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MINUTES OF THE MEETING OF THE ACCOUNTING STANDARDS BOARD

DATE: 27 March 2019
TIME: 09:00 to 16:30
VENUE: ASB, Midridge Office Estate, International Business Gateway,
Cnr. New Road & 6th Road, Midrand

PRESENT:

CHAIRMAN V Ngobese

MEMBERS OF THE BOARD

| | | |
|--------------------------|----------------------------|--------------------|
| | F Abba | |
| | L Bodewig | |
| | C Braxton | |
| | I Lubbe | |
| | O Moalusi | |
| | N Themba (left at 13:30) | |
| ALTERNATE TO AGSA | M Sedikela (left at 14:00) | |
| EX OFFICIO | E Swart | Chief Executive |
| | J Poggiolini | Technical Director |
| | A Botha | Project Manager |
| | T Tshoke | Project Manager |
| | E van der Westhuizen | Project Manager |

Board Members: Mr V Ngobese (Chair), Ms F Abba, Ms L Bodewig, Mr C Braxton, Mr K Hoosain,
Ms I Lubbe, Mr K Makwetu, Ms P Moalusi, Ms Z Mxunyelwa, Ms N Themba,
Alternate: Ms M Sedikela
Chief Executive Officer: Ms E Swart, Technical Director: Ms J Poggiolini

1. WELCOME AND APOLOGIES

The Chairman welcomed the members to the meeting. It was NOTED that apologies were tendered by K Hoosain, K Makwetu, O Matloa, and Z Mxunyelwa.

2. DECLARATIONS OF INTERESTS

Members were REQUESTED to declare their interest in any of the agenda items being discussed. No new declarations were made at the meeting.

3. CONFIRMATION OF AGENDA

The agenda for the meeting was CONFIRMED with the addition of a request to approve the opening of a credit card account with FNB.

4. PREVIOUS MINUTES

The minutes of the previous meeting were APPROVED without amendment.

5. MATTERS ARISING

5.1 The Secretariat TABLED a schedule of matters arising from previous Board meetings.

5.2 It was NOTED that a meeting had been held with the Acting Accountant-General on 18 March 2019 to address some of the items that have been on the schedule:

(a) The proposed amendment to the ASB Regulations to permit alternatives for the Accountant-General (OAG) and the Auditor-General (AGSA) would not be pursued. The ASB regulation would be amended requiring the following:

- A Ministerial Representative from National Treasury.
- A representative from the AGSA.

These members would continue to be represented at Board meetings and raise any issue within the Board's mandate for consideration but would not have voting powers or be included when determining a quorum of a meeting. It was NOTED that this proposal removed the potential conflict of interest between the roles defined in the PFMA for the AGSA to be consulted by the Minister of Finance regarding appointments, remuneration of Board members and effective dates of Standards. It also removes the current conflict between the OAG approving Standards of GRAP and being responsible for implementing those Standards. Both these conflicts were identified in the State Law Advisors' legal opinion on the ASB Regulations.

(b) The proposed amendment to the ASB Regulations and the publication of a Government Gazette Notice on the effective dates of certain Standards of GRAP for Trading Entities would be delayed until after the elections.

5.3 The Acting Accountant-General also approved the implementation of the Standards of GRAP on *Interests in Other Entities* and the relevant notices have been communicated to stakeholders and the website was updated.

6. FEEDBACK FROM THE TECHNICAL COMMITTEE MEETING

The Secretariat TABLED a memorandum outlining the key decisions taken at the Technical Committee meeting. The Secretariat NOTED that, based on the

recommendations of the Technical Committee, the following actions were sought from the Board:

- Approval of the proposed Guideline on *Accounting for Landfill Sites*.
- Approval of the proposed Guideline on *The Application of Materiality in Financial Statements*.
- Approval of the proposed amendments to GRAP 1 *Presentation of Financial Statements*.
- Approval of the proposed amendments to GRAP 104 *Financial Instruments*.
- Approval of the proposed Directive on *The Initial Adoption of the Standards of GRAP by CET Colleges*.
- Approval of the Exposure Draft on *The Application of Standards of GRAP by Public Entities that Apply IFRS Standards*.
- Make recommendations on the results of the research into Standards of GRAP for small entities.

