



**ANALYSIS AND RESPONSES TO VERBAL
COMMENT RECEIVED ON
EXPOSURE DRAFT OF THE PROPOSED GRAP
REPORTING FOR 2016/17
AND
AMENDMENTS TO DIRECTIVE 5
(ED 134)**



RESPONSES TO THE VERBAL COMMENT RECEIVED ON EXPOSURE DRAFT 134 ON THE PROPOSED GRAP REPORTING FRAMEWORK FOR 2016/17 AND AMENDMENTS TO DIRECTIVE 5

The Accounting Standards Board (Board) approved an Exposure Draft of *Proposed GRAP Reporting Framework for 2016/17 and Amendments to Directive 5* in September 2015. A Notice was also published in the Government Gazette on the 9th of October 2015 (Notice 39275). The comment period closed on the 23rd of October 2015.

In addition to the formal comment letters received, ED 134 was discussed at the Public Sector Accounting Forum. The comments raised at that Forum are summarised in this document, and include the Board's responses to the comment received.



ANALYSIS OF RESPONSES TO ED 134 ON THE PROPOSED GRAP REPORTING FRAMEWORK FOR 2016/17 AND AMENDMENTS TO DIRECTIVE 5

The following entities (listed under their relative representative categories) participated in the verbal comment process:

No.	Name/Organisation	Preparers	Users	Auditors & Accountants	Other bodies
Formal comment process					
1.	Public Sector Accounting Forum			✓	
				1	



**ANALYSIS AND RESPONSES TO COMMENTS ON THE
PROPOSED GRAP REPORTING FRAMEWORK 2016/17 AND
AMENDMENTS TO DIRECTIVE 5 (ED 134)**

COMMENTS ON ED 134 PROPOSED GRAP REPORTING FRAMEWORK FOR 2016/17 AND AMENDMENTS TO DIRECTIVE 5		
No.	Comments	Board's response
GENERAL		
1.	Public Sector Accounting Forum	
1.1	The Forum members supported the proposed GRAP Reporting Framework for 2016/17 and Amendments to Directive 5.	Noted. No further action required.
1.2	<p>Some Forum members raised the concern regarding the application of the Standard of GRAP on <i>Related Party Disclosures</i> (GRAP 20) which is still not yet effective for entities. They indicated that the following observations have been made regarding the application of GRAP 20:</p> <ul style="list-style-type: none"> - some entities apply a combination of the requirements in GRAP 20 and IPSAS 20; and - it is not clear if GRAP 20 can be applied in parts or whether full application is required when an entity decides to use GRAP 20 to disclose related party information. 	<p>Noted. The Board is continuously following up with the Office of the Accountant-General who then needs to follow up with the Minister of Finance on the effective date of GRAP 20, and other Standards which are not yet effective. With respect to the application of the Standard that deals with related party disclosures – entities have a choice to apply either GRAP 20 or IPSAS 20 as indicated in Directive 5. This means that entities are required to disclose the related party information by either formulating those disclosures in accordance with GRAP 20 or applying the disclosure requirements in IPSAS 20. As GRAP 20 is not yet effective, entities are not required to apply all the requirements in that Standard.</p> <p>However, a combination of the two Standards cannot be applied.</p> <p>The Board agreed that further clarification should be provided in the Office of the Accountant-General's (OAG) Guide on the Reporting Framework.</p>
1.3	It was noted that the wording used in the Office of the Accountant-General's (OAG) Guide on	Noted. The misalignment of the Guide with Directive 5



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	<p>the GRAP Reporting is not aligned with that used in paragraph C6 of the Proposed GRAP Reporting Framework (and Directive 5). The Guide indicates that entities “must” consider the Standards of GRAP that are not yet effective when formulating an accounting policy, while paragraph C6 notes that entities “may” develop accounting policies using those Standards.</p>	<p>will be brought to the attention of the OAG for rectification.</p>
<p>1.4</p>	<p>Some Forum members questioned how entities can access the Statements of GAAP.</p>	<p>Noted. Even though the Statements of GAAP have been withdrawn, Directive 5 provides a list of pronouncements that make up the GAAP reporting framework. In addition, a link to these pronouncements is available on SAICA’s website.</p>