



ACCOUNTING STANDARDS BOARD

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**MINUTES OF THE ASB'S BOARD MEETING HELD VIRTUALLY ON
3 DECEMBER 2024 AT 09:00**

PRESENT

CHAIRPERSON A van der Burgh

MEMBERS OF THE BOARD

A Carstens
W de Jager
S Gcwabe
A Muller (until 12:00)

INVITEES

F Sinthumule
K Maree (attended on behalf of S Khan)

OBSERVERS

O Benxa (SAICA)

EX OFFICIO

J Poggiolini	Chief Executive Officer
E van der Westhuizen	Head of Technical
A Botha	Standard-setter
N Imam-Shah	Standard-setter
S Nondlazi	Standard-setter

Board Members: Mr A van der Burgh (Chair), Ms A Carstens, Mr A Hardien, Ms W de Jager,
Mr D Dlamini, Mr S Gcwabe, Mr S Khan, Ms A Muller, Prof R Small
Chief Executive Officer: Mrs J Poggiolini

1. WELCOME AND APOLOGIES

1.1 Members were WELCOMED to the meeting. Apologies were NOTED from D Dlamini and S Khan. Mrs K Maree attended on behalf of S Khan.

1.2 It was NOTED that Mr F Sinthumule attended on behalf of Ms P Mzizi.

2. CONFIRMATION OF AGENDA

2.1 The agenda was CONFIRMED without amendment.

2.2 A moment of silence was observed in memory of I Vanker.

2.3 It was AGREED that the appointment of the Deputy Chairperson will stand over to a future meeting as not all members were present.

3. CONFLICTS OF INTEREST

3.1 Members were ASKED to confirm any conflicts of interest.

3.2 The standing declaration from A Carstens was NOTED; no changes were identified.

3.3 No other declarations were NOTED.

3.4 A Carstens RECUSED herself from the meeting when conflicts of interest were discussed in items 15 and 19 in these minutes.

4. MINUTES OF THE PREVIOUS MEETINGS

4.1 The Secretariat TABLED the minutes of the meeting held on 26 September 2024.

4.2 The minutes of the meeting were APPROVED without amendment.

5. MATTERS ARISING FROM PREVIOUS MEETINGS

5.1 The Secretariat TABLED the matters arising from past meetings.

5.2 The Secretariat NOTED the following:

- The Knowledge Hub will be launched in December. The Knowledge Hub provides a centralised point to access anything GRAP related. This includes content published by the ASB and the OAG on particular Standards or topics. The Hub responds to some of the recommendations from the Monitoring and Evaluation (M+E) Report.
- Potential performance metrics for the YouTube content were discussed internally by the Secretariat. Based on feedback received in recent stakeholder engagements, it is clear that there is still a lack of awareness of the content. This indicates that it might be too early to measure the impact of the content on, for example, improving audit outcomes. The Secretariat's efforts should be to raise awareness among a broader audience.
- A Memorandum of Agreement was concluded with the Turkish standard-setter to produce a report on the adoption and application of IPSAS. The publication can be used to advocate for the adoption of accrual accounting.

5.3 The representative of the AGSA INDICATED that there is a challenge with the interpretation of VAT based on the application of GRAP 109. The AGSA is in the process of reviewing Court rulings related to VAT and principals and agents, particularly whether substance or legal form is used as a basis for levying VAT.

- 5.4 A member INDICATED that there was an action arising from the strategic discussion that should be added to the matters arising. The action relates to obtaining a legal opinion from the National Treasury on the matters raised in the submission on the adoption of accrual accounting.

Secretariat

6. FEEDBACK FROM THE TECHNICAL COMMITTEE

- 6.1 The Chairperson of the Technical Committee PROVIDED feedback from the last meeting. The draft minutes of the meeting held on 14 November 2024 were TABLED.
- 6.2 It was NOTED that Ms A Carstens was appointed as the deputy chairperson of the Technical Committee.

