Attachment 3(c)

ACCOUNTING STANDARDS BOARD

ANALYSIS AND RESPONSES TO WRITTEN COMMENT RECEIVED ON

POST-IMPLEMENTATION REVIEW OF THE STANDARD OF GRAP ON *STATUTORY RECEIVABLES*

(GRAP 108)

(ED 207)

ED 207

RESPONSES TO THE WRITTEN COMMENT RECEIVED ON *POST-IMPLEMENTATION REVIEW OF THE STANDARD OF GRAP ON STATUTORY RECEIVABLES (GRAP 108)* (ED 207)

The Accounting Standards Board (Board) approved an Exposure Draft requesting stakeholders to participate in the *Post-implementation Review of the Standard of GRAP on Statutory Receivables (GRAP 108)* (ED 207) in December 2023. A Notice was published in the Government Gazette on 2 February 2024 (Notice 547 of 2024). The comment period closed on 27 October 2024.

The results of the formal comment process, which includes written comment letters received and responses to the survey questionnaires, are summarised in this document. Comments indicated as "recurring comments" and the proposed actions thereto are summarised in a separate document available on the ASB website with this analysis. The comment received were analysed based on the questions outlined in ED 207, along with any general comments noted by respondents. Responses to the questions are separated into two parts:

- Part I - responses received from preparers of financial statements; and
- Part II - responses received from users of financial statements.

An analysis of the stakeholders that submitted responses is included in the table on the next page.

The Exposure Draft was discussed with preparers, auditors, consultants and other interested parties by way of roundtable and other discussions. The summary of verbal comment received on ED 207 is included in a separate analysis.

WRITTEN COMMENT RECEIVED ON *POST-IMPLEMENTATION REVIEW OF THE STANDARD OF GRAP ON STATUTORY RECEIVABLES (GRAP 108)* (ED 207)

No.	Name/Organisation	Preparers	Users	Auditors	Other interested parties
1.	Free State Provincial Treasury	X	X		
2.	Free State Provincial Treasury: Risk Management and Internal Audit	X	X		
3.	Free State Provincial Treasury: Education	X			X
4.	Free State Provincial Treasury: COGTA	X	X		
5.	South African Revenue Service (SARS) Revenue Accounts[1]	X			
6.	Nexia SAB&T	X		X	
7.	Northern Cape Provincial Treasury		X		
8.	Auditor-General of South Africa (AGSA): National D			X	
9.	AGSA: Free State			X	
10.	AGSA: KwaZulu Natal (KZN)			X	

[1] Per approval from the Minister of Finance, SARS – Revenue Accounts remains on the Modified Cash Standard with some deviations.

PART I – SUMMARY AND ANALYSIS OF WRITTEN COMMENT RECEIVED ON THE POST-IMPLEMENTATION REVIEW OF GRAP 108 ON *STATUTORY RECEIVABLES:*

PREPARERS' PERSPECTIVE

SPECIFIC MATTERS FOR COMMENT		
NO.	**COMMENT**	**PROJECT GROUP'S PROPOSED RESPONSE**
Question P1 **Do you have any challenges to distinguish receivables as statutory or contractual based on the guidance in GRAP 108?** **If yes, please describe and provide examples of these challenges, and indicate how, in your view, they can be resolved.**		
1.1	**Free State Provincial Treasury**	
1.1.1	No Not applicable	Noted.
1.2	**Free State Provincial Treasury: Risk Management and Internal Audit**	
1.2.1	No comment.	Noted.
1.3	**Free State Provincial Treasury: Education**	
1.3.1	No	Noted.
1.4	**Free State Provincial Treasury: COGTA**	
1.4.1	The Department does not have any comments.	Noted.
1.5	**SARS Revenue Accounts**	
1.5.2	No, all taxes collected relate to statutory receivables.	Noted.
1.6	**Nexia SAB&T**	
1.6.1	Not responded	-
1.7	**Northern Cape Provincial Treasury-**	
1.7.1	Not responded	-

