board appointments scheduled for 2018
Communicate with stakeholders	
Implement communication strategy	Deleted – not measurable
Focussed communication during Post Implementation Reviews	Deleted – cost containment
Participation by all spheres of government and all categories of stakeholders	Deleted – not specific
Promote understanding of Standards of GRAP	Deleted – included under another performance indicator

ASB ANNUAL PERFORMANCE PLAN FOR THE FISCAL YEAR 2019

Performance indicators in Strategic Plan	Performance indicators in Annual Performance Plan 2018-19
Promote good governance and financial management	
No qualifications of any aspects of the audit report.	No qualifications reported by external auditor
No significant issues reported by the external auditors	Deleted – addressed by previous indicator
Compliance with regulatory reporting requirements	Deleted – as above

ASB ANNUAL PERFORMANCE PLAN FOR THE FISCAL YEAR 2019

Annexure B - Risk management

No.	Strategic Objective	Risk Name	Root causes to the risk	Consequences of the risks	Mitigating action plans
A	Strategic Risks				
1	Promote the adoption of Standards of GRAP	Failure to implement Standards	Minister of Finance does not determine the effective dates as required by the PFMA	Financial statements may lack credible information Entities cannot be held accountable Users cannot make decisions	Engage Minister when opportunity becomes available
2	Set Standards of GRAP	Unable to complete projects identified on work programme	New Board members need time to understand the requirements of a standard setting Board Projects in progress at date of appointment may be delayed	Unable to deliver on mandate	Induction of new members Old board members to mentor new board members
3	Promote the adoption of Standards of GRAP	Inappropriate exemptions	Exemptions granted or transitional provisions are extended inappropriately	Financial statements may lack credible information Preparers are unwilling to implement or to continue to comply with the requirements of the Standards	Development of MOU with OAG Consultation before granting exemptions
4	Manage resources to ensure the ASB is operationally effective	Inadequate resources	Inadequate funding to employ and/or retain suitable staff Unable to perform post-implementation reviews	Unable to deliver on mandate Increase in operational risk	Request additional funds as and when opportunities arise

ASB ANNUAL PERFORMANCE PLAN FOR THE FISCAL YEAR 2019

Annexure C – Work Programme for the year ended 31 March 2019

PROJECT TITLE	RESOURCE	2017-2018				
		QUARTER 2	QUARTER 3	QUARTER 4	QUARTER 1	Total
OBJECTIVE – SET STANDARDS OF GRAP						
DEVELOPMENT PROJECTS						
TARGET (No of documents issued)		0	3	2	2	7 documents issued
The Application of Materiality in the Preparation of Financial Statements	T Tshoke		DG [1 st meeting]		FG	
Revision of GRAP 104 on Financial Instruments	J Poggiolini			GRAP		
Accounting for Adjustments to Revenue	A Botha			IGRAP		
Accounting for Landfill Sites	A Botha				FG	
Use of Standards of GRAP by Entities that Apply IFRSs	A Botha		ED IGRAP [2 nd meeting]			
Directive 5 (Maintenance)	J Poggiolini		Annexure [2 nd meeting]			
RESEARCH PROJECTS						
TARGET (100% of research completed on time)			1 research project 100% on time		1 research project 100% on time	2 projects 100% on time

ASB ANNUAL PERFORMANCE PLAN FOR THE FISCAL YEAR 2019

Citizens Guide on Financial Reporting	E van der Westhuizen		Final research [2 nd meeting]			
Application of GRAP by small entities	E van der Westhuizen				Final research	
OBJECTIVE – PROMOTE THE ADOPTION OF STANDARDS OF GRAP						
TARGET						
No projects.						
OBJECTIVE – MONITOR THE APPLICATION OF THE STANDARDS OF GRAP						
TARGET (No. of reviews completed on time)		0	0	1 review completed (100% on time)	0	1 review completed
Monitoring the effectiveness of the amendments made to GRAP 16 and GRAP 17	T Tshoke			Results of review		
OTHER (No of documents issued by the Board)		0	1			1 document issued
Work programme consultation 2020-2023	J Poggiolini		ED [1 st meeting]			

Note for quarter 3: Based on the current scheduling of meetings for 2018/2019, it is anticipated that the Quarter 2 meeting will only be held in early July. As a result, Quarter 3 includes the outputs of two meetings.

KEY

Shading	Meaning
	Document issued by the Board
	Project completed