



ACCOUNTING STANDARDS BOARD

240 Madiba Street
Pretoria
0002

Tel. 011 697 0660

Fax. 011 697 0666

www.asb.co.za

**MINUTES OF THE ASB'S BOARD MEETING HELD VIRTUALLY ON
28 SEPTEMBER 2023**

PRESENT:

CHAIRPERSON

P Moalusi

MEMBERS OF THE BOARD

C Braxton

D Dlamini

S Khan (joined at 10:50)

N Ngaka

N Themba

A van der Burgh (Deputy-Chair)

EX OFFICIO

J Poggiolini Chief Executive Officer

E van der Westhuizen Technical Director

A Botha Standard Setter

N Imam-Shah Standard Setter

S Nondlazi Standard Setter

S Peter Financial Manager

1. WELCOME AND APOLOGIES

Members were WELCOMED to the meeting. Apologies were NOTED from W de Jager, A Muller, and S Khan indicated he would join late. N Ngaka attended on behalf of A Muller.

2. CONFIRMATION OF AGENDA

The agenda was CONFIRMED without amendment. It was NOTED that “Non-financial performance” will be dealt with as item 13.1.

3. CONFLICTS OF INTEREST

Members were ASKED to confirm any conflicts of interest. C Braxton NOTED his standing declaration that he is a member of the IPSASB’s staff.

4. MINUTES OF THE PREVIOUS MEETINGS

- 4.1 The Secretariat TABLED the minutes of the meeting held on 25 July 2023.
- 4.2 It was AGREED that the page numbers should be inserted on all pages.
- 4.3 Subject to this change, the minutes of the previous meeting were APPROVED by the Board.

Secretariat

5. MATTERS ARISING

- 5.1 The Secretariat TABLED a memorandum on matters arising from previous meetings.
- 5.2 The Secretariat NOTED that the items highlighted in grey are complete and will be removed. The items relating to the submission on the retention of surplus funds would also be removed.
- 5.3 The Secretariat EXPLAINED that it met with providers of Monitoring and Evaluation Reports (M+E Report) to understand the process and the potential cost implications. It was NOTED there would be a real benefit in undertaking a M+E report as it could measure, for example, the effectiveness of the ASB’s standard-setting activities. The potential cost (approximately R1.5 million) was included in the request to retain surplus funds. The use of donor funding could also be a viable option to fund this work. An update will be provided to the Operations Committee and Board.

Secretariat

- 5.4 The Secretariat SHARED the feedback received from the CEO’s meeting with the PEOU on the ASB activities. A key outcome of the meeting was that the ASB needs to raise its profile within the various “decision-making” units at the National Treasury. Many officials in the National Treasury are not aware of the ASB or its work. It was NOTED that a meeting will be held between the CEO and the Accountant-General to understand how this could be achieved.
- 5.5 Members EXPRESSED concern about the lack of awareness of the ASB’s role in the sector. It was AGREED that the CEO should meet with the Director-General, Accountant-General and potentially the Deputy-Minister to understand how it could raise its profile.

CEO

- 5.6 Members also EXPRESSED their concern about the ASB's continuity should the new Board members not be appointed in time (i.e., before 29 February 2024). Other submissions such as the Remuneration Framework should also be approved (or feedback received from the Minister), otherwise the entire process might need to be restarted. The continuity of the ASB's operations is a key risk that needs to be managed.

CEO

TECHNICAL ACTIVITIES

6. FEEDBACK FROM THE TECHNICAL COMMITTEE

The Deputy-Chairperson of the Technical Committee NOTED the feedback from the Technical Committee and the minutes of the meeting held on 31 August 2023.

7. IMPROVEMENTS TO THE STANDARDS OF GRAP (2023) AND IGRAP ON FOREIGN CURRENCY TRANSACTIONS AND ADVANCE CONSIDERATION (IGRAP 22)

7.1 The Secretariat TABLED the following at the meeting:

- Memorandum from the Secretariat
- Proposed *Improvements to the Standards of GRAP (2023)*
- Proposed IGRAP on *Foreign Currency Transactions and Advance Consideration (IGRAP 22)*

7.2 The Board NOTED the background and the consultation process for *Improvements to the Standards of GRAP* (ED 201) and the IGRAP on *Foreign Currency Transactions and Advance Consideration* (ED 202).

