



Comments due by 20 September 2019

ACCOUNTING STANDARDS BOARD

INVITATION TO COMMENT ON PROPOSED IMPROVEMENTS TO IPSAS, 2019 (ED 178)



Commenting on this Exposure Draft

The Accounting Standards Board (the Board) seeks comment on the International Public Sector Accounting Standards Board's (IPSASB) Exposure Draft of the proposed *Improvements to IPSAS, 2019*.

The proposals in this Exposure Draft will be used to formulate a comment letter to the IPSASB. Comment should be submitted in writing so as to be received by **20 September 2019**. Email responses are preferred. Unless respondents to this Exposure Draft specifically request confidentiality, their comment is a matter of public record once the Standard of GRAP has been issued. Comment should be addressed to:

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Introduction

Standards of Generally Recognised Accounting Practice

The Accounting Standards Board (the Board) is required in terms of the Public Finance Management Act, Act No. 1 of 1999, as amended (PFMA), to determine generally recognised accounting practice referred to as Standards of Generally Recognised Accounting Practice (GRAP).

The Board must determine GRAP for:

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

The above are collectively referred to as “entities” in Standards of GRAP.

The Board has approved the application of International Financial Reporting Standards (IFRS[®] Standards) issued by the International Accounting Standards Board[®] for:

- (a) public entities that meet the criteria outlined in the Directive on *The Selection of an Appropriate Reporting Framework by Public Entities*; and
- (b) entities under the ownership control of any of these entities.

Financial statements should be described as complying with Standards of GRAP only if they comply with all the requirements of each applicable Standard and any related Interpretations of the Standards of GRAP.

Any limitation of the applicability of specific Standards or Interpretations is made clear in those Standards or Interpretations.

This Standard is set out in paragraphs .01 to .151. All paragraphs in this Standard have equal authority. The status and authority of appendices are dealt with in the preamble to each appendix. This Standard should be read in the context of its objective, its basis for conclusions if applicable, the *Preface to Standards of GRAP*, the *Preface to the Interpretations of the Standards of GRAP* and the *Framework for the Preparation and Presentation of Financial Statements*.

Standards of GRAP and Interpretations of the Standards of GRAP should also be read in conjunction with any directives issued by the Board prescribing transitional provisions, as well as any regulations issued by the Minister of Finance regarding the effective dates of the Standards, published in the Government Gazette.



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Reference may be made here to a Standard of GRAP that has not been issued at the time of issue of this Standard. This is done to avoid having to change the Standards already issued when a later Standard is subsequently issued. Paragraph .11 of the Standard of GRAP on *Accounting Policies, Changes in Accounting Estimates and Errors* provides a basis for selecting and applying accounting policies in the absence of explicit guidance.



Background to this Exposure Draft

The IPSASB annually issues improvements to the International Public Sector Accounting Standards (IPSAS). The changes are generally non-substantive changes that arise from aligning the IPSAS with amendments to the equivalent International Financial Reporting Standard (IFRS® Standard), as well as amendments identified by stakeholders.

The Improvements Project for 2019 outlines non-substantive changes to IPSAS through a collection of amendments which are unrelated. The amendments arise from comments received from stakeholders. The IPSASB considered amendments made to certain IFRS Standards but decided to delay these to future projects as they were considered to be substantive changes. These include amendments to the definition of 'material' in IPSAS 1 on *Presentation of Financial Statements* as well as the definition of a 'function' in IPSAS 40 on *Public Sector Combinations*.

The Board will consider these amendments locally when it undertakes its Improvements Project in 2023.

Due process and timetable

The Board invites comment on the proposals set out in this Exposure Draft from preparers, users, auditors, standard-setters and other parties with an interest in public sector financial reporting. Upon the closure of the comment period, the Board will consider the comment received on the Exposure Draft. Comment received will be used to formulate a comment letter to the IPSASB.

Request for comment

Comment on this Exposure Draft is invited by **20 September 2019**. The Board requests that respondents express an overall opinion on whether the Exposure Draft, in general, is supported and to supplement this opinion with detailed comment, whether supportive or critical. Respondents are also invited to provide detailed comment identifying the specific paragraphs to which it relates, explaining the issue and suggesting alternative wording, with supporting reasoning, where appropriate. The basis for accepting or rejecting significant comment will be published on the website.

General matters for comment

As with any other Exposure Draft, comment on any other matter contained in this Exposure Draft would also be welcomed. Comment is most helpful if reference is made to a specific paragraph or group of paragraphs.