



Tel. 011 697 0660  
Fax. 011 697 0666  
www.asb.co.za

**MINUTES OF THE TECHNICAL COMMITTEE MEETING OF THE  
ACCOUNTING STANDARDS BOARD HELD VIRTUALLY ON 1 JUNE 2021 AT  
10:00**

**CHAIRMAN** C Braxton

**MEMBERS OF THE COMMITTEE**

**BOARD REPRESENTATIVES**

D Dlamini (joined 11:00)

Dr P Masegare (left at 15:00)

A van der Burgh

**REPRESENTATIVE OF THE AGSA**

M Mentz

**REPRESENTATIVE OF THE OAG**

L Bodewig

**REPRESENTATIVE OF THE ASB**

E Swart

**BY INVITATION** W de Jager

**EX OFFICIO**

J Poggiolini Technical Director

A Botha Project Manager

T Tshoke Project Manager

E van der Westhuizen Project Manager

Board Members: Mr C Braxton (Chair), Mr D Dlamini, Ms W de Jager, Ms K Maree,  
Dr P Masegare, Ms P Moalusi (Deputy-Chair), Ms N Themba, Mr A van der Burgh  
Chief Executive Officer: Ms E Swart, Technical Director: Ms J Poggiolini

**1. WELCOME AND APOLOGIES**

Members were WELCOMED to the meeting by the Chairman. No apologies were NOTED.

**2. ELECTION OF CHAIRMAN**

2.1 The Chairman EXPLAINED that a new member would need to be elected as the Chair. Based on the discussions at the May 2021 Operations Committee, it was agreed that the Terms of Reference of the Committees should be updated to indicate that each Committee should nominate a Chair and make a recommendation to the Board. The Board should approve the Chairs of the Committees in terms of the ASB Regulations.

2.2 Members reviewed the amendments to the Terms of Reference and AGREED the following:

- The Chairperson of the Board should not be eligible to Chair the Technical Committee to ensure separation of duties.
- The annexure should be retained as there are members external to the Board that serve on the Technical Committee. These members do not have access to the full delegations of the Board.

2.3 The members RECOMMENDED that D Dlamini should be the next Chairman of the Committee, and A van der Burg the Deputy. A memo will be drafted for the next Board meeting. It was AGREED that C Braxton should continue to Chair this meeting.

**Secretariat**

**3. CONFIRMATION OF THE AGENDA**

The agenda was CONFIRMED without any additions.

**4. DECLARATIONS OF INTERESTS**

4.1 Members were ASKED to indicate if they had any amendments to their declarations of interests, and if they had an interest in any of the agenda items being discussed.

4.2 No declarations were NOTED.

**5. MINUTES OF THE PREVIOUS MEETING**

The minutes of the previous meeting were TABLED. The minutes were APPROVED without amendment.

**6. MATTERS ARISING**

6.1 The Secretariat TABLED a memorandum of the matters arising from previous meetings.

6.2 The Secretariat NOTED that the policy on desktop reviews would be tabled at the next meeting.

**Secretariat**

## TECHNICAL MATTERS

### Discussion on IPSASB's proposals on Measurement

#### *Approach*

- 7.1 It was NOTED that the IPSASB issued a package of Exposure Drafts relating to the measurement project:
- ED 76 - Proposed Conceptual Framework Update: Chapter 7, *Measurement of Assets and Liabilities in Financial Statements* (locally issued as ED 188);
  - ED 77 - Proposed International Public Sector Accounting Standard (IPSAS) on *Measurement* (locally issued as ED 189);
  - ED 78 – Proposed IPSAS on *Property, Plant and Equipment* (locally issued as ED 190); and
  - ED 79 – Proposed IPSAS on *Non-current Assets Held for Sale and Discontinued Operations* (locally issued as ED 191).
- 7.2 The Secretariat PROVIDED an overview of the IPSASB's project on measurement, and the proposed approach to engaging the Technical Committee and Board on the Exposure Drafts (EDs).
- 7.3 A member ASKED about the issues that the IPSASB is addressing in ED 78 in respect of infrastructure assets.
- 7.4 It was NOTED that the At-a-glance material supporting ED 78 summarises the key aspects relating to infrastructure assets which include (a) control and valuation of land under or over infrastructure assets; (b) identification of individual parts of infrastructure assets; and (c) the applicability of information in asset management plans when accounting for infrastructure assets.
- 7.5 The Technical Committee AGREED to:
- consider the overview of ED 77, and the detailed discussion of ED 76 to ED 78 at its June and September 2021 meetings respectively; and
  - provide comments on the EDs for the Secretariat to formulate a comment letter to the IPSASB. The draft comment letters will be circulated to the Technical Committee and Board members for comment.