7.3 A member ASKED whether sufficient responses were received given the low number of written responses to ED 201 and ED 202. The Secretariat RESPONDED that the feedback at the roundtable sessions was constructive and contributed to the verbal comment received for the Exposure Drafts (EDs). The Secretariat also NOTED that the nature of the amendments is that they are non-urgent and minor, so the comment rate was expected to be low.

Amendments to the *Improvements to the Standards of GRAP* and *IGRAP 22* following comment received

7.4 It was NOTED that stakeholders and the Technical Committee were supportive of the amendments proposed to the *Improvements to the Standards of GRAP* (Improvements). No amendments were proposed to IGRAP 22.

7.5 On the actions proposed by the Technical Committee, the Board EMPHASISED that the lack of comparability from one public entity to another when applying GRAP 24 should be discussed with the OAG. The National Treasury may want to consider whether they want to define the budget information, classification and presentation for public entities so that comparability is possible.

Secretariat

Approval

7.6 The Board APPROVED the *Improvements to the Standards of GRAP (2023)*, subject to the following considerations:

GRAP 1 on *Presentation of Financial Statements*

- The reference to “legally adopted budget” in paragraph .14 should be changed to “approved budget” to be consistent with the other references in GRAP 1.
- The terms “primary users” and “general purpose financial statements” in paragraph .127 may be confusing as it is not in the definition of materiality in GRAP 1. It was NOTED that paragraph .127 was drafted to align with the amendment to IAS 1 on *Presentation of Financial Statements*. It was AGREED that the Secretariat should consider how best to address the inconsistency. Some of the ways suggested included clarifying the use of the materiality definition in the basis for conclusions to GRAP 1. Further work to clarify the definition could include adding guidance to the Fact Sheet on Materiality and the *Guideline on the Application of Materiality to Financial Statements*.

GRAP 17 on *Property, Plant and Equipment*

- The placement of paragraph .25A was QUESTIONED. The Secretariat AGREED that the location of the new paragraph will be reviewed and if it is misplaced, it will be relocated.

General

- Some editorial corrections were NOTED.

Secretariat

7.7 The Board APPROVED the proposed effective date for the Improvements of 1 April 2025.

Secretariat

7.8 The Board APPROVED IGRAP 22 with an effective date of 1 April 2025.

Secretariat

Next steps

7.9 The Board NOTED the next step is a submission to the Minister of Finance to approve the effective date for the Improvements of 1 April 2025. It was NOTED that this proposed date assumes the Minister’s approval is received before 31 March 2024. If the Minister’s approval is not received before 31 March 2024, the effective date recommended by the Board will be extended by a year. Based on the principles set out in the Board’s Due Process Handbook, the amendments should be within the public domain at least a year before they become effective.

Secretariat

8. DIRECTIVE ON DETERMINING THE GRAP REPORTING FRAMEWORK

8.1 The Secretariat TABLED the following:

- Memorandum from the Secretariat
- Proposed Reporting Framework for 2024/2025
- Full Reporting Framework (for publication on the website)
- Communication on Reporting Framework

Proposed Reporting Framework for 2024/25

8.2 The Secretariat EXPLAINED the proposed Reporting Framework for 2024/25 and HIGHLIGHTED the key updates to the Appendix and the basis for conclusions (BCs).

8.3 A member ENQUIRED about the timing and use of BCs to reflect the status of pronouncements in the Reporting Framework. The Secretariat NOTED that new BCs are added each year to explain the status of pronouncements for each Reporting Framework.

8.4 The Board DISCUSSED whether the main text of the Directive should be updated to reflect how international standards should be considered. The Board AGREED that this should be done in the next update of the Directive.

Secretariat

8.5 The Board APPROVED the Reporting Framework for 2024/2025.

Communication on Reporting Framework

8.6 The Secretariat TABLED the Communication related to the Reporting Framework for 2024/25 and HIGHLIGHTED that there were no changes from the previous year.

8.7 The Board SUGGESTED that the communication should also be sent to Accounting Officers as some entities do not have CFOs.

Secretariat

9. ENHANCING THE APPLICATION OF STANDARDS OF GRAP

9.1 The Secretariat TABLED a memorandum explaining the progress to develop material that enhances the application of the Standards of GRAP against the project plan. Members NOTED that the project plan for the quarter has been met.