7. MEASUREMENT IN THE PUBLIC SECTOR

- 7.1 The Secretariat TABLED the following at the meeting:
- Issues paper from the Secretariat
 - Project brief (for information purposes)
- 7.2 The Secretariat PROVIDED a summary of the Issues paper and the Technical Committee's proposals on the paper.
- 7.3 Members AGREED with the Technical Committee's proposals. Members SUGGESTED that the Secretariat include the National Treasury's Inter-governmental Relations unit in their consultations, as the unit is developing guidance on reporting on trading services. The guidance may deal with the measurement of assets and/or liabilities.

Secretariat

- 7.4 The Board APPROVED the approach for the amendments to the *Conceptual Framework for General Purpose Financial Reporting* and the development of a Standard of GRAP on *Measurement*.

Secretariat

8. REVIEW REPORT ON GRAP 20 ON RELATED PARTY DISCLOSURES

- 8.1 The Secretariat TABLED the following at the meeting:
- Memorandum from the Secretariat
 - Draft Review Report on Desktop Review of the Standard of GRAP on *Related Party Disclosures*
- 8.2 The Secretariat NOTED the background to the Review Report.
- 8.3 A member SUGGESTED that a Frequently Asked Question (FAQ) be developed to respond to the issue raised on the distinction between MFMA (legislative) and GRAP 20 disclosure requirements. The Secretariat STATED that there is already guidance available in the form of FAQ 4.14 on *What is the interaction of legislated disclosure requirements and disclosure requirements in Standards of GRAP*.
- 8.4 A member requested that the FAQ be presented to the Board for review due to its complexity.
- 8.5 The Board NOTED the next steps and APPROVED the Review Report.

Secretariat

9. GRAP IMPLEMENTATION

9.1 The representative of the OAG PROVIDED the following feedback:

- The development of the GRAP Knowledge Hub is progressing well.
- The Public Entity CFO Forum and PAG Forum were held recently. The Secretariat was thanked for their presentations at these Forums.
- The surrender of surplus funds remains an issue. The OAG is working on an update to the Instruction Note.

9.2 A member REQUESTED the OAG to publish the Instruction Note for comment before it is finalised.

OAG

10. EMERGING ISSUES

The Secretariat TABLED a memorandum at the meeting. The content was NOTED.

11. COMMUNICATION

Communication activities for 2024/2025

11.1 The Secretariat TABLED a memorandum at the meeting. It was NOTED that feedback on the Secretariat's communication activities will be provided to the Board bi-annually going forward.

11.2 The Secretariat ASKED for the Board's views on the Secretariat's social media activities. Members SHARED the following for the Secretariat's consideration:

The appropriate platforms to use require research

- TikTok may be a demanding platform to manage and is not generally associated with professional content.
- Instagram is increasingly popular among professional bodies and worth exploring.
- Facebook may continue to be worthwhile when combined with Instagram.
- X may no longer be a feasible platform, as evident from the social media statistics.

Social media strategy requires expert skills

- For an entity's social media activities to be successful and grow, an entity needs to actively run campaigns. It is unlikely the Secretariat has the capacity, knowledge and skills to do this and requires assistance from experts.
- A trend among other professional institutions, globally and locally, is to feature brand ambassadors. The ASB has done this only in so far as featuring the Board and Secretariat. There are many potential ambassadors from our broader stakeholder group – such as entities who receive clean audits – which could be explored.

Secretariat

Communication strategy and plan

11.3 The Secretariat TABLED a draft communication strategy and plan. The Secretariat NOTED that, in developing the draft, it was difficult to understand what would be

measured as part of this plan, and what would be measured under other targets on the Annual Performance Plan (APP). For example, the material for users to better understand and use the financial statements could be assessed under both the communication strategy and plan to develop this material.

- 11.4 Members NOTED that, while the draft is a good first attempt, it needs more work and needs the input of a communication specialist. Members SUGGESTED that other organisations could be approached to assist, for example, the IRBA, SAICA, IFAC, IFRS Foundation, XRB, and AASB. The surplus funds for the year could also be used for an external service provider.

