

# Accounting Standards Board

## Annual Performance Plan 2021 – 2022

**Date of tabling**

**March 2021**



# Executive Authority Statement

The Accounting Standards Board has developed a core set of Standards that when implemented will lead to information in the annual financial statements that can be used for decision making and accountability. The quality, legitimacy, and impact of these standards have been demonstrated and stress the public interest.

It will take focused effort, leadership, and collaboration to support the continued implementation of the standards and this APP supports the strategy to achieve that. However, all the relevant stakeholders, i.e. the preparers, auditors and users of financial statement information, need to collaborate to ensure successful implementation and improved audit outcomes.

Annual reports are important instruments in the accountability cycle. It also contains relevant information for decision making, but for that information to be credible audit outcomes need to improve in all spheres of government.

Implementation of high quality financial reporting requires years of advocacy, education, outreach and stakeholder cooperation.

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T Mboweni, MP

Executive Authority

Accounting Standards Board

# Accounting Authority Statement

The Constitution of the Republic of South Africa requires the implementation of uniform reporting standards for all the spheres of Government. Implementation of Standards of GRAP should lead to improved information for accountability and decision-making. The annual performance plan continues the strategy set out in the 2020-2025 strategic plan and sets out the steps the ASB is planning to take to give effect to the constitutional mandate.

The annual performance plan has been prepared in consultation with the National Treasury and the Auditor-General of South Africa as the National Treasury is responsible for the implementation of Standards of GRAP, while the Auditor-General of South Africa is responsible for expressing an opinion on the implementation of the Standards of GRAP as the reporting framework.

Consultation with stakeholders is an important building block in standard setting and is integrated into the DNA of the ASB. All relevant stakeholders were consulted in developing the three year work plan and will be consulted again in developing the work plan for the next three years.

The Board has issued a comprehensive set of reporting requirements, but its work is not done as reflected by continuing poor audit outcomes. It means that there is a greater need for:

- All entities in the public sector to adopt robust, accrual-based accounting requirements.
- Reporting requirements to provide relevant information about key government assets, liabilities, revenue and expenses.
- Preparers to improve the quality of the information they provide to the users of the financial statements.



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V. Ngobese

Chairperson

Accounting Standards Board

# Official Sign-Off

It is hereby certified that this Annual Performance Plan:

- Was developed by the Board and management of the ASB for consideration by the Minister of Finance before tabling it in Parliament.
- Considers all the relevant policies, legislation and other mandates for which the ASB is responsible.
- Accurately reflects the Impact, Outcomes and Outputs which the ASB will endeavour to achieve over the period ending on 31 March 2022.

**Erna Swart**



**Programme Manager**

**Erna Swart**



**Chief Financial Officer**

**Erna Swart**



**Head of Planning**

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**Vincent Ngobese**



**Chairperson**

**Min T Mboweni**

**Executive Authority**

# Part A: Our Mandate

## 1. Legislative and policy mandate

1.1 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;
- 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;
- consider 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.

1.2 In terms of the PFMA, the Board must determine GRAP for the following institutions:

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

The above is collectively referred to as “entities” in this document and in the Standards of GRAP.

1.3 Although the Board develops Standards of GRAP for entities, 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.

- 1.4 The Minister of Higher Education and Training has approved the use of Standards of GRAP by public Technical Vocational and Educational Colleges (TVET) and Continuing Educational Colleges (CET).

## 2. Institutional Policies and Strategies over the five-year planning period

- 2.1 The President identified seven priorities in his State of the Nation address from the National Development Plan, and the ASB contributes indirectly to the following priorities:

- Education, skills and health.
- A capable, ethical and developmental State.
- A better Africa and world.

- 2.2 The activities of the ASB have a pervasive impact on accountability and decision-making in all spheres of government.

- 2.3 For the ASB to improve financial reporting in the public sector, the following outputs have been identified:

- Maintain and enhance existing Standards of GRAP and develop new standards where gaps are identified.
- Undertake research to ensure Standards of GRAP respond to broader financial reporting needs.
- Influence development of international standards.
- Facilitate and encourage stakeholder engagement and support.
- Manage resources to ensure the ASB is operationally effective.

- 2.4 To ensure the standards issued by the Board are world-class, the Board has a policy of converging its Standards with International Public Sector Accounting Standards (IPSAS) issued by the International Public Sector Accounting Standards Board (IPSASB) where this contributes to the achievement of the Board's mandate. Several projects are being discussed by the IPSASB that are of relevance to the South African public sector, for example revenue and non-exchange expenses. The ASB aims to maximise its contributions to these projects to ensure high quality international accounting standards are developed that can be adopted locally. The Board will consider issuing new, or amending existing Standards, to align with IPSAS over the medium-term.

- 2.5 The Board monitors and evaluates the consistent application of the Standards of GRAP on an on-going basis by considering whether the current needs of users are met. Over the medium term the Board will conduct a post-implementation review of GRAP 109 *Accounting by Principals and Agents* and desktop reviews of GRAP 2, *Cashflow Statements* and GRAP 24, *Presentation of Budget information in Financial Statements*.

- 2.6 High quality accounting standards serve the public interest. They focus on the needs of users who require credible financial information for decision-making. It is therefore critical that financial reporting provides users with concise, understandable and relevant information for improved accountability and decision-making. To help users understand financial information better the Board will develop communication material over the medium term.

### 3. Relevant Court Rulings

- 3.1 The South African Law Reform Commission is conducting a review of regulatory, compliance and reporting obligations imposed on local government by legislation. As Standards of GRAP is an example of such legislation, the ASB made a submission to the Commission. The outcome of the review is not yet known.
- 3.2 Judgement was handed down in a court case brought by the Executive Council for Economic Opportunities in the Western Cape against the Auditor-General South Africa. The accounting issue dealt with in the judgement relates to the application of the Modified Cash Standard (MCS) and the Economic Reporting Format (ERF) to principal-agent arrangements. As the principles in the MCS are drawn from the Standards of GRAP, it is relevant to understand whether any of the findings in the judgement affect the application of the Standards. The outcome of the case may have implications for the Standard of GRAP on Accounting by *Principals and Agents*, and progress made with the judgement and any decisions made will be monitored.