9.2 The Secretariat NOTED actions to raise awareness of the project include presentations to stakeholders and articles.

9.3 The representative of the AGSA NOTED that the AGSA's communication team included a link to the YouTube content on the AGSA website.

9.4 A member ASKED how the success of the project could be measured, to ensure it has the intended impact.

9.5 It was NOTED that improving the quality of financial reporting is not solely with the ASB and should be a collective effort of the trilateral parties. Members SUGGESTED that the Secretariat works with the AGSA and OAG to assess whether less issues arise in the environment on the topics covered by the project, and that there should be a deliberate assessment of the effectiveness of the project in terms of usefulness of topics covered and impact. The outcome of the assessment should inform future

work on the project. It was SUGGESTED that it be discussed further at the trilateral meeting.

Secretariat

10. EMERGING ISSUES

10.1 The Secretariat TABLED an update on the emerging issues related to the implementation and application of the Standards of GRAP.

10.2 Members REQUESTED that more detailed feedback is provided to the Board on the work Altimax is doing for the GRAP 104 Reference Group, seeing that the contract value is significant to the Board.

Secretariat

10.3 The Accountant-General NOTED feedback on entities' requests for exemption from applying Standards of GRAP.

10.4 Members NOTED concerns with the granting of exemptions in general. It was NOTED that SCOPA also questioned the granting of exemptions to entities. It was NOTED that the OAG's approach to these is to ensure that there is sufficient motivation before an exemption is granted, and sufficient investigation of the technical aspects are done.

10.5 The Accountant-General NOTED they communicated within National Treasury that regulating the mSCOA budget template is not in the best interest of financial reporting, which should be principle-based. There may be a need for separate financial statements for components of local government, which struggle with the basics of financial reporting. The OAG will engage the Secretariat further on the matter.

Secretariat

11. GRAP IMPLEMENTATION

11.1 The Accountant-General NOTED audits not signed-off as a result of unresolved disputes. The trilateral parties should aim to come to agreement on these matters.

11.2 It was NOTED that a range of new and revised guidance was issued, including:

- INEP Grants.
- Regional Bulk Infrastructure Grants.

11.3 It was NOTED that the following guidance is in the process of being developed and/or revised:

- Guidance on Municipal Debt Relief (will be circulated for comment).
- The GRAP Disclosure Checklist for 2023/24.

11.4 The Accountant-General PROVIDED an update on the status of IFMS. It is seen as an important enabler of accrual accounting and applying Standards of GRAP. It was NOTED that the Special Investigating Unit (SIU) presented a draft report to SCOPA which raises concerns with the IFMS system, and the processes followed in the project. The report will be finalised to the President, who will refer it to the Minister of Finance for action. The matter has also been referred to the National Prosecuting Authority for criminal investigation. The OAG considers it important for good

governance to respond to the report and will work with the SIU to address the concerns. IFMS continues to be seen as a necessity and is supported by the Minister of Finance.

12. UPDATE FROM THE IPSASB

12.1 The Secretariat NOTED the comment letter to the IVSC.

12.2 The Secretariat and IPSASB Board member PROVIDED an update on the September 2023 IPSASB meeting.

13. ACTIVITIES FOR 2024/2025

13.1 The Secretariat TABLED the following at the meeting:

- Memorandum from the Secretariat.
- Project brief on Review of GRAP 20 *Related Party Disclosures*.
- Project brief on *Measurement*.
- Project brief on *Social Benefits* (revised).
- Project brief on *Post-implementation Review of GRAP 108 on Statutory Receivables* (revised).

13.2 The Secretariat PROVIDED background to the development of the work programme for 2024/25 and related targets for the APP.

Project brief on Review of GRAP 20 Related Party Disclosures

13.3 The Secretariat EXPLAINED the project brief and emphasised the objective of the project and key issues that will be considered during the review.

13.4 The Board APPROVED the project brief.

Project brief on Measurement

13.5 The Secretariat EXPLAINED the project brief and HIGHLIGHTED the key issues of the project.

13.6 The Board APPROVED the project brief subject to editorial amendments.

Secretariat

Revisions to the project briefs on Social Benefits and Post-implementation Review of GRAP 108 on Statutory Receivables

13.7 The Secretariat NOTED the proposed changes to the timelines of the projects on *Social Benefits* – transitional provisions and effective date, and the post-implementation review of GRAP 108, and the reasons, therefore.