Secretariat

- 11.5 Members INDICATED that communication is becoming an increasingly important part of the ASB's work, which is evidenced by the agenda items discussed at this meeting (outreach activities, draft strategy and plan, and the M+E report). If communication is important for the ASB's work, then it should be measured.

- 11.6 A member ASKED how this item will be reported in the current targets. The Secretariat INDICATED that they would confirm with the Department of Planning, Monitoring and Evaluation (DPME), but it would likely need to be reflected as not achieved. For the next year's APP, the target can be changed to develop a comprehensive plan rather than execute against a plan.

Secretariat

- 11.7 In terms of specific inputs into the strategy, members INDICATED that academia should be added to the list of stakeholders as they are critical to developing public sector finance professionals. The ASB should also seek speaking engagements at specific conferences.

Secretariat

12. WORK PROGRAMME 2024/25

- 12.1 The Secretariat TABLED the following at the meeting:

- Memorandum from the Secretariat
- Work programme for 2024/25
- Monitoring convergence with the IPSASB
- Enhancing the Application of Standards of GRAP 2024/25 workplan
- GRAP 104 Reference Group workplan

Work programme 2024/25

- 12.2 The Secretariat PROVIDED feedback on the progress of the technical projects, and the Secretariat's involvement in the IPSASB's projects.

Projected performance for the quarter ending 31 December 2024

- 12.3 The Secretariat NOTED the projected performance for the quarter. It was NOTED that all targets are projected to be achieved. The Secretariat NOTED that the annual targets are on track to be achieved, with the exception of the target for the ED on the GRAP 109 amendments.

13. INTERNATIONAL STANDARD-SETTING ACTIVITIES

The Secretariat NOTED the upcoming IPSASB meeting in December 2024, the comment letters due and the exposure drafts published concurrently.

14. FEEDBACK FROM THE OPERATIONS COMMITTEE

14.1 The Secretariat TABLED a memorandum outlining the key decisions of the Operations Committee as well as the draft minutes of the meeting held in October 2024.

14.2 The Chairperson of the Operations Committee NOTED the following key items:

- The report for the quarter ended 30 September 2024 was reviewed and recommended for submission to the National Treasury.
- Whether the CEO should be part of the Board. Although the recommendation to the Board is for the CEO to not be part of the Board, a separate decision will need to be made. It was AGREED that this should be added to the next Board meeting.

Secretariat

- The Terms of Reference for the Audit Committee (as supplied by the Internal Audit Unit (IAU)) were reviewed. As a number of issues were identified, the Committee did not believe that this could be referred to the Board for approval.
- The IAU report on the ASB's ICT infrastructure was reviewed, along with management's subsequent work to implement the proposed recommendations.
- Approval was granted for the purchase of Copilot licences.

15. FEEDBACK FROM THE AUDIT COMMITTEE

15.1 The Audit Committee TABLED a report outlining its activities for the quarter.

15.2 The representative of the Audit Committee EXPLAINED various aspects of the report, notably:

- Updated terms of reference of the Audit Committee. The Committee discussed the comments provided by the ASB on the terms of reference and agreed that these should be discussed with the Minister of Finance.
- Quarterly report for 30 September 2024. The Committee noted that the quarterly report was not included on the agenda and consequently not tabled at the meeting and that this was seen as the withholding of information by the CEO.
- Conflicts of interest. The Audit Committee referred the matter to the National Treasury's legal unit for an opinion.
- Deviation from the Staff Development policy. The Committee raised concerns about the Board's deviation from the policy for the payment of a staff member's study fees.
- Congratulations to S Gcwabe for his award.

15.3 The Chairperson EXPRESSED his dissatisfaction that the matters outlined in the report were not discussed with him rather than being raised with the Minister or

another structure. As the Audit Committee is a sub-committee of the Board, the reporting line should be to the Board first. Alternative reporting lines should only be explored thereafter should the matter remain unresolved. The Chairperson also NOTED that the conflicts of interest matter had not been served before the Board. As a result, it was inappropriate for the Committee to prematurely raise issues with the Board's response. Members also EXPRESSED their concern about the Audit Committee's actions regarding the conflicts of interest as they may not have the full set of facts.