## Part B: Our Strategic Focus

### 4. Situational Analysis

### 5. Strengths, weaknesses, opportunities and threats

- 5.1 The quality of the staff of the ASB is at the same time a strength and a threat. It took a long time to find the right staff and through carefully constructed employment policies to retain the staff. However, staff becomes expensive when there is not regular rotation, and two of the staff members will be retiring in the next 12 to 24 months. The technical competencies of the staff make them attractive to the private sector and to other standard setters internationally. Filling vacancies amongst technical staff is difficult and training new recruits to become fully functional is also both lengthy and expensive. Fiscal pressures on government means remuneration is not keeping pace with the market, increasing the risk of losing staff. The size of the organisation with only seven staff members means any extended absence by a single staff member results in the inability of the ASB to achieve its outputs.
- 5.2 Implementation of Standards is not institutionalised. This means that the ASB uses already constrained resources informing preparers of Standards that need to be implemented and developing implementation tools such as videos and presentations for preparers.
- 5.3 Stakeholders do not fully understand the ASB's role and purpose and often request more than the ASB's mandate can deliver. The National Treasury and provincial treasuries are responsible for providing implementation guidance and implementation support. Where this is seen as insufficient, it creates expectations in stakeholders that the ASB will step in to fill the gap, but the ASB would exceed its mandate.
- 5.4 Key stakeholders who can have a major impact on the ASB's effectiveness are not readily available and often inaccessible. The ASB does not have a champion to promote the implementation of standards or sound financial management across all spheres of government.
- 5.5 The impact of COVID-19 on the economy and government over the longer term is unknown. In the short term the impact on the ASB has been insignificant but will need to be monitored going forward. It has changed how the ASB conducts its consultation process as the due process relies heavily on oral interaction with stakeholders. Most meetings are likely to be virtual and face to face interactions will be re-introduced only when all lockdown restrictions are removed. We have seen savings on meetings with stakeholders, which has provided us opportunities to use other technology to interact with stakeholders.
- 5.6 The impact of COVID-19 on the ASB's robust due process has been insignificant. All face-to face meetings that were cancelled have been rescheduled as virtual meetings. More meetings have also been scheduled targeting different.
- 5.7 Our strategy to collaborate with other bodies (SAICA and CIGFARO) has also borne fruit as we are increasing communication with shared stakeholders and using online media to increase our reach.



## 6. External Environment Analysis

### **International Public Sector Accounting Standards Board (IPSASB)**

6.1 Internationally, the IPSASB is focusing on the following issues:

(a) Setting Standards on Public Sector Specific Issues

- Natural Resources
- Limited Scope Review of the Conceptual Framework

(b) Maintaining IFRS Alignment

- Annual Improvements
- IASB's Narrow Scope Amendments

(c) Completing current projects, including

- Measurement
- Revenue
- Leases
- Non-exchange expenses
- Infrastructure assets
- Heritage

6.2 In accordance with the standard-setting process, the ASB participates in the IPSASB processes to minimise the changes that need to be made when developing the local standards. Participation to date has been based on having a South African representative and technical advisor on the IPSASB Board, participating in task forces, issuing concurrent exposure drafts and submitting comment letters on relevant exposure drafts, and providing comments to the IPSASB staff on key projects.

6.3 The IPSASB has requested national standard setters to participate in their task forces. Based on the esteem by which the ASB's technical competence is viewed, the ASB is represented on a number of project groups. Even though the intention is to have virtual meetings, face to face meetings may be needed from time to time. This may have cost implications and will be monitored.

6.4 However, if despite participation in the international process, an IPSAS is approved that in the view of the ASB and its stakeholders fails the ASB's mandate and strategic objectives, the Board may deviate from the international standards on the basis that it will not give rise to best practice as required by the PFMA. While the ASB has reduced disclosure requirements, eliminated some choices in international standards, and simplified some requirements, the ASB has not deviated from the recognition principles in international standards. The project on social benefits is likely to be the first time that the ASB will do so, because even without a standard, larger liabilities are being recognised currently than would be the case if the new international standard is applied. The international standard requires liabilities to be recognised only when all eligibility criteria are satisfied to receive the next benefit. Local beneficiaries are required to meet eligibility criteria in intervals ranging from 1 month to a year. With shorter intervals a smaller liability is recognised. The South African view is that meeting eligibility criteria is a measurement issue and not one that determines recognition.

- 6.5 The impact of COVID-19 on the working arrangements is also uncertain. Three IPSASB meetings were virtual meetings and IFAC is encouraging standard setting boards to have at least one virtual meeting going forward. Given the time differences participants in an international meeting have to face, the four day physical meeting is spread over a two week period. Participants reduce discussion to strategic issues, while leaving technical issues to staff. This means that best local practices are not shared, and potential problems are not exposed early in the standard setting process. Staff may also not be sufficiently competent to reach out for assistance when faced with issues that may need consultation.

### **Influencing the International Accounting Standards Board (IASB)**

- 6.6 To minimise the differences between public and private sector accounting, particularly for those transactions that are sector neutral, a number of the Standards are based on IFRS.

The ASB monitors standards development at the IASB to identify potential differences between the public sector and the private sector. The differences may result in the identification of potential projects to be added during the work programme consultation to revise Standards of GRAP or to develop equivalent public sector pronouncements. Those projects are monitored, but a project is added to the work programme only after consultation with stakeholders.