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
1.6	**Nexia SAB&T**	
1.6.1	Not responded	-
1.7	**Northern Cape Provincial Treasury-**	
1.7.1	Not responded	-
1.8	**AGSA – National D**	
1.8.1	No, we perfectly understand the difference between statutory or contractual receivables.	Noted.
1.8.2	Slightly. There is a grey line between GRAP 104 and Grap 108. My auditee rates are gazetted, which might be statutory, however all customers go through applicable process, which this could be regarded as contractual agreement.	Recurring comment 1A.
1.8.3	Please note that the above responses may look contradictory however, this is due to the fact that this document is consolidation of views from different teams, and we thought it prudent that we retain the diverse views from different teams.	Noted.
1.9	**AGSA – Free State**	
1.9.1	Municipalities are unable to differentiate between a financial instrument and a statutory receivable. For example, consumer debtors from non-exchange transactions are disclosed under financial instruments instead of statutory receivables. *Note: Clarified with the respondent that the comment relates to challenges experienced with the classification of receivables as contractual and statutory.*	Recurring comment 1A.
1.10	**AGSA – KZN**	
1.10.1	None	Noted.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
Question P2 **Do you have any challenges to measure statutory receivables at the transaction amount as required in GRAP 108?** **If yes, please describe and provide examples of these challenges, and indicate how, in your view, they can be resolved.**		
2.1	**Free State Provincial Treasury**	
2.1.1	In agreement No Not applicable	Noted.
2.2	**Free State Provincial Treasury: Risk Management and Internal Audit**	
2.2.1	No comment	Noted.
2.3	**Free State Provincial Treasury: Education**	
2.3.1	No	Noted.
2.4	**Free State Provincial Treasury: COGTA**	
2.4.1	The Department does not have any comments.	Noted.
2.5	**SARS Revenue Accounts**	
2.5.1	No, all taxes are measured per GRAP23 at fair value = tax assessment/return/declaration value per legislation.	Noted. No further action required.
2.6	**Nexia SAB&T**	
2.6.1	Not responded	-
2.7	**Northern Cape Provincial Treasury**	
2.7.1	Not responded	-

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
2.8	**AGSA – National D**	
2.8.1	No, the standard is quite clear.	Noted. No further action required.
2.9	**AGSA – Free State**	
2.9.1	No challenges noted.	Noted. No further action required.
2.10	**AGSA – KZN**	
2.10.1	None	Noted. No further action required.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
Question P3 **Do you have challenges to subsequently measure statutory receivables using the cost method?** **If yes, please describe and provide examples of these challenges, and indicate how, in your view, they can be resolved.**		
3.1	**Free State Provincial Treasury**	
3.1.1	In agreement No Not applicable	Noted.
3.2	**Free State Provincial Treasury: Risk Management and Internal Audit**	
3.2.1	No comment	Noted.
3.3	**Free State Provincial Treasury: Education**	
3.3.1	No	Noted.
3.4	**Free State Provincial Treasury: COGTA**	
3.4.1	The Department does not have any comments.	Noted.
3.5	**SARS Revenue Accounts**	
3.5.1	No, all taxes are measured per GRAP23 at fair value = tax assessment/return/declaration value per legislation at date of assessment/return/declaration. The due date will be determined by the filing obligation date per legislation. Per GRAP108, impairment losses will be determined as a subsequent step and not on initial recognition of the tax revenues.	Noted. No further action required.
3.6	**Nexia SAB&T**	
3.6.1	Not responded	-