- 15.4 The representative of the Audit Committee EXPLAINED that only the Terms of Reference were referred to the Minister.
- 15.5 The Chairperson ASKED whether the quarterly report was supplied by the CEO after this was requested. It was INDICATED that the information was made available to the Committee after the meeting. The Chairperson EXPLAINED that information can only be "withheld" if it is requested from the other party and not provided after the request. As a result, members REQUESTED that the wording in the report be revised.
- 15.6 Members EXPLAINED to the representative of the Audit Committee that it is not uncommon for Boards to approve departures from policy. It is important to understand the reasons for the departure, and in doing so, whether the policy is still fit for purpose. In this instance, the Board agreed on a departure and indicated that the policy was not in line with the practice in other public sector organisations. As a result, the Secretariat was asked to revise the policy for review by the Board in March 2025.
- 15.7 Given the disagreement with the contents of the Audit Committee's report, the Board AGREED that a letter should be provided to the Audit Committee outlining the areas of concern and formally requesting changes to the report.

Chairperson of the Board

- 15.8 The representative of the Audit Committee TABLED Internal Audit's report on the review of the ASB's ICT infrastructure. It was EXPLAINED that several areas of improvement were highlighted.
- 15.9 The Secretariat INDICATED that the recommendations were reviewed with the service provider. Some recommendations cannot be implemented due to cost or the nature of the ASB's operational environment. Management's actions were reviewed by the Operations Committee in October. The IAU is in the process of reviewing the implementation of these actions.

16. FINANCE MATTERS

Quarterly report

- 16.1 The quarterly report for the period ended 30 September 2024 was TABLED. Members NOTED the report.

Risk management

- 16.2 The Secretariat TABLED the risk report and the risk register.
- 16.3 The Secretariat EXPLAINED that no new risks were identified. After reviewing the IAU's report and recommendations on ICT, management was of the view that the risks are appropriately identified and managed in the risk register.

- 16.4 It was NOTED that the risk register will need to be updated in the new financial year to reflect the new objectives and activities in the APP.

Secretariat

Budget execution

- 16.5 The Secretariat TABLED a report outlining the budget execution to date, along with a forecast for the remainder of the year.
- 16.6 The Secretariat NOTED that the surplus could be used to replace laptops, on communication activities (as discussed at this meeting), or on other activities. It was PROPOSED that some of the surplus be used to fund travel to the PAFA PFM conference that is being hosted in Uganda in early 2025.
- 16.7 It was NOTED that the request to retain surpluses from prior year was approved. These surpluses would be used to fund the Language Project. The scope of the project was reconsidered in line with the new strategy, and the focus will be on producing plain language summaries for users of the financial statements. This information may also be helpful to preparers of the financial statements. The outcome of this project will address the APP target to produce educational material for preparers and users of the financial statements.
- 16.8 Members NOTED the proposals in the memorandum and APPROVED the additional travel to the PAFA PFM event.

Procurement

- 16.9 The Secretariat TABLED a memorandum explaining procurement for the year, along with any deviations.
- 16.10 The Secretariat EXPLAINED that the focus for the next few months will be the tender for the Language Project. The bid documents have been prepared, and are being reviewed by the SCM Unit in the Western Cape Provincial Government to ensure legal compliance. The services of the SCM unit in the Western Cape were offered by A Hardien.

17. NON-FINANCIAL PERFORMANCE

- 17.1 The Secretariat TABLED the M+E report.
- 17.2 The Secretariat EXPLAINED that the report is positive and the observations are useful to enhance the ASB's work. The plan is to develop a one page "placemat" explaining the key outcomes of the report and use this as a "marketing" tool with various stakeholders.
- 17.3 The Secretariat INDICATED that the key issue is that the information in the financial statements is not understood, and decisions are not necessarily taken using the information in the financial statements.
- 17.4 Members CONGRATULATED the staff for all that has been achieved despite being a small team. Members AGREED with the analysis and proposed actions (those already taken such as the focus on communication) and the use of the report. Members NOTED that integrated thinking should also be included in the proposed actions.

