



ACCOUNTING STANDARDS BOARD

REVIEW REPORT

ON

PRESENTATION OF BUDGET INFORMATION IN THE FINANCIAL STATEMENTS



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Executive summary

The Standard of GRAP on *Presentation of Budget Information in Financial Statements* (GRAP 24) requires entities to present a comparison of their budgeted and actual financial information in the financial statements. This comparison is critical to holding entities accountable for the resources they were allocated for a particular period. GRAP 24 is only applied when entities are required, or elect, to make their budgets publicly available.

The Board undertook a desktop review of GRAP 24 to assess whether entities have adhered to the requirements in the Standard. The Board used the information obtained through this review to identify potential issues with the application of the Standard, and identify proposed responses.

Results of the review

The majority of entities included in the review applied the Standard. The comparison of budget and actual information is required when the entity makes its budget “publicly available”. The review indicated that there is uncertainty about whether, or in what circumstances, entities should present the comparison of budget and actual information required by the Standard. Stakeholders indicated that the interpretation of “publicly available” has been difficult for public entities as there is no explicit requirement for public entities to make their budgets publicly available.

The following disclosure requirements were not adhered to:

- Actual amounts in the financial statements are not adjusted to be on a comparable basis to the approved budget.
- Changes between the approved and final budget are not explained.
- The comparison did not reflect the broad classes and classifications, or headings used in the approved budget.
- The reconciliation of the actual amounts on a comparable basis to the budget and the actual amounts presented in the financial statements was not presented.
- No classification differences were identified in the reconciliation when entities use different classification systems to prepare the budget and financial statements.

The review further noted the poor quality of budget information disclosed in the financial statements. Information was duplicated and/or inconsistencies were found between the information disclosed in the accounting policies, note disclosures and the budget information presented in the financial statements.

Section 2 provides a detailed discussion of the findings.

Board decisions and key actions

The Board was satisfied with the review, and that the Standard is largely applied as intended. The Board noted that there are areas in the Standard where supplementary guidance should be provided to clarify the requirements. It agreed that the Secretariat should develop a Fact Sheet to address the areas that were not adhered to in the review. Furthermore, the Board



identified two potential amendments to the Standard. These amendments are aimed at simplifying some of the disclosure requirements and improving the quality of information presented in the financial statements.

More information on the key actions arising from the review is included in Section 3.



Introduction

GRAP 24 requires a comparison of budget and actual amounts to be presented in the financial statements of entities that are required, or elect, to make their approved budgets publicly available, and for which they are held publicly accountable.

In accordance with the work programme, the Board agreed to review the application of GRAP 24. The review was aimed at:

- (a) assessing whether the requirements of the Standard have been adhered to by entities;
- (b) assessing the quality of the reporting (where possible);
- (c) identifying application and other issues related to the implementation of the Standard, including emerging trends; and
- (d) identifying proposed actions for the Board to address non-compliance and improve the quality of the reporting.

Scope of the review

The review focused on compliance with the presentation requirements in GRAP 24. It did not consider whether entities:

- complied with the legislative requirements; or
- applied the non-authoritative guidance issued by the National Treasury on the implementation of GRAP 24, including illustrative disclosures.

The results of the review were not intended to identify and/or single out entities that did not comply with the requirements of the Standard.

Authority of this publication

The Board publishes Review Reports to communicate the results of any reviews undertaken on the application of Standards of GRAP or any other topic the Board may deem appropriate.

Review Reports are non-authoritative pronouncements issued by the Board, and their application is not mandatory.



- (b) stakeholders to raise practical challenges or issues with applying the principles in GRAP 24;
- (c) stakeholders to share reasons for the observations from the review; and
- (d) stakeholders to provide input on the possible courses of action for consideration by the Board.

Stakeholders included preparers from various types of entities, audit firms, the National Treasury, and other interested parties.

Board deliberations

To conclude the process, the Board analysed the results of the review and feedback from stakeholders.