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
3.7	**Northern Cape Provincial Treasury**	
3.7.1	Not responded	-
3.8	**AGSA – National D**	
3.8.1	No, we get the subsequent measurement for cost method.	Noted. No further action required.
3.9	**AGSA – Free State**	
3.9.1	No challenges noted.	Noted.
3.10	**AGSA – KZN**	
3.10.1	None	Noted.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
Question P4 **Do you have challenges to group receivables for impairment?** **If yes, please describe and provide examples of these challenges, and indicate how, in your view, they can be resolved.**		
4.1	**Free State Provincial Treasury**	
4.1.1	In agreement No Not applicable	Noted.
4.2	**Free State Provincial Treasury: Risk Management and Internal Audit**	
4.2.1	No comment	Noted.
4.3	**Free State Provincial Treasury: Education**	
4.3.1	No	Noted.
4.4	**Free State Provincial Treasury: COGTA**	
4.4.1	The Department does not have any comments.	Noted.
4.5	**SARS Revenue Accounts**	
4.5.1	Yes, we are expecting this to be a difficult process once applied. We have a policy drafted for application of the impairment losses, but since we have not officially reported according to GRAP, the practical issues are still uncertain. Due to the large volume of impairments we currently anticipate, and data extractions required, we anticipate a high level of complexity.	The explanation of the proposed action to adopt GRAP 108 and the draft accounting policy is noted. The Board's mandate does not allow it to comment on whether the proposed accounting policy is aligned with the principles in GRAP 108.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
4.5.2	The current impairment indicators on our draft policy may also be increased/adjusted as we learn from practical disclosure requirements. The current Tax Admininstration Bill disclosure for write-offs include both permanent write-offs and temporary write-offs for the financial year already has a high level of complexity in ensuring committee decisions are captured on the taxpayer account within the financial year and also multi year compromises are effectively tracked and finalised for reporting in the correct reporting period.	Noted. Judgement needs to be applied to assess when a receivable is derecognised or when it is impaired.
4.5.3	Extract from our draft policy: "2.2 Impairment of Receivables General As a minimum, SARS assesses annually whether there is any indication that a significant individual receivable or a group of similar individually less than significant receivables may be impaired. Impairment assessment a) Before statutory receivables per legal entity, tax type and tax reference number/s are assessed for indicators of impairment, statutory receivables are classified into the following categories: i) Individually significant receivables; and/or ii) Groups of similar receivables that is individually less than significant. Note: No general impairment is allowed per GRAP 108 e.g. 5% of total debt or all debt above a certain age bracket (SARS is different to commercial receivables, where current debt may continue to be incurred by a taxpayer, whilst older debt remains unpaid. Commercial business would not continue to allow sales on credit to non-paying debtors and the age of the last sales on credit and related overdue debt incurred will age over time if it remains unpaid. This is not the case for SARS; therefore an impairment should not be based on ageing only where the same debtor is	The explanation of the draft accounting policy is noted. The Board's mandate does not allow it to comment on whether the proposed accounting policy is aligned with the principles in GRAP 108. Noted. No additional examples of how statutory receivables are grouped to that included in GRAP 108 are identified.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
	not paying old debt but active and collectable on more recent debt). b) If there is an indication that an individually significant receivable or a group of similar, individually less than significant receivables, may be impaired, SARS shall consider whether an allowance for impairment should be made for such individually significant receivables or groups of individually less than significant receivables. c) Receivables included in a specific classification of an individually significant receivable or a group of similar, individually less than significant receivables cannot be included in another classification, to avoid duplication of impairments. d) Individual significant receivables: i) Significant receivables are assessed individually for impairment; ii) In respect of a significant receivable, the impairment indicators should be considered; and iii) All receivables that were assessed and impaired as individually significant receivables may not be included in the assessment of group of similar, individually less than significant, receivable. e) Groups of similar individually less than significant receivables: i) Groups of similar, individually less than significant, receivables are assessed as a group based on legal entity level, the type of tax and the ability of SARS to classify receivables as having similar characteristics which provide information about the possible collectability of the amounts owing; ii) Impairment indicators may be used to identify groups of similar, individually less than significant, receivables; and	