### **Local environment**

- 6.7 The following entities have adopted Standards of GRAP:
- 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
  - national and provincial public entities;
  - trading entities (as defined in the PFMA);
  - constitutional institutions, and
  - The Minister of Higher Education and Training has approved the use of Standards of GRAP by public Technical Vocational and Educational Colleges (TVET) and Continuing Educational Colleges (CET).
- 6.8 National and provincial departments and government components apply the modified cash standard (MCS Reporting framework) developed by the OAG. Until these entities apply Standards of GRAP, the government is unable to implement the constitutional mandate of uniform financial reporting standards.
- 6.9 There was a clear policy decision made by government in 1999 to move to accrual accounting. The lack of implementation of accrual accounting by departments is an operational issue that should be addressed by the National Treasury. The issue will be raised with the Minister of Finance when an opportunity arises for a meeting.
- 6.10 The environment in the National Treasury has created uncertainty with the resultant impact on the work of the ASB:
- The number of changes in the Ministry of Finance. This has created long delays in the approval of Standards for implementation.

- The length of time taken to fill key vacancies such as that of the Accountant-General (OAG). The OAG is the ASB's key contact in the National Treasury and the service level agreement between the ASB and the OAG should be monitored and implemented by the OAG. However, non-compliance with the SLA cannot be escalated by the ASB due to the frequency of change.
- The time taken to determine the implementation date for Standards of GRAP issued by the Board. Some stakeholders unfairly criticise the ASB when Standards are approved for implementation in batches, rather than the staggered implementation proposed by the Board.

6.11 During the ASB's due process consultation and the work programme consultation a number of concerns have been raised by stakeholders. Most of the issues raised do not fall within the ASB's mandate. They can be attributed to other stakeholders not delivering in accordance with their mandate, stakeholders not understanding the ASB's mandate, or an expectation that the ASB will respond when other stakeholders fail to deliver.

6.12 The ASB responds to questions about the high-level application of specific Standards but does not arbitrate in a dispute between preparers and auditors, nor does it interpret legal agreements to determine the appropriate accounting for a transaction. In this instance, stakeholders are referred to other entities responsible for providing implementation support. Increasingly, preparers are becoming quite frustrated when they are referred to other stakeholders.

## 7. Internal Environment Analysis

### *Strategic risks facing the ASB*

- Delays in the determination of the implementation date of Standards of GRAP – After approval to issue a new Standard of GRAP or Amendments to Standards of GRAP, the Standards are submitted to the Minister of Finance for approval to implement. Delays of up to six years have been experienced in the past to obtain the necessary approval. A delay beyond twelve months result in a lack of transparency with key information not being made available in annual financial statements, and users do not have the correct information to hold entities accountable or to use for decision making. Credit rating agencies and international organisations such as the IMF and the World Bank need the correct information in the wake of our weak economic environment and credit downgrade. Implementing the amendments to GRAP 104 could result in better information regarding credit risk being reflected in the financial statements.
- Adequacy of funding – Sufficient funding is not available to perform all the functions required from a standard setter. As a result, post-implementation reviews (PIR) of Standards of GRAP are performed only when other projects can be re-prioritised to make resources available to conduct a PIR. PIRs are resource intensive as an experienced employee member needs to perform the review and the consultation process requires face-to-face interviews and workshops with preparers, auditors and users across the country. PIRs 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 PIR is used to identify whether the disclosure requirements of a Standard are 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. As PIRs place an additional burden on the resources of the ASB, funding the employment of an additional resource would go a long way to ensuring the ASB deliver on its mandate.

- Vacancies and extended absences of key employees – The work programme of the ASB is determined after consultation with stakeholders and considering the capacity available in the ASB. Accordingly, a vacancy amongst ASB technical employees 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 and it takes approximately two years to hone these skills, before a new recruit becomes fully productive. At present, there is one extended absence of a key staff member, with the potential impact of the ASB not being able to deliver in accordance with its predetermined objectives over a two year period. The problem is made worse by the small pool of employment equity candidates available from which to recruit. The ASB does not have sufficient funding to offer an internship or other programme to widen the pool of candidates.
- Remuneration of key employees - The adequacy of funding has an impact on the ability of the ASB to retain key technical employees. Employee remuneration is benchmarked using a national remuneration survey. The remuneration paid by the ASB is on average lower than the benchmark. In addition, cost containment measures have reduced the funding available for performance-based remuneration. Funding constraints also mean the ASB cannot pay a premium to recruit employees with employment equity credentials. Further pressure is being placed on remuneration in trying to comply with the equal pay for equal work principle contained in employment equity legislation.
- The impact of COVID-19 on all stakeholders in the standard setting process and the way standards are set going forward. The cost to date incurred by the ASB has been insignificant. The impact on the budget going forward is uncertain. Savings made on travel expenditure and meetings with stakeholders are not recurring as the virtual international meetings are unlikely to continue indefinitely and the restrictions on face to face meetings are removed. It means that the ASB will have a combination of face to face meetings and virtual meetings going forward. Savings made this year will be surrendered to the National Revenue Fund, but the ASB cannot accommodate a reduction in its baseline.

# Part C: Measuring Our Performance

## 8. Institutional Performance Information

Programme: Administration

Purpose: To set Standards of GRAP for all spheres of the public sector

## 9. Outcomes, Outputs, Performance Indicators and Targets

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited /Actual Performance			Estimated Performance	MTEF Period		
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Enhanced financial reporting for better decision making and accountability	Maintain and enhance existing Standards of GRAP and develop new standards where gaps are identified	No of pronouncements issued as identified in the work programme for the year	10	7	8	4	3	8	8
	Undertake research to ensure Standards of GRAP respond to broader financial reporting needs	No of reviews completed and/or research reports issued	-	2	2	4	5	3	3
	Influence development of international standards	No of international board meetings attended	4	4	4	4	4	4	4
		Percentage of relevant IPSASB Exposure drafts commented on within the comment period set by IPSASB	100%	100%	100%	100%	100%	100%	100%
		Percentage of IASB exposure drafts that are relevant to the Public Sector commented on within the comment period set by IASB	100%	100%	100%	100%	100%	100%	100%
	Facilitate and encourage stakeholder engagement and support	Percentage of FAQ issued to respond to issues raised by stakeholders within the approved timeframe from date of identification of the need to develop a FAQ	100%	100%	100%	100%	100%	100%	100%
		No of accounting forum meetings	8	8	8	8	8	8	8
		No of articles on different topics to continue awareness raising amongst stakeholders	5	5	4	4	4	4	4
		No of meeting highlights issued after Board meetings to create awareness of new developments	4	4	4	4	4	4	4