18. REVIEW OF POLICIES

- 18.1 The Secretariat TABLED a memorandum explaining revisions to three policies:

- Language policy.
- Procurement policy.
- Delegations of Authority.

Language policy

18.2 Members AGREED that the reference to the review of the translated Standards should be removed.

Secretariat

18.3 The policy was APPROVED subject to the change.

Procurement policy

18.4 Members APPROVED the policy. It was NOTED that the AGSA potentially has a different understanding of the process when the bids received are not in line with the intended procurement thresholds.

Delegations of authority

18.5 Members DISCUSSED the addition of delegations on legal matters. A member SUGGESTED that the CEO should be responsible for standard-setting activities too, unless otherwise indicated. Other members AGREED that it should remain as proposed as the Board would not want the CEO to be in a position to bind the Board on standard-setting matters.

18.6 Members APPROVED the policy.

19. GOVERNANCE

Conflicts of interest

19.1 The Secretariat TABLED a legal opinion on conflicts of interest, along with a new conflict of interest policy.

19.2 The Secretariat EXPLAINED that, in short, the legal opinion did not identify any additional processes that could be put in place over and above what was already implemented by the Secretariat and Board. The opinion also explained that, given the shortage of standard-setting skills in the sector, it is unavoidable that service providers will be nominated and/or appointed to the Board as they are experts in applying the Standards. The Secretariat NOTED that similar debates arise at other standard-setters, including the IPSASB.

19.3 Members INDICATED that they were satisfied with the process followed to obtain the legal opinion and update of the policy.

19.4 Members DISCUSSED the following key issues in reviewing the new policy:

- Update the paragraph references in paragraphs 3.2 and 3.3.
- Paragraph 3.3.1 – what is meant by invaluable? A description should be added, for example, to explain that it could be taken to mean scarce skills that the Board requires. This would capture the scarce PFM and standard-setting skills in the sector.
- Check the change to R350 throughout.
- Paragraph 7.3 – explain how the quarterly review of the register will work, for example, the Chairperson will review and raise any matters at the Board.

- Paragraph 9 – delete the “must” in the sentence.
- Where Board members offer their services, this should be recorded in a gift register and disclosed.

Secretariat

19.5 Members AGREED the following:

- The policy should be revised and tabled at the next meeting for review and approval.
- The Audit Committee should be asked to review the policy given their concerns.
- The CEO should discuss the Board’s deliberations with A Carstens as she recused herself for this discussion.
- Prepare a report to the Minister on the results of the vetting of Board members and the conflicts of interest matter.

Secretariat

Filling of vacancies on the Board

19.6 The Secretariat TABLED a memorandum explaining the process to fill the vacancy on the Board.

19.7 The Secretariat EXPLAINED that the Operations Committee suggested that the new member should have both technical and operational experience, and preferably work in the public sector as the member would not be remunerated. A list of potential candidates was included in the memorandum. Members were ASKED to provide potential candidates to the CEO.

Members

19.8 It was AGREED that the finalisation of the submission to the Minister will be delegated to the Operations Committee.

Operations Committee

20. LEGAL MATTERS

The Secretariat PROVIDED a status update for the RAF matter. It was EXPLAINED that a letter was received from the RAF’s audit committee requesting clarity on several issues. A response was provided although many of their questions were directed to the National Treasury and/or Minister.

21. FUTURE MEETINGS

Members NOTED the dates of the upcoming Board meetings in 2025 and 2026.

22. CLOSING REMARKS

Members were THANKED for their participation.

Prepared by: J Poggiolini

Reviewed by: A van der Burgh

Date: 11 December 2024

Approved:

Date:
