TERMS OF REFERENCE

Reference group for GRAP 104 on *Financial Instruments* (Revised 2019)

Objective

1. This document outlines the terms of reference of the Reference Group on financial instruments.

Purpose of Reference Group

2. The purpose of the Reference Group is to bring together technical experts, auditors, preparers and other interested parties to discuss how the Standard of GRAP on *Financial Instruments* (issued in 2019) (GRAP 104) should be implemented and applied. The Reference Group should:

   (a) discuss the issues and experiences relating to implementation and application of GRAP 104 to public sector specific and other topics identified by stakeholders; and

   (b) communicate the work of the group with stakeholders.

3. It is not anticipated that the work of the Reference Group will result in changes to GRAP 104.

4. Stakeholders include, but are not limited to, preparers of financial statements using Standards of GRAP, National and Provincial treasuries, auditors, consultants, professional bodies, academics and others with an interest in financial reporting in the public sector.

Output of the reference group

Discussion of implementation and application issues

5. The discussions of the Reference Group are meant to contribute to a better understanding of the technical and implementation issues relating to a specific topic. The purpose of the Reference Group is not to provide technical opinions on specific transactions or arrangements. The topics and issues discussed should be high-level and principle-based.

6. The role of the Reference Group is to:

   (a) Identify implementation and application issues in their environments to determine the topics to be discussed by the group.

   (b) Identify stakeholder needs on implementation and application of the Standard, and recommend topics to the group to assist in addressing their needs.

   (c) Consider and discuss the impact of any new or amended international equivalent requirements [being IFRS 9 and related IFRS Accounting Standards, the International Public Sector Accounting Standard on *Financial Instruments* (IPSAS 41) and related IPSAS and the IFRS® Interpretations Committee's agenda decisions on financial instruments], and changes in the local environment such as legislative or other reforms impacting financial instruments.

   (d) Agree a work plan for the group based on the topics identified.

(e) Collectively discuss the implementation and application of GRAP 104 to the topics and issues identified and communicate key discussions and any possible solutions (where identified).

Communication of the work of the Reference Group

7. Any solutions identified by the Reference Group are non-authoritative. The outcomes of discussions and/or potential solutions should be communicated using the mechanisms outlined in paragraph 8.

8. The work of the Reference Group is communicated to stakeholders through a range of mechanisms. The mechanisms used will depend on the nature of the material to be communicated and the intended recipient. Existing communication mechanisms of the ASB and National Treasury should be used as far as possible. These include:

- Issuing of FAQs by the Secretariat of the ASB.
- Issuing of Fact Sheets by the Secretariat of the ASB.
- Discussions or articles in the ASB's Newsletter and social media.
- Issuing of education material by the Secretariat of the ASB.
- Updates to the Accounting Guidelines issued by the Office of the Accountant-General (OAG).
- Issuing of tools or other material by the OAG.

Membership of the Reference Group

9. The Reference Group comprises the following members:

(a) Representatives of audit firms auditing public sector entities.

(b) Representatives of consulting firms assisting public sector entities with the preparation of financial statements and providing accounting or other advice.

(c) Preparers from public entities, municipalities and other entities that are specifically affected by GRAP 104.

(d) Academics.

(e) Professional bodies.

(f) Any others with an interest in discussing the implementation and application of GRAP 104.

10. Members, although they represent specific groups of stakeholders, are not seen as representing the views or official position of their employer organisation.

11. The trilateral parties, i.e. the National Treasury, the Auditor-General of South Africa and the Secretariat of the ASB, will attend the meetings as observers unless they are involved in administering the group.

12. Members will not be remunerated for their participation in the Reference Group; it is a volunteer position.

Expectations of members

13. Members are expected to:

(a) Prepare in advance for the meeting by reviewing meeting papers, gaining an understanding of the technical issues related to the topic to be discussed and/or identifying and understanding the implementation and application issues related to the topic.

(b) Attend scheduled meetings. If members do not attend two consecutive meetings, their membership may be terminated.

(c) Actively participate in the discussions by sharing technical knowledge or issues/experiences related to the topic, and if appropriate participate in formulating proposed solutions.

Term of the reference group

14. It is anticipated that the Reference Group will operate until the end of the 2027/2028 reporting period of the ASB. This may need to be revisited as the work of the group progresses, and/or based on feedback from stakeholders.

Meetings and administration

Meeting schedule

15. The Reference Group meets quarterly or based on the needs identified in the work plan identified in paragraph 6(d). The meeting duration will be half a day, although this may be varied based on the needs at the time.

Meeting administration

16. The Secretariat of the ASB administers the Reference Group. This includes:

- Scheduling of meetings.
- Developing meeting agendas.
- Compiling and maintaining the work plan.
- Drafting minutes of the meeting.
- Developing, co-ordinating or overseeing the development of the meeting papers.
- Developing, co-ordinating or overseeing the development of the communication or other outputs of the group.

Review of terms of reference

17. The terms of reference should be reviewed annually or as agreed by the Reference Group or on the request of the trilateral parties.