Manage resources to ensure the ASB is operationally effective	No of issues identified by external audit and reported in management letter.	0	0	0	0	0	0	0
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## 10. Indicators, Annual and Quarterly Targets

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
No of pronouncements issued as identified in the work programme for the year	4	1	1	0	1
No of reviews completed and/or research reports issued	4	2	1	1	1
No of international meetings attended	4	1	1	1	1
Percentage of comment letters submitted on all relevant IPSASB exposure drafts within the comment period set by IPSASB	100%	100%	100%	100%	100%
Percentage of comment letters submitted on those private sector exposure drafts that are relevant to the Public Sector within the comment period set by IASB	100%	100%	100%	100%	100%
Percentage of FAQ issued within the approved timeframe from date of identification of the need to develop a FAQ	100%	100%	100%	100%	100%
No of accounting forum meetings	8	2	2	2	2
No of articles on different topics	4	1	1	1	1
No of meeting highlights issued after Board meetings	4	1	1	1	1
No of audit issues identified by external auditors	0	0	0	0	0

## 11. Explanation of Planned Performance over the medium-term period

11.1 During the last work programme cycle (2017 to 2020) the Board focused extensively on developing guidance on specific transactions and issues affecting the South African environment based on feedback received from stakeholders. A limited number of new issues were identified by stakeholders that need to be addressed over the medium-term. The work programme is the list of projects that it plans to undertake in a specific reporting period, and it drives the standard-setting activities of the Board

11.2 More emphasis will be given to 'catching up' with developments internationally over the next few years. There have been a number of Standards issued by, or ongoing developments at, the IPSASB which reflect the latest thinking internationally on accounting. The two key areas of focus going forward will be:

- Developing a Standard of GRAP on *Social Benefits*, as no guidance exists at present for cash or in-kind benefits paid to individuals and households by government to protect them against certain social risks. Social risks include unemployment, ill-health, injury while undertaking certain activities, etc.
- Revising the Standard of GRAP on *Leases*.

11.3 While the number of entities that have adopted the Standards of GRAP has increased, assessing the effectiveness of the adoption and compliance with the requirements of the Standards and identifying areas where the Standards can be clarified, improved or simplified becomes more important. The selection of the Standards for a post-implementation review is driven by a framework developed to guide the identification of Standards in conjunction with the Office of the Accountant-General (OAG) and the Auditor-General of South Africa (AGSA). Other stakeholders are consulted during the work programme consultation process every three years. The Board has agreed to complete a post-implementation review of GRAP 109 on Accounting by *Principals and Agents*, a desktop review of GRAP 2 on *Cash Flow Statements* and GRAP 24 on *Presentation of Budget Information in Financial Statement* to the work programme for the next three years.

## 12. Programme resource considerations

R thousand	Audited Outcome				Revised budget 2020/21	Average growth rate (%)	Expen- diture/ total: Average (%)	Medium-term estimate			Average growth rate (%)	Expen- diture/ total: Average (%)	
	2017/18	2018/19	2019/20	2020/21				2021/22	2022/23	2023/24			2020/21 - 2023/24
Administration	13 660	14 638	14 538	15 329	3.9%	100.0%	15 159	15 268	15 889	1.2%	99.0%		
<b>Total expense</b>	<b>13 660</b>	<b>14 638</b>	<b>14 538</b>	<b>15 329</b>	<b>3.9%</b>	<b>100.0%</b>	<b>15 159</b>	<b>15 268</b>	<b>15 889</b>	<b>1.2%</b>	<b>99.0%</b>		

Statement of financial performance R thousand	2017/18		2018/19		2019/20		2020/21		2017/18-2020/21			Medium-term estimate			2020/21 - 2023/24	
	Budget	Audited outcome	Budget	Audited outcome	Budget	Audited outcome	Budget estimate	Approved budget	Outcome/ Budget Average %	Average growth rate (%)	Expen- diture/ total: Average (%)	2021/22	2022/23	2023/24	Average growth rate (%)	Expen- diture/ total: Average (%)
<i>Other non-tax revenue</i>	354	476	284	557	275	249	275	187	123.7%	-26.8%	2.6%	204	205	179	-1.4%	1.3%
Interest, dividends and rent on land	143	245	260	292	275	235	275	160	97.8%	-13.2%	1.6%	204	205	179	3.8%	1.3%
<b>Transfers received</b>	<b>13,463</b>	<b>13,463</b>	<b>14,054</b>	<b>14,054</b>	<b>14,340</b>	<b>14,340</b>	<b>15,038</b>	<b>14,407</b>	<b>98.9%</b>	<b>2.3%</b>	<b>97.4%</b>	<b>14,362</b>	<b>14,569</b>	<b>14,626</b>	<b>0.5%</b>	<b>98.7%</b>
<b>Total revenue</b>	<b>13,817</b>	<b>13,939</b>	<b>14,338</b>	<b>14,611</b>	<b>14,615</b>	<b>14,589</b>	<b>15,313</b>	<b>14,594</b>	<b>99.4%</b>	<b>1.5%</b>	<b>100.0%</b>	<b>14,566</b>	<b>14,774</b>	<b>14,805</b>	<b>0.5%</b>	<b>100.0%</b>
<b>Expenses</b>																
<b>Current expenses</b>	<b>13,878</b>	<b>13,660</b>	<b>14,378</b>	<b>14,638</b>	<b>14,738</b>	<b>14,538</b>	<b>15,343</b>	<b>14,642</b>	<b>98.5%</b>	<b>2.3%</b>	<b>100.0%</b>	<b>14,558</b>	<b>14,789</b>	<b>14,854</b>	<b>0.5%</b>	<b>100.0%</b>
Compensation of employees	9,287	10,812	9,927	11,524	10,324	11,333	10,704	10,860	110.7%	0.1%	77.5%	11,156	11,679	11,792	2.8%	77.3%
Goods and services	4,518	2,874	4,380	3,064	4,321	3,112	4,545	3,680	71.7%	8.6%	22.1%	3,328	3,012	2,957	-7.0%	22.1%
Depreciation	73	(26)	71	50	93	93	94	102	66.2%	-257.7%	0.4%	74	98	105	1.0%	0.6%
<b>Total expenses</b>	<b>13,878</b>	<b>13,660</b>	<b>14,378</b>	<b>14,638</b>	<b>14,738</b>	<b>14,538</b>	<b>15,343</b>	<b>14,642</b>	<b>98.5%</b>	<b>2.3%</b>	<b>100.0%</b>	<b>14,558</b>	<b>14,789</b>	<b>14,854</b>	<b>0.5%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>(61)</b>	<b>279</b>	<b>(40)</b>	<b>(27)</b>	<b>(123)</b>	<b>51</b>	<b>(30)</b>	<b>(48)</b>		<b>-155.6%</b>		<b>8</b>	<b>(15)</b>	<b>(49)</b>	<b>0.7%</b>	