7. ACCOUNTING FOR LANDFILL SITES

7.1 The Secretariat TABLED the following at the meeting:

- Memorandum from the Secretariat.
- The proposed Guideline on *Accounting for Landfill Sites*.

7.2 It was NOTED that the comment received on ED 166, along with the proposed amendments to the Guideline, were discussed at two project group meetings held during February 2019. The Technical Committee reviewed the comment received and the proposed changes to the Guideline.

Consultation process

7.3 It was NOTED that the Technical Committee compared the stakeholders identified in the project brief to those consulted during the comment period. It was concluded that stakeholders were given sufficient opportunity to participate in the Board's due process.

7.4 The Board CONFIRMED the Technical Committee's conclusion on the sufficiency of the due process.

Depreciation of land in a landfill site

7.5 It was NOTED that ED 166 requested respondents' views on whether the land in a landfill could have a limited useful life. The majority of the respondents indicated that they do not depreciate the land but instead assess the land for impairment in accordance with the applicable Standards of GRAP. A minority of respondents indicated that they depreciate land as they are of the view that the value of land deteriorates while it is used for waste disposal. These respondents also noted that the land will not have an alternative use after being used as a landfill site.

7.6 It was NOTED that the Technical Committee supported the majority view that land should not be depreciated. The Technical Committee supported:

- The amendments to the Guideline to clarify the depreciation and impairment of land.
- The review of the example in GRAP 17.69 as part of the 2019 Improvements project.

7.7 The Board AGREED with the Technical Committee's recommendations.

Secretariat

Useful life and depreciation period of the landfill site asset

7.8 It was NOTED that some respondents to ED 166 questioned the guidance that the significant parts, and individually insignificant parts, of the landfill site asset should (a) be depreciated over the useful life of the landfill site asset; and (b) that the useful lives of these parts cannot exceed the useful life of the landfill site.

7.9 It was NOTED that the Technical Committee supported the view that the useful life will be the period that the landfill site is available for use by the entity. This includes the period that the landfill site is in operation and while it stores waste. The Technical Committee also agreed that the useful life of parts of the landfill site asset cannot exceed the life of the landfill site asset.

7.10 The Board AGREED with the recommendation and the guidance included in Chapter 3 to clarify this principle.

Secretariat

Status and application of the proposed Guideline

7.11 It was NOTED that Guidelines are not authoritative unless the Board agrees that it should be included in the GRAP Reporting Framework. The Technical Committee recommended the inclusion of the Guideline in the GRAP Reporting Framework as the guidance was developed to address the divergent practice and as the principles are based on existing Standards of GRAP.

7.12 The Board AGREED with the recommendation.

Secretariat

7.13 It was NOTED that the Technical Committee recommended that the inclusion of the Guideline in the GRAP Reporting Framework should be aligned with the effective date of any amendments arising from the 2019 Improvements project. This is to ensure that there are no inconsistencies between the Guideline and the principles in GRAP 17.

7.14 The Board AGREED with the recommendation.

Secretariat

Proposed Guideline on Accounting for Landfill Sites

7.15 Some editorial comment was NOTED.

7.16 It was AGREED that Annexure B should be deleted.

7.17 The Board APPROVED the proposed Guideline on *Accounting for Landfill Sites* as a final pronouncement.

Secretariat

8. THE APPLICATION OF MATERIALITY IN FINANCIAL STATEMENTS

8.1 The Secretariat TABLED the following at the meeting:

- Memorandum from the Secretariat.
- The proposed Guideline on *The Application of Materiality to Financial Statements*.
- The proposed Amendments to the Standard of GRAP on *Presentation of Financial Statements* (GRAP 1)