The results of the review and actions agreed by the Board are included in sections 2 and 3 of this Report.

Section 2 – Results of the review

This section explains the findings of the review.

General observations

The Board was satisfied with the review, and that the Standard is largely applied as intended. Most entities adhered to the requirements in the Standard. Stakeholders confirmed that the Standard is generally understandable and has been well implemented.

Specific observations

A number of matters concerning non-compliance, and other practice issues were identified. These are discussed below in sections A to H.

A. Applicability of GRAP 24

Requirements

GRAP 24 applies to entities that are required, or elect, to make their approved budgets publicly available.

An entity is either required by law to make its approved budget publicly available or it may elect to do so. Budgets are publicly available when they have been approved and made available to the public at large by tabling in Parliament, legislatures or municipal councils, and the entities are held accountable for those budgets.

Findings

While the majority of entities in the review applied GRAP 24, there were few entities that did not apply the Standard. Those that did not apply the Standard included some of the water boards and TVET/CET colleges.

The following was noted about the groups of entities included in the review:

- *Municipalities* – The MFMA requires council to approve the annual budget. It requires municipalities to publish their annual and adjustments budgets along with other budget related documents on their website.
- *Public entities* – The PFMA sets out the budget approval process for public entities but does not require public entities to publish their budgets.
- *Parliament and legislatures* – Parliament and the legislatures are required to table their budgets for approval in Parliament or a provincial legislature as part of the budgeting process.
- *TVET and CET Colleges* - The Department of Higher Education and Training tables its budget for approval in Parliament. The colleges have been encouraged by the Department to apply GRAP 24, however there was reluctance by some colleges to apply the Standard as they do not want to publish budget deficits in their financial statements.

Over the years questions have been raised about how entities should interpret “publicly available”. To respond to this issue the GRAP 24 Accounting Guideline issued by the Office

of the Accountant-General (OAG) provides guidance on what is publicly available. The ARD unit of the Auditor-General of South Africa (AGSA) also provides guidance to auditors.

Summary of issues identified and their root causes

Issues identified	Possible root cause
<ul style="list-style-type: none"> ▪ Uncertainty about the interpretation of “publicly available” by public entities. ▪ Queries received by the ARD unit on the application of GRAP 24 even though guidance is available to auditors. ▪ Disagreements between preparers and auditors when entities conclude that GRAP 24 is not applicable. 	<ul style="list-style-type: none"> ▪ No explicit requirement for public entities to make their budgets publicly available. ▪ Preparers do not properly document the basis for not applying the Standard.

Stakeholders identified a need for guidance to improve the understanding and application of the concept of “publicly available.” They suggested that the guidance should also outline what public entities need to consider when there is uncertainty about whether budgets are publicly available.

Way forward

The Board considered in what instances public entities would conclude that their budgets are publicly available for purposes of GRAP 24. Judgement is required to assess whether the budget is publicly available. It may be important to consider who published the budget, i.e. the entity or someone else, and if the entity will be held accountable for the published budget.

As examples, the Board observed that entities whose detailed budgets are published in the Estimates of National Expenditure (ENE) may conclude that their budgets are publicly available. In the case of other entities that are not separately identified in the ENE (i.e., a transfer to the entity is reflected as a line item), they may consider other requirements, for example whether their Annual Performance Plan contains their approved budget and is tabled in Parliament or the provincial legislatures. Entities should consider whether their budgets are published by them for the public at large in a publication that may be used to hold the entity accountable.

The Board agreed that a Fact Sheet could be used to clarify what “publicly available budgets” means for public entities. The OAG will be asked to amend the GRAP 24 Accounting Guideline to include specific guidance with scenarios for consideration by public entities when assessing whether they have publicly available budgets.

B. Format of the presentation of the comparison of budget and actual information

Requirements

GRAP 24 requires that comparisons of the budget and actual amounts are presented either as a separate additional financial statement or as additional budget columns in the financial statements.