Financial position	2017/18		2018/19		2019/20		2020/21		Outcome/ Budget Average %	Average growth rate (%)	Net change/ total: Average (%)	Medium-term estimate			Average growth rate (%)	Net change/ total: Average (%)
	Budget	Audited outcome	Budget	Audited outcome	Budget	Audited outcome	Budget estimate	Approved budget				2021/22	2022/23	2023/24		
	2017/18	2018/19	2019/20	2020/21	2017/18 - 2020/21	2021/22	2022/23	2023/24	2020/21 - 2023/24							
Carrying value of assets of which:	125	234	162	354	262	342	175	175	152.6%	-9.2%	14.7%	265	96	100	-16.9%	22.2%
Acquisition of assets	-	(17)	-	(188)	-	(83)	-	-	-	-100.0%	-3.0%	-	-	-	-	-
Receivables and prepayments	55	61	55	55	55	55	55	55	102.7%	-3.4%	3.3%	55	55	57	1.5%	8.2%
Cash and cash equivalents	369	2,796	392	2,558	656	1,274	691	691	347.2%	-37.2%	82.0%	403	426	445	-13.6%	69.6%
<b>Total assets</b>	<b>549</b>	<b>3,091</b>	<b>609</b>	<b>2,967</b>	<b>973</b>	<b>1,671</b>	<b>921</b>	<b>921</b>	<b>283.4%</b>	<b>-33.2%</b>	<b>100.0%</b>	<b>723</b>	<b>577</b>	<b>603</b>	<b>-13.2%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	125	317	162	290	262	342	175	175	155.2%	-18.0%	14.9%	265	96	100	-16.9%	22.2%
Trade and other payables	203	281	213	113	119	430	125	125	143.8%	-23.7%	13.1%	131	138	144	4.9%	19.9%
Benefits payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capitalised value of pensions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provisions	221	2,493	234	2,564	592	899	621	621	394.3%	-37.1%	72.1%	327	343	358	-16.7%	57.9%
Managed funds (e.g. poverty alleviation fund)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Derivatives financial instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total equity and liabilities</b>	<b>549</b>	<b>3,091</b>	<b>609</b>	<b>2,967</b>	<b>973</b>	<b>1,671</b>	<b>921</b>	<b>921</b>	<b>283.4%</b>	<b>-33.2%</b>	<b>100.0%</b>	<b>723</b>	<b>577</b>	<b>603</b>	<b>-13.2%</b>	<b>100.0%</b>
<b>Contingent liabilities</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

## 13. Narrative

### Revenue

The Accounting Standards Board's main source of revenue is the transfer received from National Treasury. Other revenue consists of interest received through effective cash management of the transfer payment. Total revenue increased from R13.8 million in 2017/18 to R14.4 million in 2020/21, representing an average increase rate of 2.3 per cent for the 4-year review period. Over the medium term, revenue is expected to increase to R14.8 million at an average rate of 0.5 per cent. The low increase over the medium term is government's response to the economic decline and the spiralling debt.

### Expenditure

In periods where the ASB is fully staffed, the transfer payment is used in full. However, when there are vacancies, there is under expenditure. In the last three years the Board used the full appropriation. The ASB is unable to respond to extended absences of key staff, for example when staff has maternity leave or extended sick leave. Such an absence has an immediate effect in that items on the work programme cannot be completed and performance objectives cannot be met. To build more resilience the ASB is redirecting operational funds to remuneration to fund the recruitment of an additional staff member.

The two significant risks facing the Board when the baseline is reduced, are the Board's ability to retain core standard-setting staff and consultation with stakeholders. The Board has adopted a policy of performance bonuses to reward outperformance and to retain staff where current market related remuneration exceeds the salary scales offered by the Board. To enable the Board to balance its budget, the bonus has been eliminated and remuneration is being reduced to over the medium term to enable the ASB to maintain a balanced budget. Two senior employees are retiring over the medium term and it is hoped that the vacancies can be filled by lowering remuneration.