Consultation process

- 8.2 The Secretariat PROVIDED feedback on the stakeholders that were consulted during the public consultation process. It was NOTED that participation by municipal officials was limited as the planned workshops with SALGA did not materialise. However, more workshops were being planned after March 2019 to raise awareness about the Guideline, once approved by the Board.
- 8.3 It was QUESTIONED how the Secretariat will treat the comments received from the engagements with stakeholders outside the consultation period.
- 8.4 The Secretariat EXPLAINED that the engagements are to share feedback received from respondents and to raise awareness and/or encourage application of the Guideline rather than to solicit comments. Any comments received affecting the drafting of the Guideline will be noted for consideration in the next improvements project.
- 8.5 Some members QUESTIONED the success rate of workshops previously held with SALGA, and if the Secretariat considered participating in the various CFO Forums to solicit more feedback.
- 8.6 The Secretariat EXPLAINED that this is not the first project where SALGA has assisted with arranging workshops with stakeholders, and the previous workshops were very successful. It was added that participation in the CFO Forums will depend on when the Exposure Drafts are issued, and whether the consultation period coincides with the CFO Forums.
- 8.7 The Secretariat NOTED that, in light of the positive feedback received from stakeholders, the Technical Committee was of the view that stakeholders were given sufficient opportunity to participate in the due process and that key stakeholders were consulted.
- 8.8 The Board CONCURRED with the Technical Committee's views.

Feedback received from stakeholders

- 8.9 The Secretariat INDICATED that respondents generally supported the Board's proposals for both ED 168 and ED 169.
- 8.10 It was NOTED that the responses to specific matter for comment 1 were mixed. The proposal to introduce a disclosure requirement was supported by some respondents while others argued that disclosing management's considerations was unnecessary. Other supporters noted that since preparers generally struggle with assessing materiality and applying judgement, the Board should consider permitting rather than requiring the disclosures until practice has developed.

- 8.11 The Board AGREED with the Technical Committee's recommendation that, in the interim, no disclosure requirement should be added but that this decision can be revisited at a later stage.
- 8.12 Some members CAUTIONED that one of the pitfalls of the decision to encourage entities to provide these disclosures is that the encouragement is likely to be considered by mature entities while those that generally struggle with applying judgement will not consider the disclosure.
- 8.13 Some members QUESTIONED how the Board would encourage the entities to disclose the information.
- 8.14 It was NOTED that the Secretariat's awareness raising initiatives are intended to encourage the use and application of the Guideline.
- 8.15 A member NOTED that the National Treasury and the AGSA have had discussions about the role of materiality at the PAG Forum. The biggest concern is how to resolve differences between auditors and preparers. It was noted that the PAG Forum has agreed to discuss this matter further and reach an agreement on ways to demystify the misconceptions about materiality.
- 8.16 It was ADDED that this may be an area for the trilateral parties to be proactive about raising awareness about the Guideline and to educate preparers about the role of materiality in audits and financial statements.
- 8.17 Some members NOTED that one of the ways to address differences in materiality is for preparers and auditors to have discussions about materiality before audits commence. The auditors' independence will however need to be maintained.
- 8.18 The Board CONSIDERED when it would introduce the disclosure requirement and AGREED that the disclosure requirement can be added to GRAP 1 as part of the next cycle of improvements in 2021 to 2023.
- 8.19 The Board SUPPORTED the amendments made to the proposed Guideline that permit rather than require the disclosure of management's materiality considerations.

Secretariat

- 8.20 The Board NOTED the general comments from stakeholders and agreed to the proposed actions tabled to address key issues raised by respondents.

Final review of pronouncements

- 8.21 The Board REVIEWED the proposed Guideline (including proposed changes to text) and the proposed amendments to GRAP 1.
- 8.22 The Board APPROVED the two pronouncements for issue as final pronouncements.

Secretariat

Re-exposure of the proposed pronouncements

- 8.23 It was NOTED that in accordance with the Board's policy, an assessment of whether re-exposure of the proposed pronouncement is necessary should be done on the basis of (a) amendments made to respond to comments received and (b) any new amendments by the IPSASB or IASB affecting the underlying pronouncements.

8.24 The Board CONSIDERED the Technical Committee's recommendations and AGREED that:

- Re-exposure of the pronouncements will not be necessary as the proposed changes to address stakeholders' concerns were not substantive.
- The IASB's revision of the definition of material is substantive and should be addressed in a separate project to review the Conceptual Framework rather than as part of this project, so as not to delay the publication of the proposed Guideline.