The Standard allows two methods to present the budget information:

- the Statement of Comparison of Budget and Actual Information (hereafter “the Statement of Comparison”) is used when the basis used to prepare the budget and financial statements differ. This method may also be used when the bases are the same; or
- additional columns can be added to the financial statements when the budget and financial statements are prepared on the same basis.

The approved budget usually includes detailed information about specific activities and programmes. To ensure the information is presented at the relevant level of oversight, the budget information is aggregated into broad classes, budget classifications, or budget headings. The Standard explains that entities should present the comparison of budget and actual information to be consistent with the broad classes and budget classifications, or headings so that the comparisons are made at the relevant level of oversight set by the relevant authority approving the budget and identified in the approved budget. As the approved budget may include detailed information, entities should apply judgement to determine the level of aggregation to avoid excessive disclosure.

Findings

Method of presentation

A majority of entities presented the Statement of Comparison even when the budget and financial statements were prepared on the same basis.

Format of the comparison

The format of the Statement of Comparison varied, especially for municipalities. Municipalities present specific budget information in their annual reports which is required by the National Treasury. In particular, an Appropriation Statement is presented along with other budget schedules.

Municipalities either presented:

- a Statement of Comparison together with the Appropriation Statement in the financial statements;
- a Statement of Comparison in the financial statements, with or without an Appropriation Statement as an annexure to the financial statements; or
- only an Appropriation Statement in the financial statements.

When entities include the Statement of Comparison and an Appropriation Statement in the financial statements, there is repetition of information in the financial statements which



confuses the users of financial statements. A similar observation was made in the Board's Research Paper on the [Presentation of Information in the Statement of Financial Performance](#) where some municipalities presented an Appropriation Statement in addition to the Statement of Comparison. As an outcome of that project, a FAQ was developed on "What should be considered when presenting information to what is required by GRAP 24 on a comparison of budget and actual information".

The review indicated that some entities have followed the guidance in the FAQ although there were still entities that duplicated the same information.

Extent of the comparison

The extent of the comparison varied across entities. They either presented the budget information to encompass:

- the full set of financial statements; or
- components of the statement of financial performance (or revenue and expenditure statement), statement of financial position (or capital expenditure) and/or the cash flow statement.

In most cases, the broad classes and classifications or headings used in the Statement of Comparison were the same as those used to prepare the financial statements rather than those set by the relevant authority in the approved budget.

Summary of issues identified and their root causes

Issues identified	Possible root causes
<ul style="list-style-type: none"> ▪ There was a preference for presenting a separate statement even when the same basis is used to prepare the budget and financial statements. 	<ul style="list-style-type: none"> ▪ Entities do not fully understand when the two methods should be applied.
<ul style="list-style-type: none"> ▪ Repetition of information when the Statement of Comparison and Appropriation Statement are included in the financial statements. 	<ul style="list-style-type: none"> ▪ Entities are not aware of the FAQ.
<ul style="list-style-type: none"> ▪ The Statement of Comparison is not prepared on the same basis as the approved budget. 	<ul style="list-style-type: none"> ▪ Entities do not fully understand that the extent and/or broad classes and classifications or headings of the comparison are based on the approved budget.
<ul style="list-style-type: none"> ▪ Some users (audit committee and rating agencies) question the purpose of budget information presented in the financial statements of municipalities. 	<ul style="list-style-type: none"> ▪ Users do not fully understand the purpose of the budget information presented in the financial statements of municipalities.

Stakeholders raised a concern that when entities choose to only present an Appropriation Statement in the financial statements, a user of the financial statements may not know that the Appropriation Statement contains the relevant information required by the Standard. They



suggested that additional disclosures should be required. For example, entities should explain the purpose of the Appropriation Statement in relation to the GRAP 24 requirements.

Stakeholders proposed that guidance on the method, format and extent of the comparison is needed.