13.8 The Board APPROVED the amendments to the project briefs.

13.9 The Secretariat NOTED the following activities that impact the ASB's work programme or resources of the Secretariat:

- Exposure drafts of the IPSASB expected to be published during 2024/25.
- Next phase of the GRAP 109 post-implementation review, which may include a due process to amend GRAP 109.
- Developing material on climate related disclosures.

13.10 The Board APPROVED the proposed work programme for 2024/25.

OPERATIONAL ACTIVITIES

14. ANNUAL PERFORMANCE PLAN 2024/2025

14.1 The Secretariat TABLED the following:

- Memorandum from the Secretariat.
- Draft APP for 2024/2025.

14.2 The Secretariat EXPLAINED that, based on the discussion at the Operations Committee, the ideas from the strategic session held in May of this year should be included in revised strategic objectives. The Operations Committee suggested that any changes in the vision and mission only be included in the next strategic plan (2026-2030). The Secretariat NOTED that the strategic objectives were revised, and a table included in the memorandum outlining the mapping.

14.3 Members EXPRESSED concerns about changing the strategic objectives during the strategic planning cycle. It was AGREED that the strategic objectives should be retained. New activities could be introduced (where appropriate).

14.4 Members AGREED that the finalisation of the draft APP should be delegated to the Operations Committee. Members AGREED to provide any other comments to the Secretariat via email.

Operations Committee/Members

15. NON-FINANCIAL PERFORMANCE

15.1 The Secretariat TABLED a report on the non-financial performance for the quarter and year.

Work programme

15.2 The Secretariat INDICATED that the work programme will change with the delay agreed to discuss the comments received on the Post-implementation Review of GRAP 109 on *Accounting by Principal and Agents*.

15.3 The Secretariat NOTED that the convergence documents would need to be updated to reflect the decisions taken by the IPSASB at its September 2023 meeting.

IPSASB comment letters

15.4 The Secretariat EXPLAINED that the IPSASB will publish a consultation on its next strategic plan, as well as proposed Improvements to IPSAS. The Secretariat NOTED that for purposes of the annual targets, the Secretariat will publish the IPSASB's proposed strategic plan for comment locally and prepare a comment letter to the IPSASB. The same process may not be followed for the proposed Improvements as these potential changes are limited and relate to IPSAS that have not yet been considered locally. As a result, consultation with stakeholders locally may not be needed.

Performance for the quarter and year

15.5 The Secretariat EXPLAINED the performance for the quarter and the year to end September 2023. There were no articles submitted for this period, which means that the target was not met. However, three articles were submitted in the previous quarter. This means that the annual targets will still be met.

15.6 Members SUGGESTED that the table in the memorandum explain that the annual targets for the articles will be met.

Secretariat

15.7 The Secretariat NOTED that all the annual targets are on track to be achieved.

16. GOVERNANCE OF THE ASB

16.1 The Secretariat TABLED a submission to the Minister of Finance on proposed Board members from 1 March 2024.

16.2 The Secretariat NOTED that two additional candidates were contacted, and their permission obtained to include them in the submission.

16.3 Subject to the two additional candidates to be included in the document, it was AGREED that the submission should be made to the Minister.

Secretariat

16.4 Members APPEALED to the Accountant-General to assist with expediting the submission to ensure the ASB is able to continue its operations.

17. POLICIES

17.1 The Secretariat TABLED the following at the meeting:

- Memorandum from the Secretariat
- Due Process Handbook
- SS08 - Terms of Reference Technical Committee
- SS09 - Performance targets and measuring progress
- SS11 - Naming and numbering conventions
- SS013 - Responses to queries

17.2 The Secretariat NOTED the process followed to review the Due Process Handbook and technical policies, and that minor amendments were recommended by the Technical Committee.

17.3 The Board APPROVED the revised Due Process Handbook and technical policies subject to the following amendments:

- Amend the date of revision from August 2023 to September 2023.
- Amend SS08: "To appoint ~~Appointment~~ of technical staff".

Secretariat

18. STATUS OF THE LEGAL CASE

The Secretariat PROVIDED an update on the court case. It was INDICATED that members will be kept abreast of any developments.

19. CLOSING REMARKS

Members were THANKED for their participation. Members held an in-committee meeting to discuss remuneration. The meeting was adjourned at 14:50.

Prepared by: J Poggiolini
Reviewed by: P Moalusi
11 October 2023

Approved: _____

Date: _____