Secretariat

Status of the proposed Guideline

8.25 The Secretariat PRESENTED four options for the Board's consideration.

8.26 The Board DEBATED whether the proposed Guideline should be authoritative or voluntary.

8.27 It was NOTED that the current practice is that if pronouncements are not mandatory, then entities will not apply them. Other members added that it would be difficult to promote the use of the Guideline if it is not mandatory.

8.28 Some members NOTED that the Board's decision should not be driven by the completion of the project to review GRAP 3 given the uncertainties about the start and completion of the project.

8.29 Other members INDICATED that the Board's decision should be linked to the encouragement for entities to disclose materiality considerations, for example make the Guideline voluntary and reconsider its authority when the disclosure requirement is introduced.

8.30 Some members ARGUED that the Board added the project to its work programme to address a gap in literature, and to change preparers' behaviour about assessing materiality. As such, great efforts were made to provide preparers with useful and relevant guidance. These members were of the view that making the Guideline voluntary undermines the importance of the guidance as well as the Board's efforts in the project. They also NOTED that if the Board strongly believes that there is a need for the guidance then it should be made mandatory.

8.31 The Board CONSIDERED a variation of the options presented and AGREED that the Guideline should be mandatory but for its implementation to be delayed as there are a number of Standards that will be coming into effect in the next two to three years. It was also INDICATED that the effective date could be considered when (or if) amendments to GRAP 3 are considered.

Secretariat

8.32 The Board CONSIDERED the implementation date, and whether the date should be communicated when it publishes the final Guideline.

8.33 A majority of members VOTED for the Board to be silent about the implementation date. This would mean that entities would choose whether to apply the Guideline until the Board communicates an implementation date when it becomes effective.

Proposed effective date of the amendments to GRAP 1

- 8.34 Based on the analysis presented by the Secretariat, it was AGREED that the amendments to GRAP 1 would not require the Minister's approval but can be delegated to the Accountant-General.
- 8.35 It was AGREED that in line with the Board's policy the proposed effective date should be 1 April 2020.

9. AMENDMENTS TO GRAP 104 ON *FINANCIAL INSTRUMENTS*

- 9.1 The Secretariat TABLED the following at the meeting:
- (a) Memorandum from the Secretariat.
 - (b) Proposed revisions to the Standard of GRAP on *Financial Instruments*.

Consultation on ED 167

- 9.2 The Secretariat EXPLAINED the various initiatives it had undertaken to facilitate the comment process, including 'education sessions', and the development of 'Fact Sheets' as well as a comprehensive presentation. The Secretariat INDICATED that the participation by municipalities in the consultation process could have been better. There were however other participants in the consultation process, as well as at the project groups, that provided input on what the potential challenges could be at a local government level.
- 9.3 The Secretariat EXPLAINED that municipalities are only likely to raise issues about the potential implementation of the Standard. These issues could still be raised during the consultation on the transitional provisions and effective date.
- 9.4 The Board AGREED that sufficient opportunity was provided for entities to comment on ED 167.

Comments received on ED 167

- 9.5 The Secretariat INDICATED that most of the issues raised relate to implementation and/or education issues. As a result, minimal changes were proposed to ED 167.

Recognition of interest on a gross or a net basis for impaired receivables

- 9.6 The Secretariat NOTED that, in discussing the comments with the project groups, some preparers from local government indicated concerns about applying a 'net basis' when determining interest revenue on credit impaired receivables. The main concern was about the systems in place to calculate the interest and that this would need to be done outside the system. This is time consuming and increases the risk of error. These preparers also questioned the decision-usefulness of this information for users of the financial statements. For these reasons, the Technical Committee suggested that the Board amend the principles in ED 167 to only allow for interest recognition on a gross basis for all receivables.
- 9.7 The Board AGREED with the Technical Committee's proposal.

Amendments to IFRS 9 and IAS 28

- 9.8 The Secretariat INDICATED that there were changes made to IFRS 9 *Financial Instruments* and IAS 28 *Investments in Associates and Joint Ventures*. These changes clarify whether instruments with negative compensation features meet the SPPI test, and how investments in associates should be impaired. These amendments are not significant and would clarify the application of ED 167. The Technical Committee supported including these amendments in the final revisions to GRAP 104 and that re-exposure is not necessary. The Technical Committee also indicated that the other changes made to ED 167 responded to comments received and did not require re-exposure.
- 9.9 The Board AGREED with the inclusion of the amendments, as well as the view that re-exposure is not needed.