## 14. Key Risks

Outcome	Key Risk	Risk Mitigation
Enhanced financial reporting to engender confidence in financial reporting and improve decision making and accountability	Failure to implement Standards	Engage Minister when opportunity becomes available, and possibly escalate to SCoF
	Inadequate resources – retention of staff & remuneration of staff at market rates	Request additional funds as and when opportunities arise

## 15. Public Entities (N/A)

Name of Public Entity	Mandate	Outcomes	Current Annual Budget (R thousand)
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## 16. Infrastructure Projects (N/A)

No.	Project name	Programme	Project description	Outputs	Project start date	Project completion date	Total Estimated cost	Current year Expenditure
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## 17. Public Private Partnerships (N/A)

PP	Purpose	Outputs	Current Value of Agreement	End Date of Agreement
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## Part D: Technical Indicator Description (TID)

<b>Indicator Title</b>	<ul style="list-style-type: none"> <li>No of pronouncements issued as identified in the work programme for the year</li> </ul>
<b>Definition</b>	<ul style="list-style-type: none"> <li>To develop exposure drafts, Standards of GRAP and other pronouncements as identified in the annual work programme</li> </ul>
<b>Source of data</b>	<ul style="list-style-type: none"> <li>Pronouncements approved for issue by the ASB Board</li> </ul>
<b>Method of Calculation / Assessment</b>	<ul style="list-style-type: none"> <li>No of pronouncements issued as recorded in Board minutes</li> </ul>
<b>Means of verification</b>	<ul style="list-style-type: none"> <li>Board minutes</li> </ul>
<b>Assumptions</b>	<ul style="list-style-type: none"> <li>Four Board meetings held.</li> <li>Pronouncements finalised as per the work programme</li> </ul>
<b>Disaggregation of Beneficiaries (where applicable)</b>	<ul style="list-style-type: none"> <li>All Women as members of the public will benefit</li> <li>All Youth as members of the public will benefit</li> <li>All People with Disabilities as members of the public will benefit:</li> </ul>
<b>Spatial Transformation (where applicable)</b>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
<b>Calculation Type</b>	<ul style="list-style-type: none"> <li>Cumulative (Year-End)</li> </ul>
<b>Reporting Cycle</b>	<ul style="list-style-type: none"> <li>Quarterly</li> </ul>
<b>Desired performance</b>	<ul style="list-style-type: none"> <li>Targeted performance in desirable</li> </ul>
<b>Indicator Responsibility</b>	<ul style="list-style-type: none"> <li>Technical Director</li> </ul>

<b>Indicator Title</b>	<ul style="list-style-type: none"> <li>No of reviews completed and/or research reports issued</li> </ul>
<b>Definition</b>	<ul style="list-style-type: none"> <li>To ensure consistent interpretation and application of Standards of GRAP and other pronouncements as identified in the annual work programme</li> </ul>
<b>Source of data</b>	<ul style="list-style-type: none"> <li>Reviews or research reports tabled for consideration by the Board</li> </ul>
<b>Method of Calculation / Assessment</b>	<ul style="list-style-type: none"> <li>No of reviews or research reports tabled as reflected in Board minutes</li> </ul>
<b>Means of verification</b>	<ul style="list-style-type: none"> <li>Board minutes</li> </ul>
<b>Assumptions</b>	<ul style="list-style-type: none"> <li>Four Board meetings held.</li> <li>Pronouncements finalised as per the work programme</li> </ul>
<b>Disaggregation of Beneficiaries (where applicable)</b>	<ul style="list-style-type: none"> <li>All Women as members of the public will benefit</li> <li>All Youth as members of the public will benefit</li> </ul>

	<ul style="list-style-type: none"> <li>All People with Disabilities as members of the public will benefit:</li> </ul>
<b>Spatial Transformation (where applicable)</b>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
<b>Calculation Type</b>	<ul style="list-style-type: none"> <li>Cumulative (Year-End)</li> </ul>
<b>Reporting Cycle</b>	<ul style="list-style-type: none"> <li>Quarterly</li> </ul>
<b>Desired performance</b>	<ul style="list-style-type: none"> <li>Targeted performance in desirable</li> </ul>
<b>Indicator Responsibility</b>	<ul style="list-style-type: none"> <li>Technical Director</li> </ul>

<b>Indicator Title</b>	<ul style="list-style-type: none"> <li>No of international meetings attended (Virtual or physical)</li> </ul>
<b>Definition</b>	<ul style="list-style-type: none"> <li>Provide technical support to the South African representative on the IPSASB Board</li> </ul>
<b>Source of data</b>	<ul style="list-style-type: none"> <li>Minutes and/or airfare and accommodation for each meeting</li> </ul>
<b>Method of Calculation / Assessment</b>	<ul style="list-style-type: none"> <li>No of meetings attended</li> </ul>
<b>Means of verification</b>	<ul style="list-style-type: none"> <li>Meeting attendance register published by IPSASB</li> </ul>
<b>Assumptions</b>	<ul style="list-style-type: none"> <li>Four international meetings held.</li> <li>Sufficient travel budget</li> </ul>
<b>Disaggregation of Beneficiaries (where applicable)</b>	<ul style="list-style-type: none"> <li>All Women as members of the public will benefit</li> <li>All Youth as members of the public will benefit</li> <li>All People with Disabilities as members of the public will benefit:</li> </ul>
<b>Spatial Transformation (where applicable)</b>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
<b>Calculation Type</b>	<ul style="list-style-type: none"> <li>Cumulative (Year-End)</li> </ul>
<b>Reporting Cycle</b>	<ul style="list-style-type: none"> <li>Quarterly</li> </ul>
<b>Desired performance</b>	<ul style="list-style-type: none"> <li>Targeted performance in desirable</li> </ul>
<b>Indicator Responsibility</b>	<ul style="list-style-type: none"> <li>Technical Director</li> </ul>

<b>Indicator Title</b>	<ul style="list-style-type: none"> <li>Percentage of comment on all relevant IPSASB Exposure drafts within the comment period set by IPSASB</li> </ul>
<b>Definition</b>	<ul style="list-style-type: none"> <li>Respond to international public sector developments by submitting a well-researched comment letter on all relevant IPSASB exposure drafts issued</li> </ul>
<b>Source of data</b>	<ul style="list-style-type: none"> <li>No of comment letters submitted</li> </ul>
<b>Method of</b>	<ul style="list-style-type: none"> <li>No of comment letters submitted</li> </ul>