#### **Secretariat**

- 7.6 It was NOTED that the Secretariat will host a series of education and roundtable discussions, and the Technical Committee and Board members will be invited to participate. A detailed consultation and communication plan will be shared under international standard-setting activities.

#### *Discussion on measurement*

- 7.7 The Secretariat PRESENTED an overview of the new measurement approach in ED 77 and the related measurement bases described in ED 76.
- 7.8 It was QUESTIONED whether the IPSASB considered including all measurement bases that are used in existing Standards and the Conceptual Framework and not only the four commonly used measurement bases.

- 7.9 The Secretariat EXPLAINED that ED 77 would be applied when another IPSAS requires or permits the use of one or more of the four measurement bases. The IPSASB agreed that as an overall approach ED 77 would explain only the commonly used measurement bases and provide generic guidance for these bases. The IPSASB took the view that other measurement bases such as net realisable value and value in use are standard-specific and would continue to be used in the respective Standards but not explicitly identified as measurement bases in the Conceptual Framework. In the case of value in use, which was previously identified as a measurement basis, the IPSAS notes that it is applicable for impairment purposes and describes value in use in the context of impairments in the Conceptual Framework.
- 7.10 A member NOTED that it may be inappropriate for the IPSASB to continue using the “less commonly used” measurement bases without including them in the Conceptual Framework and ED 77.
- 7.11 A member REQUESTED the AGSA representative to share the types of measurement-related issues that are usually identified in audits. The representative explained that issues relating to measurement are not necessarily linked to a specific measurement basis. The issues range from componentisation of infrastructure assets to the measurement of heritage assets. It was added that the basic issues identified relate to the recording and recognition of these assets and the lack of controls and processes in asset management and not the measurement bases themselves.
- 7.12 Other members NOTED that measurement difficulties often arise when obtaining fair values where there is no active market and is exacerbated by the lack of expertise in deriving market-based measurements.
- 7.13 It was QUESTIONED what guides the Board in ensuring that the views of stakeholders are represented in the comment letters. It was NOTED that the Secretariat will express the majority view, however, if views are diverse then those are also shared with the IPSASB for its consideration.
- 7.14 Members NOTED the alternative views raised by the two IPSASB members and added that there may be a case for the alternative views, particularly the lack of clarity of the definition of current operational value, which appears subjective, and the use of the income approach.
- 7.15 It was EXPLAINED that the IPSASB is trying to replace and relabel replacement cost and that this will create confusion as the value of the asset used for service delivery and the value to be paid to replace the service potential are not the same concepts. The former would require qualitative aspects to be factored in the measurement of the asset that may not be appropriate. It was further noted that the valuation community understands the concepts of fair value and replacement cost and introducing another basis may result in the valuers developing other methodologies in response.
- 7.16 It was SUGGESTED that, in preparation for the engagements with stakeholders, the Secretariat should identify the measurement-related issues raised by stakeholders previously through the PSAF or other engagements. These should be highlighted in the context of whether the IPSASB’s proposals would address the issues. This approach will assist stakeholders in forming a view about whether the proposals would work in the local environment.

7.17 It was NOTED that over the years, issues on replacement cost and fair value (pre-IFRS 13 fair value) have been raised locally. The Secretariat indicated that it may be necessary to understand the private sector experience on some of the issues and suggested discussing the EDs at SAICA's APC.

**Secretariat**

7.18 Members REQUESTED clarity on some of the proposals relating to initial measurement and the approaches under the measurement techniques which will be considered as part of the detailed discussion in September 2021.

**Secretariat**

### **Review of the comments received on ED 185 on *The Effect of Past Decisions on Materiality***

8.1 The Secretariat TABLED the following at the meeting:

- Memorandum from the Secretariat.
- Minutes of the project group meetings.
- Analysis of the written and verbal comments.
- Proposed amendments to ED 185 on *The Effect of Past Decisions on Materiality*.

#### *General*

8.2 The Secretariat EXPLAINED the consultation process and general observations made by respondents. It was NOTED that communication on the role of materiality would be continued by the Secretariat. The Fact Sheet could also be used to explain key issues to preparers and others.

8.3 Members DISCUSSED the following:

- The materiality and significance framework prepared by entities in terms of the PFMA uses a simple formula and standardised percentages and baselines to calculate materiality. Although this is meant for reporting matters to the Executive Authorities, this is generally what entities use to prepare their financial statements.
- Whether the Guideline on *The Application of Materiality to Financial Statements* and the proposed Interpretation are intended for preparers as well as auditors. The ASB pronouncements are intended for preparers, but the intention is that if materiality and its role in the financial statements is better understood by all parties, then this might help to eliminate disagreements. Better documentation on, and discussion about, materiality between auditors, preparers and oversight structures may help to improve its application.
- Although the definition of materiality is the same for auditors and preparers, how it is used differs. The auditors use materiality to identify audit areas and to design their audit procedures. Preparers use materiality to decide what information is relevant to users and how it should be presented.

- 8.4 The Secretariat NOTED that the Fact Sheet should be amended to include these explanations.

**Secretariat**

*Key issues for discussion*

- 8.5 Members discussed key issues 1 to 3 and SUPPORTED the Secretariat's proposals.
- 8.6 Members DEBATED the two alternatives for key issue 4. Members AGREED that the financial statements are prepared using the overarching principles in the Conceptual Framework. The specific principles in the Standards of GRAP are used where they exist. As a result, the Conceptual Framework is an integral part of the suite of Standards. Members AGREED to retain the original wording in the basis for conclusions.

**Secretariat**

*Analyses of comments*

- 8.7 Members REVIEWED the analysis of written and verbal comments. Two amendments were AGREED.

**Secretariat**

*Way forward*

- 8.8 Members DISCUSSED the proposed effective date of 1 April 2023. It was NOTED that because the Interpretation explains GRAP 3 on *Accounting Policies, Changes in Accounting Estimates and Errors*, it may be appropriate to approve an earlier date.
- 8.9 The Secretariat EXPLAINED that, in terms of the ASB's policy of making pronouncements available at least one year in advance of their effective dates, this was the earliest date that could be proposed. Earlier application is permitted.
- 8.10 The Secretariat NOTED that it may be an opportune time to revisit the timeframes for Interpretations in the policy when they are discussed in September.

**Secretariat**

- 8.11 Subject to the changes discussed, the Technical Committee RECOMMENDED the amendments to the Board for its approval.

*Fact Sheet*

- 8.12 Members NOTED the Fact Sheet and indicated that it is a good initiative. Two comments/questions were raised:
- The wording of "what is an accounting policy" should be revised.
  - It was questioned why legal and accounting materiality may not be the same. There may be a need to revisit this response.

**Secretariat**

## **Review of Directive 12 and Prefaces**

9.1 The Secretariat TABLED the following at the meeting:

- Memorandum from the Secretariat.
- Project brief
- [Revised] Preface to the Standards of GRAP
- [Revised] Boilerplate introduction to Standards of GRAP.

9.2 The Secretariat EXPLAINED that the memorandum deals with two aspects of the project – the results of the review of Directive 12 and the review of the Prefaces.

### *Review of Directive 12*

9.3 The Secretariat EXPLAINED the approach taken in the initial and second phase of the review.

### Status of Compliance with Directive 12

9.4 The Secretariat HIGHLIGHTED the key points from the status of compliance.

9.5 A member ASKED whether the selection of the reporting frameworks by the water boards is not regulated seeing that the water boards apply different reporting frameworks.

9.6 It was EXPLAINED that the water boards indicated that even though they are established under the same legislation, the outcome of the assessments varied as the two water boards that apply IFRS Standards do not receive a significant portion of government funding while the others concluded differently. In a meeting with the Department of Water and Sanitation, it was confirmed that the application of the Directive by the water boards and differing reporting frameworks did not have an impact on the Department's oversight and/or reporting requirements.

9.7 It was SUGGESTED that, as an outcome of the review, it may be appropriate to require an oversight structure to undertake the assessment for all its respective entities to ensure alignment in the selection of the reporting framework for similar entities. For example, a similar approach to that followed by the Minister of Higher Education and Training approving the application of Standards of GRAP for TVET and CET colleges.

9.8 It was EXPLAINED that the situation with the water boards was anticipated by the Board when the Directive was developed. At that time, a communication was shared with the Department requesting the Department to consider the Directive to ensure that its entities apply the same reporting framework. The recent meeting with the Department has now confirmed that its information needs are met despite the different reporting frameworks. As such, the Board should not consider the matter further if the Department's needs have not been compromised.

9.9 A member NOTED that some Schedule 3A entities applying GRAP are self-funded with no reliance on grant funding.

- 9.10 It was AGREED that an outcome of the project is to share the results of the review as these may contribute to the National Treasury's processes for the classification of entities in the PFMA Schedules.

**Secretariat**

- 9.11 The OAG representative NOTED that the National Treasury is reviewing the classification of Schedule 3A entities but cautioned against the unintended consequences of reclassifications for schedule 3A entities that are also regulators.
- 9.12 It was NOTED that the four Schedule 3B and 3D entities for which there was no information on the previous reporting framework should be classified as SOC Limited, and they should apply IFRS Standards in accordance with the Companies Act.
- 9.13 A member OBSERVED that in 2020 there were actually more disclaimers which is a regression from the previous years' audit outcomes.
- 9.14 It was NOTED that the observation identified that the review could not confirm that the proportion of entities that actually undertook the self-assessment could be seen as a form of non-compliance that should have been highlighted as an issue during audits.
- 9.15 The AGSA representative NOTED that when Directive 12 was issued a number of initiatives were put in place to raise awareness about the application of the Directive by all entities, not only those that applied SA GAAP. It was added that the Secretariat was also invited on various occasions to discuss the Directive with the auditors.
- 9.16 The Secretariat EXPLAINED that the auditors indicated that entities that continued applying IFRS Standards without undertaking the assessment would be identified in the audit process when the appropriateness of the reporting framework is assessed.
- 9.17 It was QUESTIONED whether there is a need for the Board to address the risk that entities could be applying an inappropriate reporting framework because the self-assessment was not done initially, or done incorrectly.
- 9.18 It was SUGGESTED that the risk could be mitigated further by communicating in the proposed supplementary guidance that entities should consider the Directive subsequently when there have been significant changes in their operations.
- 9.19 The OAG representative INDICATED that the National Treasury is developing guidance on compliance reporting which could be another platform to highlight the application of Directive 12 for re-assessments.

**Secretariat / OAG**

Application of Directive 12

- 9.20 The Secretariat EXPLAINED that the second phase of the project was aimed at identifying issues with the application of the Directive, by reviewing annual financial statements and audit reports for 2018/19 and engaging with stakeholders.



- 9.21 The responses to the two questionnaires issued to preparers and auditors were NOTED.
- 9.22 The Secretariat PRESENTED the issues identified by the Secretariat in the desktop review, and the proposals made by stakeholders and the project group.
- 9.23 The Technical Committee made the following recommendations to the Board:

- *A possibility that entities that previously applied IFRS Standards continued applying IFRS Standards without undertaking the self-assessment*

The Technical Committee AGREED that to mitigate the risk of inappropriate reporting frameworks, the proposed supplementary guidance should highlight that entities should consider re-assessments when there are significant changes to their operations.

- *Different reporting frameworks applied by similar entities with the same oversight body*

The Technical Committee AGREED that no further action is required as no issues were identified by the Department. Information about the review will be SHARED with the National Treasury as input into the reclassification processes.

- *Audit matters raised in connection with entities that adopted Standards of GRAP*

The Technical Committee AGREED that no further action is required as the audit findings relate to a lack of audit evidence and/or history of qualifications.

- *Audit matters raised in connection with entities that adopted IFRS Standards*

The Technical Committee DISAGREED with the project group's recommendation to amend Directive 12 by including first-time adoption considerations for IFRS Standards. The Committee agreed that the adoption of IFRS Standards requires the adoption of all IFRS Standards including IFRS 1. The Technical Committee AGREED that guidance should be added to the supplementary guidance.

#### **Secretariat**

- 9.24 A member ASKED what the equivalent of IFRS 1 is in the Standards of GRAP. It was EXPLAINED that there is no equivalent of IFRS 1, however there are Directives that specify the transitional provisions on adoption of GRAP by specific entities. The Board has considered in the past repealing these Directives and replacing them with one Directive that would be the equivalent of IFRS 1. However, it was agreed that this should be undertaken when the departments adopt GRAP.
- 9.25 It was SUGGESTED that given the uncertainties about the adoption of GRAP by departments, the Directive should be considered in the context of entities where GRAP has been approved, and the departments could be exempted from the Directive until they adopt GRAP.

## Secretariat

9.26 The Secretariat PRESENTED the issues identified by respondents in the questionnaires and stakeholders, and the proposals made by stakeholders and the project group.

9.27 The Technical Committee made the following recommendations to the Board:

- *Selection of an inappropriate reporting framework*

The Technical Committee AGREED that to mitigate the risk of inappropriate reporting frameworks, the proposed supplementary guidance should highlight that entities should consider re-assessment when there are significant changes to their operations.

- *Clarification of the self-assessment criteria and guidance in the Directive*

The Technical Committee AGREED that clarification on matters identified by respondents could be provided in a supplementary guidance rather than in the Directive itself.

- *Implementation and practical challenges (including audit issues)*

The Technical Committee AGREED that guidance on the first-time adoption of Standards of GRAP should be added to the supplementary guidance.

- *Other matters relating to entities that adopted Standards of GRAP*

The Technical Committee AGREED that no further action is required to address the respondents' overall impressions about the Standards of GRAP.

- *Other matters raised outside of the project group*

The Technical Committee AGREED with the Secretariat's proposed response except the following where revisions were proposed:

- The scope of the Directive should not be reconsidered to allow schedule 3A and 3C entities to apply Directive 12. The Directive applies to schedule 2, 3B and 3D entities and those entities would be able to change from GRAP to IFRS and vice versa. Schedule 3A and 3C entities would be able to change their reporting framework if they apply for a reclassification, and not from the application of the Directive.
- It was noted that the issue about the implications when entities applied an inappropriate reporting framework is more than an audit issue. It was AGREED that the supplementary guidance should provide guidance on the accounting implications when an inappropriate framework was applied previously.

## Secretariat

### Other matters

9.28 The Secretariat EXPLAINED that the Directive will be amended to reflect the changes to the legislation and pronouncements referenced. However, this will not result in a change in any of the principles in the Directive.

- 9.29 The feedback from the JSE NOTED that the Proactive Monitoring Review does not consider the appropriateness of the reporting frameworks for the public sector entities with publicly traded debt.
- 9.30 The Technical Committee RECOMMENDED the development of a Research Paper to the Board.

#### **Secretariat**

- 9.31 The next steps of the project were NOTED.

#### *Review of the Prefaces*

- 9.32 The Secretariat SHARED the feedback from the project group about the proposed revisions.
- 9.33 It was NOTED that the project group discussed the Technical Committee's considerations to the Board and supported all the recommendations. The project group also reviewed the proposed revisions and recommended the approval of the revised Preface and boilerplate introduction.
- 9.34 The Technical Committee NOTED the recommendations, and AGREED to recommend the revised Preface to the Board for approval subject to the following changes:
- Paragraph 4: remove the discussion of the Board's Regulations as it is more suitable for a due process document.
  - Paragraph 14: amend to explain that FAQs are not authoritative.
  - Paragraphs 25 to 29: revise these paragraphs as they are currently drafted for a due process document.
  - Editorial: reorder the pronouncements issued by the Board.

#### **Research Paper on the Review of GRAP 2 on *Cash Flow Statements***

- 10.1 The Secretariat TABLED the following at the meeting:
- Memorandum from the Secretariat.
  - Draft Research Paper.
- 10.2 It was NOTED that the Board, at its meeting held in March 2021, agreed that a Research Paper should be developed to publish the findings of the desktop review of GRAP 2 on *Cash Flow Statement*. Other actions agreed by the Board at its March 2021 meeting were also HIGHLIGHTED to members.
- 10.3 The Technical Committee DEBATED the nature of the pronouncement. Some INDICATED that reference should not be made to it being a Research Paper as this could be confused with the research undertaken by academics. As the feedback of the review is aimed at highlighting matters of non-compliance with GRAP 2 and best practices applied by entities when preparing the cash flow statement, the findings should rather be issued in the form of a Directive or Guideline.
- 10.4 After some debate it was AGREED that the nature of pronouncement to be recommended to the Board should remain a Research Paper. It was AGREED that the nature of pronouncements to be developed as outcomes of future

desktop reviews should be debated as part the review of technical policies scheduled for the August Technical Committee meeting.

10.5 It was AGREED that the title of the Research Paper should be amended to “Desktop Review of the Cash Flow Statement Presented in the Financial Statements”.

10.6 The Technical Committee REVIEWED the draft Research Paper and AGREED with the content, subject to the following amendments:

- Executive summary: An explanation should be included as to what is meant with the practices noted during the review. This explanation should not only be included in section 1 paragraph .06, but also in the executive summary.
- Section 2: The Research Paper should make a clearer distinction between non-compliance matters and best practices. This section should be redrafted into Part A and Part B that deal with each component separately.
- Section 2 Reconciliation of surplus/(deficit) to net cash flows from operating activities: Paragraph 11 should be combined with the explanation in the preceding paragraph.
- Section 2 Operating activities: An explanation should be included as to why some amounts presented on the face of the cash flow statement could differ from amounts presented elsewhere in the financial statements in paragraph 17, bullet 1.

10.7 Subject to the proposed changes, the Technical Committee RECOMMENDED the Research Paper to the Board for its approval.

**Secretariat**

## **EMERGING ISSUES**

11.1 The Secretariat TABLED a memorandum at the meeting outlining a number of emerging issues.

11.2 The following issues were NOTED:

- It would seem as if some entities want to apply IPSAS 42 in the preparation of their financial statements. This is despite the communication to entities that IPSAS 42 is not supported by the ASB. It was AGREED that the rationale for wanting to apply IPSAS 42 and any accompanying technical opinions should be shared among the trilateral parties when they are obtained.
- The Gazette outlining the proposed effective date for GRAP 25 was published in the last week of May.
- No comments were received on the proposed effective date of GRAP 104, other than the proposal by the ASB to delay the effective date by a year. This will be considered in making the final submission to the Minister.
- An update was provided on the exemption from complying with GRAP for tax collection activities. It was noted that any exemptions need to be for a specific period.

## **ADMINISTRATION**

### **Work programme and monitoring performance**

#### *Work programme 2021/22*

- 12.1 The Secretariat TABLED the updated work programme and projected performance for the first quarter.
- 12.2 The Secretariat NOTED that no changes were made to the work programme since the last meeting other than to reflect the status of projects discussed in March 2021.
- 12.3 The Secretariat NOTED that the work programme will need to be updated to reflect decisions on the project on going concern and the development of a Research Paper for the review of Directive 12.

**Secretariat**

#### *Work programme 2022/23*

- 12.4 The Secretariat EXPLAINED that the Board agreed last year to confirm to projects to be commenced in the upcoming reporting period in March each year. As it was the Board members' first meeting in March, the discussion was postponed a quarter.
- 12.5 The Secretariat TABLED a memorandum at the meeting outlining the projects that are due to commence in 2022/23 when the three-year work programme was developed.
- 12.6 The Secretariat EXPLAINED that two projects were no longer viable to continue:
- The development of transitional provisions for the Standard on social benefits is no longer feasible given the lengthy development time needed for the Standard. The time that would have been spent on developing the transitional provisions will be devoted to developing and consulting on the proposed Standard.
  - The IPSASB was meant to complete its revisions to the IPSAS on leases. The project was delayed due to a re-exposure of the proposed IPSAS. Public sector specific issues will also only be addressed as part of Phase 2 of the project. When the ASB consulted stakeholders locally on the proposals, they indicated that a Standard should only be issued if it addresses all issues, including public sector issues. As the IPSASB is yet to start development work on phase 2, the Secretariat does not believe that the project on leases should be commenced next year.
- 12.7 The Secretariat EXPLAINED that there were no emerging or urgent issues that need to be addressed, and there were no other international projects to take on at this time. The Secretariat NOTED that it did not propose replacing the leases project with another project. Given the number of Exposure Drafts issued for comment by the IPSASB, the time that would have been spent on leases can be used on these Exposure Drafts.
- 12.8 Members SUPPORTED the Secretariat's proposals.

12.9 Members NOTED the feedback from the National Treasury that the ASB is often criticised for constantly issuing new developments and new pronouncements. It may be appropriate to focus more of the Secretariat's work on education, communication and advocacy.

*Work programme consultation for 2024 to 2026*

12.10 The Secretariat EXPLAINED that because of the planning timeframes in government, work needed to commence on the work programme for 2024 to 2026.

12.11 It was NOTED that an Exposure Draft would be presented at the September 2021 meeting. The purpose of the discussion at this meeting was to identify preliminary themes or projects for inclusion in the document.

12.12 The following discussions were NOTED:

- It appears a substantial amount of work is done on the IPSASB's projects. It was questioned how, or if, this impacts the fulfilment of the ASB's own projects. It was suggested that specific IPSASB projects are identified and prioritised rather than being involved in all of them.
- Sustainability and environmental reporting are topical internationally, and some guidance may be needed locally. This could include a broad outline of the effects of environmental issues on financial statements, and potentially a thought leadership piece.
- The Fact Sheets and "Facts and Fiction" documents are well received, and more of them should be issued in future.
- The Disclosure Initiative of the IASB – although somewhat controversial – this may be a suitable project to undertake given the quality of financial statements and clutter.
- More work could be done to explain disclosures on judgements, estimates, and the development of accounting policies.
- Potential research projects could include those on employee remuneration (examples include disclosure of short-term benefits, disclosure of highest and lowest paid employees).
- The development of a document explaining the adoption of reporting frameworks in the public and private sectors.
- The combination of the Directives outlining the transitional provisions.

12.13 It was broadly AGREED that because of the number of reforms, the work of the ASB should take a more internal focus over the 2024-2026 period.

*Confirmation of project briefs for new projects*

12.14 The Secretariat TABLED the following at the meeting:

- Memorandum from the Secretariat.
- The approved project brief for the project on going concern and the liquidation basis of accounting.

- The approved project brief for the review of GRAP 24 on *Presentation of Budget Information in Financial Statements*.

12.15 The Secretariat EXPLAINED that the project briefs for projects due to be commenced needed to be confirmed.

*Project brief on going concern and liquidation basis of accounting*

12.16 Feedback from high level discussions on available guidance with representatives from the National Treasury and the Auditor-General of South Africa were SHARED with the members.

12.17 Amendments to the approved project brief were PROPOSED in the following areas:

- consider if guidance and/or disclosures on the entity's financial sustainability should be required in the financial statements or elsewhere in the annual report. Currently the Standards of GRAP only require management to make an assessment of the entity's ability to continue as a going concern, but there is no requirement to assess if the entity is still financially sustainable;
- the need for guidance that involves the transfer of assets in non-exchange transactions should be included in the project; and
- amend the road map of the project to only consider the first draft pronouncement at the February/March 2022 Technical Committee and Board meetings.

12.18 A marked-up copy of the project brief incorporating the proposed amendments was CONSIDERED by the Technical Committee.

12.19 The Technical Committee RECOMMENDED that:

- the objective of the project should be extended to also consider the need for definitions of going concern and financial sustainability;
- the scope of the project should be limited to going concern and financial sustainability. The development of guidance on restructurings and transfer of assets in non-exchange transactions should be dealt with as a future project.

12.20 Subject to these recommendations, the Technical Committee RECOMMENDED the revised project brief to the Board for its consideration.

**Secretariat**

*Project brief on the review of GRAP 24*

12.22 The Secretariat TABLED the project brief on the review of GRAP 24 on *Presentation of Budget Information in Financial Statements* at the meeting.

12.23 The Secretariat NOTED that no new issues were identified.

12.24 Members AGREED that the review should go ahead using publicly available information.

## **INTERNATIONAL STANDARD-SETTING ACTIVITIES**

- 13.1 Members NOTED the comment letter to the IPSASB on leases.
- 13.2 The Secretariat EXPLAINED the high-level approach to consult on the Exposure Drafts issued by the IPSASB. The approach includes recording videos, roundtable discussions, Q&A sessions, and raising awareness through social media.
- 13.3 Members SUPPORTED the proposal as it made best of the resources available to the ASB.

## **CLOSING REMARKS**

Members were THANKED for their participation in the meeting. The meeting was ADJOURNED at 16:00.

<b>Prepared by:</b>	<b>J Poggiolini</b>	<b>9 June 2021</b>
<b>Reviewed by:</b>	<b>C Braxton</b>	<b>10 June 2021</b>
<b>Issued:</b>	<b>10 June 2021</b>	