Alignment with IPSAS 41

- 9.10 The Secretariat NOTED that the project to revise GRAP 104 was linked to the revision of IFRS 9. When starting the project, the IPSASB had not yet completed its revision of IPSAS 41 *Financial Instruments*. The IPSASB completed IPSAS 41 last year and the Board asked the Secretariat to check the alignment of the final revisions to GRAP 104 to IPSAS 41.
- 9.11 The Secretariat INDICATED that the two standards are substantially aligned, except for the decision on interest recognition on credit impaired receivables. Other areas of departure relate to previous decisions made by the Board to eliminate accounting alternatives or to make the Standard relevant to the local environment, and to simplify the requirements wherever possible.

Review of GRAP 108

- 9.12 The Secretariat NOTED that the project brief indicated that GRAP 108 *Statutory Receivables* should be reviewed once GRAP 104 is revised. Feedback from the project group, confirmed by the Technical Committee, is that GRAP 108 should not be revised until GRAP 104 has been implemented.
- 9.13 The Board AGREED with this suggestion. Questions were RAISED about when this review would be undertaken. The Secretariat INDICATED that it is not possible to determine a timeframe without having a discussion on the proposed transitional provisions and effective date for GRAP 104. The timing (and or undertaking) of a review of GRAP 108 may also depend on the actual implementation of GRAP 104 and issues identified.

Review of amendments to ED 167

- 9.14 The Board SUPPORTED the amendments made to ED 167 as outlined in Table 2 of the memorandum.

Approval of amendments and next steps

- 9.15 The Board APPROVED the amendments to GRAP 104.
- 9.16 The Secretariat INDICATED that the next step is to develop transitional provisions, which will be tabled at the July 2019 Board meeting.

Secretariat

10. TRANSITIONAL PROVISIONS FOR CET COLLEGES

- 10.1 The Secretariat TABLED the following at the meeting:
- (a) Memorandum from the Secretariat.
 - (b) Proposed Directive on *Transitional Provisions for the Adoption of Standards of GRAP by Community Education and Training (CET) Colleges*.
- 10.2 The Secretariat EXPLAINED the consultation process, and that it had consulted with the Department of Higher Education and Training and the SAICA project team. The SAICA team presented the proposed Directive to the college management and/or council (where possible) and involved the auditors (where appointed).
- 10.3 The Board AGREED that sufficient consultation was undertaken on ED 172.
- 10.4 The Secretariat INDICATED that the terminology in ED 172 was amended to consistently refer to 'acquisition date' based on comments received from a respondent. No other changes were made.
- 10.5 The Board AGREED with the proposed amendments, and APPROVED ED 172 for issue as a final pronouncement.

Secretariat

- 10.6 The Secretariat NOTED that, although the OAG had raised the issues discussed at the last Board meeting with the Minister of Finance, there had been no engagement at a ministerial level on the issues. It was also NOTED that audit firms had been responding to tenders issued by the DHET for the provision of audit services, so some of the concerns raised at the last meeting seem to have been resolved.

11. APPLICATION OF STANDARDS OF GRAP BY ENTITIES THAT APPLY IFRS STANDARDS

- 11.1 The Secretariat TABLED a memorandum.
- 11.2 It was NOTED that the proposed Directive was updated with comment received after engaging with the Financial Reporting Technical Committee. The amended Directive was discussed at a project group meeting held during February 2019. The Technical Committee reviewed the proposed Directive and recommended it to the Board for its consideration.
- 11.3 The Board NOTED that some project group members still had concerns that requiring IFRS entities to consider the guidance in the proposed Directive, could result in an "IFRS plus" reporting framework. These project group members noted that, in their view, this could impact the fair presentation of the financial statements and the entity's ability to assert compliance with IFRS Standards.
- 11.4 It was NOTED that the Technical Committee was of the view that, in terms of IAS 8, an entity may consider the pronouncements of other standard-setting bodies in the absence of an IFRS Standard. As such, applying the proposed Directive will not result in an "IFRS plus" reporting framework.
- 11.5 The Board AGREED with the Technical Committee's view.