<b>Calculation / Assessment</b>	
<b>Means of verification</b>	<ul style="list-style-type: none"> <li>• Emails with comment letters send</li> </ul>
<b>Assumptions</b>	<ul style="list-style-type: none"> <li>• IPSASB will issue exposure drafts for comment.</li> <li>• Sufficient resources to respond to exposure drafts.</li> </ul>
<b>Disaggregation of Beneficiaries (where applicable)</b>	<ul style="list-style-type: none"> <li>• All Women as members of the public will benefit</li> <li>• All Youth as members of the public will benefit</li> <li>• All People with Disabilities as members of the public will benefit:</li> </ul>
<b>Spatial Transformation (where applicable)</b>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>
<b>Calculation Type</b>	<ul style="list-style-type: none"> <li>• Cumulative (Year-End)</li> </ul>
<b>Reporting Cycle</b>	<ul style="list-style-type: none"> <li>• Quarterly</li> </ul>
<b>Desired performance</b>	<ul style="list-style-type: none"> <li>• Submit a well-researched comment letter on all relevant IPSASB exposure drafts within the comment period</li> </ul>
<b>Indicator Responsibility</b>	<ul style="list-style-type: none"> <li>• Technical Director</li> </ul>

<b>Indicator Title</b>	<ul style="list-style-type: none"> <li>• Percentage of comment on those private sector Exposure drafts that are relevant to the Public Sector within the comment period set by IASB</li> </ul>
<b>Definition</b>	<ul style="list-style-type: none"> <li>• Identify potential public sector implications in any standards being developed by the private sector and ensure that the comment is included in the SAICA comment letter, or if deemed a significant issue, consider submitting an ASB comment letter.</li> </ul>
<b>Source of data</b>	<ul style="list-style-type: none"> <li>• No of comment letters submitted.</li> </ul>
<b>Method of Calculation / Assessment</b>	<ul style="list-style-type: none"> <li>• No of comment letters submitted.</li> </ul>
<b>Means of verification</b>	<ul style="list-style-type: none"> <li>• Emails with comment letters sent.</li> </ul>
<b>Assumptions</b>	<ul style="list-style-type: none"> <li>• IASB will issue exposure drafts for comment.</li> <li>• Sufficient resources to respond to exposure drafts.</li> </ul>
<b>Disaggregation of Beneficiaries (where applicable)</b>	<ul style="list-style-type: none"> <li>• All Women as members of the public will benefit</li> <li>• All Youth as members of the public will benefit</li> <li>• All People with Disabilities as members of the public will benefit:</li> </ul>
<b>Spatial Transformation (where applicable)</b>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>
<b>Calculation Type</b>	<ul style="list-style-type: none"> <li>• Cumulative (Year-End)</li> </ul>
<b>Reporting Cycle</b>	<ul style="list-style-type: none"> <li>• Quarterly</li> </ul>

<b>Desired performance</b>	<ul style="list-style-type: none"> <li>Participate in private sector project groups to draft comment letters on standards relevant to the public sector and submit own comment letter if subject deemed significant.</li> </ul>
<b>Indicator Responsibility</b>	<ul style="list-style-type: none"> <li>Technical Director</li> </ul>

<b>Indicator Title</b>	<ul style="list-style-type: none"> <li>Percentage of FAQ issued within the approved timeframe from date of identification of the need to develop a FAQ</li> </ul>
<b>Definition</b>	<ul style="list-style-type: none"> <li>Facilitate stakeholder interaction by responding promptly to interpretation issues in Standards of GRAP and other pronouncements</li> </ul>
<b>Source of data</b>	<ul style="list-style-type: none"> <li>No of FAQs issued</li> </ul>
<b>Method of Calculation / Assessment</b>	<ul style="list-style-type: none"> <li>No of FAQs issued</li> </ul>
<b>Means of verification</b>	<ul style="list-style-type: none"> <li>No of FAQs added to website</li> </ul>
<b>Assumptions</b>	<ul style="list-style-type: none"> <li>Stakeholder engagements will take place.</li> <li>Issues will be identified during these engagements</li> <li>Sufficient resources will be available to identify and issue FAQs</li> </ul>
<b>Disaggregation of Beneficiaries (where applicable)</b>	<ul style="list-style-type: none"> <li>All Women as members of the public will benefit</li> <li>All Youth as members of the public will benefit</li> <li>All People with Disabilities as members of the public will benefit:</li> </ul>
<b>Spatial Transformation (where applicable)</b>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
<b>Calculation Type</b>	<ul style="list-style-type: none"> <li>Cumulative (Year-End)</li> </ul>
<b>Reporting Cycle</b>	<ul style="list-style-type: none"> <li>Quarterly</li> </ul>
<b>Desired performance</b>	<ul style="list-style-type: none"> <li>Participate in private sector project groups to draft comment letters on standards relevant to the public sector and submit own comment letter if subject deemed significant</li> </ul>
<b>Indicator Responsibility</b>	<ul style="list-style-type: none"> <li>Technical Director</li> </ul>

<b>Indicator Title</b>	<ul style="list-style-type: none"> <li>No of accounting forum meetings</li> </ul>
<b>Definition</b>	<ul style="list-style-type: none"> <li>To facilitate and encourage stakeholder engagement and support</li> </ul>
<b>Source of data</b>	<ul style="list-style-type: none"> <li>Agendas, minutes and attendance registers</li> </ul>
<b>Method of Calculation / Assessment</b>	<ul style="list-style-type: none"> <li>No of agendas, minutes and attendance registers</li> </ul>
<b>Means of verification</b>	<ul style="list-style-type: none"> <li>Meeting attendance register</li> </ul>

