

Evolution of reporting in South African public sector



Accounting Standards Board

A vertical stack of four squares on the left side of the slide. The top two are large and dark teal, the bottom two are smaller and light teal.

Overview

- Where did it all start?
- How do we stay relevant?
- Where are we headed?



Where did it all start?

The genesis of Standards of GRAP

A uniform reporting framework for public sector

- 1996: The Constitution requires a uniform reporting framework that:
 - promotes transparency in reporting of REAL;
 - across all entities in the public sector.
- 1999: PFMA established the ASB to develop this uniform framework.
- 2002: ASB established and commenced work on developing framework.

A uniform reporting framework for public sector

- PFMA required the ASB to develop framework:
 - Using international best practice.
 - Considering capacity of entities to implement.
- International best practice that existed:
 - IPSASs.
 - IFRSs.

A uniform reporting framework for public sector

- Board agreed IPSASs should form basis of Standards of GRAP.
 - Internationally recognised framework.
 - Deals with issues unique to public sector.
- Process followed to develop GRAP, by modifying IPSASs, outlined in Preface.
- Develop own Standards where no IPSAS exists.
- Permission granted from IFAC in 1999.

Core suite of Standards

- Initial focus was on developing a core suite of Standards based on IPSASs.
- By 2009, core suite substantially completed.
- Developed 10 own Standards:
Financial Instruments, Heritage Assets, Assets held for Sale, Intangible Assets, Agriculture, PPPs, Transfers of Functions and Mergers (3), Statutory Receivables.
- Interpretation on revenue recognition

Adopting core suite

- Public entities and constitutional institutions adopted in 2009.
- Last of the municipalities completed adoption by June 2012.
- Parliament finalising adoption.
- Trading entities from 2013.
- TVET colleges adopted in 2014.
- Provincial legislatures started adoption process on 1 April 2015.

Adopting core suite

- National and provincial departments still to adopt.
- Reconsidering framework for GBEs.



How do we stay relevant locally and internationally?



Staying relevant locally

- Core suite developed and adopted – so what now?
- Environment has matured, practice develops, issues arise → need to stay relevant and respond to requirements of local environment.
- Represents a change in focus of the Board's work.



Staying relevant locally

- The Board's work and change in focus have
- led to the following decisions:

- Differential reporting.
- Simplifying the Standards.
- Assessing users' needs.



Differential reporting

- Board researched whether there should be differential reporting in 2010.
- No differential reporting:
 - Onerous to understand 2 frameworks.
 - Drain on already scarce skills.
 - Effect on consolidation.
- Agreement that areas could be simplified, and materiality should be better considered.



Simplifying the Standards

- Given challenges experienced in practice, simplify where possible.
- Focuses on aspects where simplifications can be made without affecting the intended outcome of the principles.
- Look at areas of application where guidance can be given.
- Applying materiality in preparing financial statements → focus on relevance of information to users.



Simplifying the Standards

- Changes in or simplifications of requirements based on feedback from post-implementation reviews.



Assessing users' needs

- Focus on reviewing whether applying the Standards produces information that meets users' needs.
- Policy on undertaking post-implementation reviews adopted:
 - Focus on selected Standards.
 - Approved by Board as need arises.
 - Selection of Standard based on feedback received, AG's general reports etc.



Assessing users' needs

- Feedback from PIRs critical source of information to drive work programme:
 - Projects on housing and land.
 - Focus on materiality.
 - Education of users.



Staying relevant internationally

- Retaining alignment with IPSASs an important objective.
- Follow process to assess implications on local environment & follow own due process before adopting.
- Identify any SA issues during development of IPSASs.
- Once IPSAS issued, develop our own Standard and adapt for local issues.



Staying relevant internationally

- Key part of work programme in next 18 months:
 - Consider IPSASB's Conceptual Framework for GPFRR.
 - Update consolidation and related standards.
 - Consider local impact of social benefits project.
 - Participate in IPSAS projects where possible.



Staying relevant internationally

- Conceptual framework poses unique challenges which ASB Board & OAG needs to address:
 - Scope beyond GPFSSs → GPFRSSs.
 - Reporting outside financial statements and how/by whom this should be addressed.
 - Introduction of “other resources” and “other obligations” and how these will be used.



Staying relevant internationally

- Questions raised about the linkage between GPFs and Integrated Reporting.
- GPFs focus on enhancing and supplementing information in GFSs → Integrated Reporting wider scope.
- GPFs detailed reports, hold entities accountable and make decisions → Integrated Reporting summarised info.



Where are we headed?

Where are we headed?

- With policy on PIRs in place, focus on local issues to remain.
- Commitment to retain alignment with IPSASs, but prioritised in relation to local issues.
- Reporting outside the financial statements, simplifying reporting – citizens' guide?
- Consider adoption of GRAP by departments (IPSAS 33 and revision of directives).



Where are we headed?

- Change in structure of Board and sub-committees → increased focus on governance and oversight.
- Process to consult with users to be re-assessed.



Contact details

Tel: (011) 697-0660

Fax: (011) 697-0666

Email: info@asb.co.za

Website: www.asb.co.za

: Accounting Standards Board

: @ASB_SA