Secretariat

- 11.6 The Board APPROVED the proposed Directive on *The Application of Standards of GRAP by Public Entities that Apply IFRS Standards* for exposure, with a comment deadline of 31 July 2019.

Secretariat

12. STANDARDS OF GRAP FOR SMALL ENTITIES

- 12.1 The Secretariat TABLED the following at the meeting:
- (a) Memorandum from the Secretariat.
 - (b) Approved project brief (for information purposes)
- 12.2 The Secretariat EXPLAINED the background to the project and SHARED the results of the initial phase of the research.
- 12.3 The Secretariat EXPLAINED the criteria proposed to assess the different options to progress the project and what the options would entail.
- 12.4 Members NOTED the following regarding the results of the research:
- The existence of a large number of small entities that are unable to support themselves while receiving public funds should be reviewed by government. These entities should be consolidated.
 - The Board's mandate is to set Standards of GRAP and does not distinguish between the size or complexity of entities.
 - The research highlights that Standards of GRAP provide information that is general purpose, to a wide range of users.
 - The challenges are mostly related to human resources and a lack of education. It is doubtful that a different reporting framework will assist with resolving the challenges. Providing guidance / educational material may be more appropriate.
 - It was questioned whether a different reporting framework would still meet the requirement in the Constitution of having uniform Treasury norms and standards.
- 12.5 After debating the proposals made to progress the project, the Board AGREED on the following actions:
- The specific challenges the research identified should be mapped to the existing and upcoming projects of the Board, and existing guidance of the Board and/or Secretariat. This should be done to consolidate current or future work to address the challenges so that areas where further actions are required, if any, can be identified. Proposals on guidance that the Board can develop to address remaining challenges, if any, should be included in this analysis. The analysis should also consider where actions have or could be taken by other stakeholders when it is not within the Board's mandate.
 - A meeting should be held with the trilateral parties to establish the roles of the ASB and OAG in providing guidance, including to small entities.

- A Research Paper should be developed outlining the results of the initial phase of the research as it would be useful to communicate the information gathered with stakeholders.

Secretariat

12.6 The results of the actions will be presented to the Board at the September 2020 meeting.

12.7 A member ASKED if the Secretariat has communicated issues previously identified with the GRAP Guidelines to the OAG. The Secretariat CONFIRMED that it has communicated the issues.

13. EMERGING ISSUES

13.1 The Secretariat TABLED a memorandum at the meeting outlining emerging issues regarding the application of the Standards.

13.2 The Secretariat INDICATED that the most significant developments since the last meeting relate to the following:

- The application of Directive 12 – requests were made by two entities to the Director-General of the National Treasury to grant exemption from applying Standards of GRAP. The requests focused on the needs of specific borrowers rather than all the users of the individual entity's financial statements. The Secretariat has indicated in discussions with the trilateral parties that requests for exemption should ensure that some users are not prejudiced by a decision to apply IFRS.
- The proposal to reinstate the requirements for non-current assets held for sale and disposal groups – based on feedback received on the work programme consultation, the firms did not believe that reinstating these requirements would resolve the issues. They were of the view that for the specific transactions in question, the controlled entities would not meet the requirements to be held for sale.

13.3 The Secretariat INDICATED that it met with SARS to discuss progress on the implementation of Standards of GRAP. They highlighted several challenges, the key one being limited funding available to undertake all the initiatives required to change systems. This situation will be monitored, and feedback provided to the Board if needed.

14. GRAP IMPLEMENTATION

The representative of the National Treasury PROVIDED the following feedback:

- The GRAP Guides are being revised and would be issued for comment.
- “Standards on a page” are being developed for each of the Standards.
- EU funding has been made available to the National Treasury and would be used to develop guidance on financial instruments.

15. AUDIT AND RISK COMMITTEE (AC)

- 15.1 It was NOTED that the AC met on 15 March 2019, where they noted the ASB's third Quarterly Report for the Financial Year ending on 31 March 2019 and approved the Audit Strategy for the upcoming audit.
- 15.2 It was NOTED that the three-year rolling plan of the Internal Audit Unit was not approved due to the lack of response by the Internal Audit Unit to the issues raised by the CEO during the consultation process.
- 15.3 It was NOTED that the AC approved the AC Terms of Reference, the Internal Audit Unit Charter and the Internal Audit Stakeholder Engagement Protocol and recommended all three documents to the Board for approval.
- 15.4 The Board APPROVED the three documents, subject to the correction of some editorials identified in the Terms of Reference.

Secretariat

16. FEEDBACK FROM OPERATIONS COMMITTEE

The Feedback Report from the Operations Committee meeting held on 15 February 2019 and the draft minutes of the Operations Committee meeting were TABLED for consideration by the Board. It was NOTED that all the matters referred to the Board were included on the agenda.

17. ADMINISTRATION

Work programme

- 17.1 The Secretariat TABLED a memorandum, along with the revised work programme to reflect the decisions taken at the November 2018 meeting and the document outlining monitoring of convergence with the IPSASB, at the meeting.
- 17.2 Based on a staff member taking maternity leave and recent decisions by the Board on certain projects, the following amendments were AGREED to the work programme:
- The timeframes for the projects on the reporting of information to citizens and GRAP for small entities would be revised.
 - The Exposure Draft and the final transitional provisions for GRAP 104 would be added to the work programme.
 - The Research Paper outlining the results of the review of the amendments to GRAP 16 and GRAP 17 would be considered by the Board in quarter 3 of 2019.
- 17.3 The Secretariat INDICATED that because of the number of changes to the targets, a revised Annual Performance Plan was submitted to the National Treasury in January 2019.

Monitoring progress against the achievement of the quarterly and annual targets

- 17.3 The Secretariat TABLED a report outlining the projected performance for the quarter and year. The Secretariat INDICATED that based on the decisions at the meeting and events since the date of the memorandum, all the quarterly and annual performance targets would be achieved.

- 17.4 The Secretariat INDICATED that the Board would need to assess what the organisational performance rating should be based on the achievement of the organisational targets for the year. The Secretariat INDICATED that although all the targets were achieved, it may be appropriate to assign a rating lower than 100%, particularly because of improvements that could be made in communication.
- 17.5 The Board members QUESTIONED the appropriateness of the target setting process if a lower rating is assigned.
- 17.6 The Board AGREED that the Secretariat had made improvements in communication over the year and that changes were introduced to ensure communication is changed to respond to changing needs.
- 17.7 The Board AGREED that if the targets were achieved, then there is no need to reduce the ratings.

Risk register

- 17.8 The risk register was TABLED for approval by the Board.
- 17.9 It was AGREED that the upcoming election, and the potential reshuffling of cabinet and the reorganisation of the public sector posed a potential risk to the ASB that goes beyond an emerging risk that should be added to the risk register.
- 17.10 It was also AGREED that a Key Risk Indicator should be identified for risk number 7.

Secretariat

- 17.11 Subject to these amendments, the Board APPROVED the risk register.

Significance and materiality framework

The annual Significance and Materiality framework was APPROVED by the Board. It was NOTED that because of the approval of the Guideline on materiality, some changes to the Statement of Accounting Policies included in the 2019 Annual Report would be proposed by the Secretariat for approval by the Board.

18. REVISED BUDGET

- 18.1 A revised budget for 2019/20 and the MTEF period was TABLED for consideration by the Board.
- 18.2 It was NOTED that the revision was the result of a reduction in the ASB's baseline for the MTEF period.
- 18.3 The Board APPROVED the revised budget for implementation.

19. INTERNATIONAL STANDARD SETTING ACTIVITIES

The Secretariat PROVIDED an oral report on the activities of the March 2019 IPSASB meeting.

20. GENERAL

- 20.1 The BOARD CONSIDERED and APPROVED the request to authorise the granting of an authority to the CEO to apply for a credit card from First National Bank, subject to all the operating and internal controls of the ASB with a limit of R150 000.
- 20.2 The meeting dates for 2019 were NOTED.

20.3 The Board continued with a closed meeting.

20.4 The meeting was ADJOURNED at 16:30.

Prepared by: Erna Swart 8 April 2019

Approved by: Vincent Ngobese 8 April 2019

Issued: 8 April 2019

Approved by Board: _____

Date: _____