<b>Assumptions</b>	<ul style="list-style-type: none"> <li>• Interest from stakeholders</li> <li>• Sufficient funds available</li> </ul>
<b>Disaggregation of Beneficiaries (where applicable)</b>	<ul style="list-style-type: none"> <li>• All Women as members of the public will benefit</li> <li>• All Youth as members of the public will benefit</li> <li>• All People with Disabilities as members of the public will benefit:</li> </ul>
<b>Spatial Transformation (where applicable)</b>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>
<b>Calculation Type</b>	<ul style="list-style-type: none"> <li>• Cumulative (Year-End)</li> </ul>
<b>Reporting Cycle</b>	<ul style="list-style-type: none"> <li>• Quarterly</li> </ul>
<b>Desired performance</b>	<ul style="list-style-type: none"> <li>• Targeted performance in desirable</li> </ul>
<b>Indicator Responsibility</b>	<ul style="list-style-type: none"> <li>• Technical Director</li> </ul>

<b>Indicator Title</b>	<ul style="list-style-type: none"> <li>• No of articles on different topics</li> </ul>
<b>Definition</b>	<ul style="list-style-type: none"> <li>• Engage stakeholders to facilitate strategic discussions</li> </ul>
<b>Source of data</b>	<ul style="list-style-type: none"> <li>• No of articles submitted</li> </ul>
<b>Method of Calculation / Assessment</b>	<ul style="list-style-type: none"> <li>• No of articles submitted</li> </ul>
<b>Means of verification</b>	<ul style="list-style-type: none"> <li>• Copy of article</li> </ul>
<b>Assumptions</b>	<ul style="list-style-type: none"> <li>• Sufficient resources available</li> </ul>
<b>Disaggregation of Beneficiaries (where applicable)</b>	<ul style="list-style-type: none"> <li>• All Women as members of the public will benefit</li> <li>• All Youth as members of the public will benefit</li> <li>• All People with Disabilities as members of the public will benefit:</li> </ul>
<b>Spatial Transformation (where applicable)</b>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>
<b>Calculation Type</b>	<ul style="list-style-type: none"> <li>• Cumulative (Year-End)</li> </ul>
<b>Reporting Cycle</b>	<ul style="list-style-type: none"> <li>• Quarterly</li> </ul>
<b>Desired performance</b>	<ul style="list-style-type: none"> <li>• Targeted performance in desirable</li> </ul>
<b>Indicator Responsibility</b>	<ul style="list-style-type: none"> <li>• Technical Director</li> </ul>

<b>Indicator Title</b>	<ul style="list-style-type: none"> <li>• No of meeting highlights</li> </ul>
<b>Definition</b>	<ul style="list-style-type: none"> <li>• Share current developments as discussed at Board meeting</li> </ul>
<b>Source of data</b>	<ul style="list-style-type: none"> <li>• No of meeting highlights issued</li> </ul>

<b>Method of Calculation / Assessment</b>	<ul style="list-style-type: none"> <li>No of meeting highlights issued</li> </ul>
<b>Means of verification</b>	<ul style="list-style-type: none"> <li>Copies of meeting highlights (website)</li> </ul>
<b>Assumptions</b>	<ul style="list-style-type: none"> <li>Four Board meetings held.</li> </ul>
<b>Disaggregation of Beneficiaries (where applicable)</b>	<ul style="list-style-type: none"> <li>All Women as members of the public will benefit</li> <li>All Youth as members of the public will benefit</li> <li>All People with Disabilities as members of the public will benefit:</li> </ul>
<b>Spatial Transformation</b>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
<b>Calculation Type</b>	<ul style="list-style-type: none"> <li>Cumulative (Year-End)</li> </ul>
<b>Reporting Cycle</b>	<ul style="list-style-type: none"> <li>Quarterly</li> </ul>
<b>Desired performance</b>	<ul style="list-style-type: none"> <li>Targeted performance in desirable</li> </ul>
<b>Indicator Responsibility</b>	<ul style="list-style-type: none"> <li>Technical Director</li> </ul>



# Annexures to the Annual Performance Plan

The following annexures must be included in the Annual Performance Plans of institutions where applicable:

## Annexure A: Amendments to the Strategic Plan

None

## Annexure B: Conditional Grants (N/A)

Name of Grant	Purpose	Outputs	Current Annual Budget (R thousand)	Period of Grant

## Annexure C: Consolidated Indicators (N/A)

Institution	Output Indicator	Annual Target	Data Source

## Annexure C: Indicative work programme for 2021/22

Project	Responsible	Year ending 31 March 2022			
		Quarter 1 June/July 2021	Quarter September 2021	Quarter 3 December 2021	Quarter 4 March 2022
<b>Maintain and enhance existing Standards of GRAP and develop new standards where gaps are identified</b>					
<b>Local initiatives</b>					
Review of GRAP 3 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	J Poggiolini	GRAP			
Going concern and the liquidation basis of accounting	A Botha	Project brief Issues from review	Issues Paper	Draft ED	ED GRAP
<b>Maintenance of Standards</b>					
Reporting Framework	J Poggiolini		Annexure		
<b>Convergence with IPSASB and IASB</b>					
Social Benefits	E van der Westhuizen		Project brief Policy decision		Issues Paper
<b>Undertake research to ensure Standards of GRAP respond to broader financial reporting needs</b>					
<b>Reviews of Standards of GRAP</b>					
Results of post-implementation review of GRAP 103 <i>Heritage Assets</i> and possible amendments	A Botha		ED GRAP	Consult	Consult
Results of review of Directive 12 and possible amendments	T Tshoke	Results of review			
Desktop Review of GRAP 2 <i>Cash Flow Statements</i>	A Botha	Research paper			

		Year ending 31 March 2022			
Project	Responsible	Quarter 1 June/July 2021	Quarter September 2021	Quarter 3 December 2021	Quarter 4 March 2022
<i>Desktop Review of GRAP 24 Presentation of Budget Information in Financial Statements</i>	T Tshoke	Project brief		Results of review	Research Paper
<b>Facilitate and encourage stakeholder engagement and support</b>					
Communication material for users of financial statements	E van der Westhuizen			Project brief	Develop