Way forward

The Board did not support the proposal for additional disclosures when the Appropriation Statement is presented as the Statement of Comparison as it believed that practice needs to develop. To address the duplication of information in the financial statements, the Board encourages entities to consider the guidance in the FAQ which clarifies that entities may present, in a single statement or a note, information that is required by the Standards. The additional information required to be presented separately could be presented as an annexure to the financial statements.

The Board noted that the Standard clarifies that the basis of preparation of the Statement of Comparison should be consistent with that used in the preparation of the approved budget. This will enable comparisons to be made by the relevant level of oversight. As this is a critical aspect of the preparation of the comparison, the Board agreed that guidance on the method, format and extent of the comparison should be included in the Fact Sheet.

In responding to the observation of the lack of understanding by audit committees and rating agencies, the Board agreed that the issue should be addressed as part of the National Treasury's project on the development of education material for users. This matter highlights a skills gap – and training and/or raising awareness to rating agencies and various committees is necessary. As part of its broader communication plan, the results of the review will be shared with the National Treasury as well as audit committee forums.

C. Presentation of the comparison of budget and actual information

Requirements

GRAP 24 requires entities that make their budgets publicly available to present a comparison in their financial statements between:

- last approved and final budget amounts;
- budget and actual amounts on a comparable basis; and
- explanations of material differences between budget and actual amounts (unless published in another report then cross-reference).

Findings

Most entities adhered to the requirements and presented the information as required.

Last approved and final budget amounts

Some municipalities provided additional information about the original budget, final adjustments budget and final budget owing to the format of the comparison required by the



National Treasury in an Appropriation Statement. These municipalities only presented the Appropriation Statement in the financial statements.

Budget and actual amounts on a comparable basis

Section E discusses in detail whether entities presented the actual amounts on a comparable basis to the budget.

Explanations of material differences

Most entities provided an explanation of material differences between the budget and actual amounts either in the notes or on the face of the Statement of Comparison. One entity included the explanations in the annexures to the financial statements.

Entities either explained all the differences or only the material differences. Not all entities disclosed the materiality threshold used for identifying differences. However, those that did, explained differences exceeding 5% or 10% of the budgeted amounts.

Some entities did not provide explanations of material differences – it was not clear whether this failure could be attributed to materiality as no threshold was provided for assessing the differences.

Summary of issues identified and their root causes

Issues identified	Possible root causes
<ul style="list-style-type: none"> ▪ All differences explained regardless of materiality. ▪ No disclosure of materiality threshold where material differences were explained. ▪ Poor quality of explanations. 	<ul style="list-style-type: none"> ▪ Entities do not understand how to assess materiality in the context of GRAP 24. ▪ GRAP 24 does not require the disclosure of materiality considerations. ▪ Entities apply the same materiality threshold throughout the preparation of the financial statements. ▪ Preparation of the budget information is not given adequate attention.

Stakeholders proposed that guidance should be provided on how to assess materiality in the context of the requirements in the Standard based on the Materiality Guideline.

Way forward

The Board supported the proposal to include guidance in the Fact Sheet. It also agreed that similar guidance should be considered by the OAG for inclusion in the GRAP 24 Accounting Guideline.

D. Changes from approved to final budget

Requirements

GRAP 24 requires an explanation of changes between the approved and final budget to be presented in the notes (or cross reference to another report).

The final budget is the approved budget adjusted for changes made by the entity and approved by the relevant authority. These changes may be as a result of reallocations or other factors such as changes in budget parameters. Depending on the type of entity, the final budget may not be made publicly available. In some cases, the approved and final budget may be the same.

Findings

The review indicated that most entities with changes from the approved to the final budget did not explain the reasons for the changes. It was unclear if the reasons were explained elsewhere in the annual report or another report as no cross reference was provided.

