ACCOUNTING STANDARDS BOARD
40 Church Square
Pretoria
0002
Tel. 011 697 0660
Fax. 011 697 0666
www.asb.co.za

TO:	**MEMBERS OF THE TECHNICAL COMMITTEE**
FROM:	**SIYASANGA NONDLAZI**
SUBJECT:	**PROPOSED IMPROVEMENTS TO STANDARDS OF GRAP, 2026**
DATE:	**12 FEBRUARY 2026**
FILE REF:	**ATTACHMENT 3(a)**

BACKGROUND AND OBJECTIVE

1. The Board approved the Exposure Draft on proposed *Improvements to the Standards of GRAP* (2026) (ED 216) in September 2025. All the comments received on ED 216 have been analysed, and the Project Group's proposed responses to both verbal and written comments are included in attachments 3(b) and 3(c). The minutes of the project group meetings are included as attachments 3(d) and 3(e) for information purposes.
2. The proposed *Improvements to Standards of GRAP, 2026*, incorporating changes from ED 216 as recommended by the project groups, are included as attachment 3(f).
3. The purpose of this memorandum is for the Technical Committee to consider the following, for recommendation to the Board:
   a. the consultation process followed;
   b. proposed responses to the comment received on ED 216; and
   c. the final *Improvements to Standards of GRAP, 2026.*

OVERVIEW OF THE CONSULTATION PROCESS

How did the Secretariat raise awareness of ED 216?

4. A Notice was published in the Government Gazette (No. 53574) on 24 October 2025, with the comment period closing on 9 January 2026.
5. The Secretariat actively raised awareness about ED 216 in the following ways:

(a) published articles in the ASB Newsletter and on various ASB social media platforms;

(b) developed supporting material for the ASB website; and

(c) informed stakeholders through various engagements and forums, such as the Public Sector Accounting Forum and Accounting Working Committee, etc.

6. The Project Group is of the view that sufficient awareness of ED 216 was raised.

Were all the key stakeholders identified in the approved project brief approached for consultation?

7. The Secretariat held 6 virtual roundtable discussions with preparers, auditors, consultants and other interested parties during the consultation period. Stakeholders submitted 10 written responses to ED 216.

8. The Project Group is of the view that all the stakeholders identified in the project brief had sufficient opportunity to participate in the due process.

ACTIONS REQUESTED #1
The Technical Committee is requested to NOTE the consultation process followed.

KEY ISSUES FOR CONSIDERATION

9. No significant or new issues were raised in response to ED 216. Respondents to ED 216 mostly supported the proposed improvements to the Standards of GRAP and suggested minor amendments to the Standards.

GRAP 17 on *Property, Plant and Equipment*

10. Stakeholders generally agreed with the proposed amendment to paragraph .12 and with the examples in paragraph .12B. However, some stakeholders observed that the characteristic relating to constraints on disposal was removed from the characteristics of infrastructure assets and recommended that this concept be reintroduced to highlight that infrastructure assets are generally not subject to disposal. The Project Group's response explains that the intention in refining the characteristics was to focus on essential attributes and that constraints on disposal, while common, are not universal. The characteristic was removed to prevent the perception that disposal restrictions must always be present for an asset to be classified as infrastructure

11. Comments focused on the risk that lists of asset examples may be interpreted as prescriptive and lead to unnecessary disaggregation in the notes. The Project Group's response clarifies that these examples are illustrative and do not override the requirements of the Standards, materiality considerations or aggregation principles.

12. Stakeholders also queried how to determine under-maintenance and whether this would automatically trigger impairment testing, especially for smaller municipalities. The Project Groups emphasised the need to clarify that under-maintenance does not automatically result in impairment. Members recommended expanding the Illustrative Guidance to better link under-maintenance considerations to the impairment indicators in GRAP 21 *Impairment of Non-cash-generating Assets* and GRAP 26 *Impairment of Cash-generating Assets*.

<u>GRAP 20 on *Related Party Disclosures*</u>

13. Stakeholders agreed with the amended example and with the illustrative guidance on the three spheres of government. It was suggested that the content of the footnote dealing with significant influence or control across spheres be included in the main paragraph so that preparers do not overlook it.

14. The existing footnote accompanying the illustration in the IG paragraph provides clarity by indicating that related party relationships may arise through control or significant influence. The purpose of the illustration, however, is to depict the structural relationship between the three spheres of government, with the footnote providing supplementary guidance.

15. Project Groups agreed that no amendments to the footnote were necessary. Accordingly, no changes are proposed to the illustration.

ACTIONS REQUESTED #2

The Technical Committee is requested to:

(a) CONSIDER the proposed responses to the issues raised on ED 216, as set out in the Analysis of verbal comment and the Analysis of written comment;

(b) REVIEW the final *Improvements to Standards of GRAP, 2026*; and

(c) if deemed appropriate, RECOMMEND them to the Board for approval.

RE-EXPOSURE OF ED 216

16. Section 7 of the Board's Due Process Handbook requires an analysis of the amendments made to an exposure draft because of responding to the comment received from the public consultation process.

17. There are no significant amendments proposed to ED 216, as a result, it is not considered necessary to re-expose ED 216.

ACTIONS REQUESTED #3

The Technical Committee is requested to CONSIDER and, if deemed appropriate, RECOMMEND the conclusion on re-exposure of ED 216 to the Board.

NEXT STEPS

18. Subject to the Technical Committee's recommendations, the proposed *Improvements to Standards of GRAP, 2026* will be presented to the Board for approval.