Summary of issues identified and their root causes

Issues identified	Possible root causes
<ul style="list-style-type: none"> ▪ Changes between the approved budget and final budget are not explained. ▪ The purpose of the requirement is not fully understood. ▪ Uncertainty about whether all or material changes should be explained. 	<ul style="list-style-type: none"> ▪ Entities are not aware of the requirement or do not fully understand the requirement.

Stakeholders questioned the purpose of the requirement. The Standard requires the reasons for changes between the approved and final budget as it assists the users in holding the entity accountable for compliance with the relevant approved budget. The Standard does not explicitly refer to material changes as the budget process is legislated and any changes to the budget are driven by legislative requirements. As such, any changes to the approved budget should be explained as they are material in nature, rather than amount.

Stakeholders proposed that guidance is needed to clarify what are changes between the approved budget and the final budget, and to explain why these changes are material.

Way forward

The Board agreed with the proposal that guidance should be included in the Fact Sheet.



E. Comparable basis

Requirement

GRAP 24 requires the comparison of budget and actual amounts to be presented on a comparable basis to the budget.

A comparable basis to the budget means that the actual amounts should be adjusted to reflect the same basis of accounting (i.e. accrual or cash), same classification system (i.e. nature, function or other basis), the same period and the same entities (i.e. individual entity or group of entities) as those included in the approved budget.

The approved budget is a legal document through which entities will be held accountable, as such the actual amounts in the financial statements need to be adjusted to align with that budget.

Findings

The majority of entities included in the review prepared the budget and financial statements on the same basis of accounting.

Most of the entities that prepared their budgets on the cash or modified cash basis adjusted the actual amounts to a comparable basis.

In determining whether the actual amounts were presented on a comparable basis to the budget, the review considered the disclosures of the budgetary basis, classification basis, budget period, and entities included in the budget. It was noted that:

- The information (i.e., the budgetary basis, classification basis, budget period, and entities included in the budget) was either disclosed in the accounting policies or notes to the financial statements.
- Entities used boilerplate disclosures and did not tailor the note disclosures to be relevant to the entity's circumstances. As a result, information disclosed about the budgetary basis and classification system adopted for the budget was not consistent with what was presented in the comparison.
- The extent of classification differences between the budget and financial statements could not be confirmed.
 - Public entities: No classification differences were reported. The classification system adopted can either be the economic or functional classification. In most cases, entities presented the comparison by nature using the same line items in the statement of financial performance.
 - Municipalities: One municipality identified classification differences in the comparison. The preparation of budgets for municipalities is guided and regulated by the Budget Regulations and Circulars. Municipalities present their approved budgets in both the economic and functional classifications. Classification differences have been known to exist between the financial statements and the budget tables used by municipalities.



Summary of issues identified and their root causes

Issues identified	Possible root causes
<ul style="list-style-type: none"> ▪ Actual amounts are not adjusted to be on a comparable basis to the budget. ▪ No classification differences were identified for entities that use different classification systems to prepare the budget and financial statements. ▪ Inaccurate and inconsistent information disclosed in the accounting policies, note disclosures and Statement of Comparison. 	<ul style="list-style-type: none"> ▪ Entities do not understand what a comparable basis means. ▪ Entities do not understand that basis differences include accounting basis and classification differences. ▪ Classification differences were not identified as they are not material. ▪ Entities do not make appropriate adjustments to the boilerplate accounting policies and note disclosures.

Stakeholders representing municipalities noted that:

- The format and classification system adopted for the presentation of the approved budget differs from the format and classification adopted for the financial statements.
- Budget reporting is consistent with the Municipal Standard Chart of Accounts (MSCOA) classification. Some areas where the MSCOA are not aligned with the GRAP reporting requirements were noted.

Stakeholders from public entities noted that:

- The preparation of budgets for public entities is not a standardised process, for example (a) some entities prepare budgets on the cash basis while others on the accrual basis, and (b) the classification system varies.
- Departments prepare the budget using the economic classification, however public entities do not prepare their budgets on this basis.
- There was an expectation that classification differences would be identified during the review. However, others argued that classification differences would not necessarily be identified as the financial systems used by entities map the budget information to align with the financial statements.

Way forward

The Board agreed that guidance should be included in the Fact Sheet clarifying what is a comparable basis. The Board also agreed that the OAG considers similar guidance for inclusion in the GRAP 24 Accounting Guideline.

<p>F. Reconciliation of actual amounts on a comparable basis and the actual amounts in the financial statements</p>
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Requirement

When the financial statements and budget are not prepared on a comparable basis, GRAP 24 requires a reconciliation of the actual amounts on a comparable basis to the budget and the actual amounts presented in the financial statements, to be presented on the face of the statement or in the notes.

The reconciliation should separately identify any basis, timing and entity differences for the following:

- (a) if the budget is prepared on the accrual basis, total revenues, total expenses and net cash flows from operating activities, investing activities and financing activities; or
- (b) if the budget is prepared on a basis other than accrual, net cash flows from operating activities, investing activities and financing activities.

The Standard explains that the following differences may arise:

- Basis differences - occur when the financial statements and budgets are prepared on a different accounting and classification basis.
- Timing differences - occur when the budget and actual amounts are not prepared for the same period.
- Entity differences - occur when the entities included in the budget are not the same as those included in the financial statements.

Findings

The review identified that:

Basis differences - budget prepared on the accrual basis

The majority of entities included in the review prepared the budget and financial statements on the same basis of accounting.

None of these entities provided a reconciliation. However, one entity identified classification differences on the face of the Statement of Comparison. As discussed in Section E, the review could not confirm the extent of classification differences between the budget and financial statements.

Basis differences - budget prepared on the cash/modified cash basis

Few entities included in the review prepared their budgets on the cash basis or modified cash basis. Most entities presented the reconciliation, however the entities only identified accounting basis differences.

Some entities presented the reconciliation but did not reconcile to the net cash flows from operating activities, investing activities and financing activities as required.

Timing and entity differences

No such differences were identified as budgets and financial statements were prepared for the same period and for the same entities.

Summary of issues identified and their root causes

Issues identified	Possible root causes
<ul style="list-style-type: none"> ▪ No reconciliation was presented. ▪ No classification differences were identified. ▪ Reconciliation presented in a different format. 	<ul style="list-style-type: none"> ▪ Entities do not understand under what circumstances the reconciliation should be provided. ▪ The reconciliation is challenging to complete when the information required in the reconciliation is not readily available. ▪ Entities do not understand that basis differences include accounting basis and classification differences. ▪ GRAP 24 does not preclude the reconciliation of each major total and subtotal, or each class of items presented in the financial statements.

Stakeholders questioned the purpose of the requirement and usefulness of the information provided. The purpose of the reconciliation is to identify the major sources of difference between the actual amounts on a budget basis and the amounts recognised in the financial statements.

Stakeholders proposed that the Board should be less prescriptive about the format that is used to present the reconciliation.

Way forward

The Board supported the proposal that the requirement in paragraph .46² of the Standard should be amended.

The proposed amendment would enable entities to decide, based on available information, which actual amounts presented in the financial statements they want to reconcile; and include a requirement for entities to explain the rationale for reconciling those specific line items.

² “The actual amounts presented on a comparable basis to the budget in accordance with paragraph .30 shall, where the financial statements and the budget are not prepared on a comparable basis, be reconciled to the following actual amounts presented in the financial statements, identifying separately any basis, timing and entity differences:
(a) if the accrual basis is adopted for the budget, total revenues, total expenses and net cash flows from operating activities, investing activities and financing activities; or
(b) if a basis other than the accrual basis is adopted for the budget, net cash flows from operating activities, investing activities and financing activities.
The reconciliation shall be disclosed on the face of the statement of comparison of budget and actual amounts or in the notes to the financial statements.”



Paragraph .48³ of the Standard would form the basis of the proposed amendment. Guiding principles on the line items that entities can reconcile to, would be considered in the proposed amendment. The amendment would also require that the same line items are reconciled consistently from one period to the next.

G. Note disclosures of budgetary basis, period and entities included in the budget

Requirement

GRAP 24 requires entities to disclose in the notes to the financial statements the following:

- (a) budgetary basis and classification basis adopted in the approved budget;
- (b) period of the approved budget; and
- (c) entities included in the approved budget.

Findings

The review indicated that:

- The disclosures varied with some entities providing all the information required by the Standard while others only provided some or none of the required information.
- Entities provided the budget information in the accounting policies or in the notes to the financial statements. There were also instances where the same information was duplicated, both in the accounting policies and in the notes to the financial statements.
- The disclosures were inaccurate due to the inconsistent information provided between the accounting policies, note disclosures and the budget information presented in the comparison.

Entities make use of boilerplate accounting policy and note disclosures. When this information is not adjusted to reflect the entity’s specific circumstances, it makes it difficult to assess the accuracy of the information particularly when the information disclosed contradicts other budget information presented in the financial statements.

Summary of issues identified and their root causes

Issues identified	Possible root causes
<ul style="list-style-type: none"> ▪ Inaccurate and inconsistent information disclosed in the accounting policies, note disclosures and Statement of Comparison. ▪ Information is repeated in the financial statements and note disclosures. ▪ Poor quality of note disclosures. 	<ul style="list-style-type: none"> ▪ Entities do not make appropriate adjustments to the boilerplate accounting policies and note disclosures. ▪ Preparation of the budget information is not given adequate attention.

³ “This Standard does not preclude reconciliation of each major total and subtotal, or each class of items, presented in a comparison of budget and actual amounts with the equivalent amounts in the financial statements.”



Stakeholders noted that the quality of note disclosures needs improvement but did not make any specific proposals.

Way forward

The Board concurred with the feedback noting that when information is not tailored to an entity's circumstances, the accuracy of the information presented in the financial statement becomes questionable. Preparers should allocate more time to prepare the disclosures required by GRAP 24. There should be greater focus on holding management accountable for the preparation of high-quality financial statements.

The Board agreed to amend the Standard by reinstating the illustrative examples that were previously deleted to assist with the preparation of disclosures, as well as improving the quality of financial statements.

H. Comparative information

Requirement

GRAP 24 does not require the disclosure of comparative information in respect of the previous period.

Findings

An entity presented comparative information. The entity presented additional budget columns in the financial statements for the current and previous period in the statement of financial performance.

Some stakeholders indicated that they present comparative information as a consequence of the correction of prior period errors in the financial statements.

No proposals are made as no issues were identified

Way forward

The Board agreed that no actions are required.



Section 3 – Key actions arising from the review

In light of the results of the review and feedback from stakeholders, the Board agreed to undertake the following actions.

Developing supplementary guidance

The Board agreed that the Secretariat should develop a Fact Sheet to clarify the areas identified in the review. The guidance should emphasise the key principles from the Standard rather than focus on specific fact patterns and examples.

Amending the Standard

The Board agreed that, as part of the next Improvements project, specific amendments should be made to the Standard. In particular, the requirement to present a reconciliation in GRAP 24.46 will be amended so that the Standard is less prescriptive about the format of the reconciliation. In addition, the illustrative examples that were previously withdrawn from GRAP 24 will be reinstated to assist entities with the preparation of the disclosures.

The Board believes the amendments are necessary as they will simplify the disclosures and improve the quality of reporting of budget information.

Communicating the results with stakeholders

A key outcome of a desktop review is to communicate the results of the review with stakeholders through various communication channels such as publishing the Review Report, articles or social media posts.

The Board agreed that it will engage with relevant stakeholders, including the National Treasury and the Auditor-General of South Africa to inform them about the findings of the review. Specific areas of the review will be shared with the OAG to consider in the update of the GRAP 24 Accounting Guideline.