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
	iii) All receivables that were included in the assessment as significant individual debtors may not be included in the assessment of group of similar, individually less than significant debtors.	
4.5.4	***Impairment indicators*** a) *When a loss event (indicators of impairment) has been identified either for individual significant or groups of similar, individually less than significant, receivables, SARS shall consider impairment.* b) *In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, SARS shall consider indicators. Examples include but is not limited to the following:* i) *Temporary write-offs: Taxpayer transactions which has separately been identified as uneconomical to collect and have been temporary written off according to the TAA;* ii) *Taxpayer transactions approved as irrecoverable by law (but not permanently written off yet)* iii) *Taxpayer transaction/s subject to an approved settlement agreement;* iv) *Taxpayer transaction/s subject to an approved compromise;* v) *Disputed debt: Taxpayer transaction/s disputed and in the objection or appeal process;* vi) *Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent;* vii) *Probability that the debtor will enter sequestration, liquidation or other financial re-organisation;*	Noted. Some of the indicators may rather result in a derecognition of the receivable. Judgement needs to be applied to assess when a receivable is derecognised and when it is impaired. Refer to Recurring comment 2C. Some of the indicators listed are already included as impairment indicators in GRAP 108. For other proposals refer to Recurring comment 2A.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
	viii) Factors leading to the ceasing of income generating activities of a taxpayer that may come to the attention of SARS (such as death or imprisonment of the taxpayer or key personnel) *ix) A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied);* *x) Long outstanding, possible irrecoverable debt per the debtors' age analysis;* *xi) Negations of payment terms or a change in payment patterns of SARS debt; and* *xii) Economic factors, e.g. retrenchments, strikes and increases in interest rates, decline in growth, an increase in debt levels and unemployment, changes in migration rates and patterns that may come to the attention of SARS.*	
4.5.5	*In respect of a disputed debt receivable, the considerations (include but is not limited to) listed below, should be applied in the determination of the impairment allowance:* *i) The value of the disputed tax value, in relation to the disputed transaction (calculated separately in instances where the disputed amount is a part of an assessment value);* *ii) The value of all interest and penalty values in relation to the disputed tax, which also needs to be quantified;* *iii) Significant disputed tax debt values should be further assessed to ensure that the impairment value considers any factors whereby the debt should be impaired;* *iv) The expected cash to be received;* *v) Possible revised assessment/s; and* *vi) The probability of settlements.*	The explanation of the draft considerations is noted. The Board's mandate does not allow it to comment on whether the proposed accounting policy is aligned with the principles in GRAP 108.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
	d) In respect of temporary write-offs which may continue to accrue penalties or interest the value should consider all related interest, penalties and other transactions charged after the temporary write-off date until the reporting date."	
4.6	**Nexia SAB&T**	
4.6.1	Not responded.	-
4.7	**Northern Cape Provincial Treasury**	
4.7.1	Not responded.	-
4.8	**AGSA – National D**	
4.8.1	No, we understand the impairment for group receivables.	Noted.
4.9	**AGSA – Free State**	
4.9.1	No challenges noted.	-
4.10	**AGSA – KZN**	
4.10.1	Noted	Noted.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
Question P5 **What specific factors and methodology do you apply, and what characteristics do you consider to group receivables for impairment?**		
5.1	**Free State Provincial Treasury**	
5.1.1	In agreement.	Noted.
5.2	**Free State Provincial Treasury: Risk Management and Internal Audit**	
5.2.1	No comment.	Noted.
5.3	**Free State Provincial Treasury: Education**	
5.3.1	Consider evidence that a receivable is impaired per category or receivable. Evidence can include but is not limited to financial difficulty experienced by debtor, delays in payments and probability of sequestration or another financial reorganisation. Evaluation is done at each reporting date.	Noted. No additional impairment indicators to that included in GRAP 108 are identified.
5.4	**Free State Provincial Treasury: COGTA**	
5.4.1	The Department does not have any comments.	Noted.
5.5	**SARS Revenue Accounts**	
5.5.1	Please refer to extract of our draft policy.	Refer to the response to comment 4.5.
5.6	**Nexia SAB&T**	
5.6.1	Not responded.	-
5.7	**Northern Cape Provincial Treasury**	
5.7.1	Not responded.	-

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
5.8	**AGSA: National D**	
5.8.1	• AGSA methodology, company policies. • Grouping statutory receivables for impairment: An entity should develop an appropriate methodology to categorise statutory receivables for purposes of impairment. Information about the receivables' collectability per category is accumulated to assess impairment in a meaningful way. An impairment assessment is required for: ○ any individually significant statutory receivables; ○ groups of individually insignificant statutory receivables; and ○ any individually significant receivables not impaired on their own.	Noted. Noted. No further action proposed.
5.8.2	Statutory receivables are grouped per debtor types, for example commercial debtors versus individual debtors and per transaction types for example taxes, fines or grants.	Noted. No additional examples of how statutory receivables are grouped to that illustrated in GRAP 108 are identified.
5.9	**AGSA: Free State**	
5.9.1	Specific factors can include financial difficulties experienced such as a history of non-debtor payments, debtors ageing period, for example, debtors owing for more than 30 days, etc.	Noted. No additional impairment indicators to that already included in GRAP 108 are identified.
5.9.2	Statutory receivables are grouped per: • debtor types, for example commercial debtors versus individual debtors • transaction types for example taxes, fines or grants • age of the debtor.	Noted. No additional examples of how statutory receivables are grouped to that illustrated in GRAP 108 are identified.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
5.10	**AGSA: KZN**	
5.10.1	Receivables were impaired as per GRAP 104.Receivables were grouped per type and transaction type, for impairment all receivables were assessed individually as per the impairment indicators assigned a collection rating allocated to each customer High risk, Moderate risk and Low risk and an provision for bad debts applied accordingly.	Noted. No additional examples of how statutory receivables are grouped to that illustrated in GRAP 108 are identified.
5.10.2	Statutory receivables are grouped per: • debtor types, for example commercial debtors versus individual debtors • transaction types for example taxes, fines or grants • age of the debtor.	Noted. No additional examples of how statutory receivables are grouped to that illustrated in GRAP 108 are identified.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
Question P6 **Do you find the impairment indicators in GRAP 108 helpful to assess if statutory receivables are impaired, and are there any other indicators that you think should be considered?** **Please explain your response.**		
6.1	**Free State Provincial Treasury**	
6.1.1	None.	Noted.
6.2	**Free State Provincial Treasury: Risk Management and Internal Audit**	
6.2.1	No comment.	Noted.
6.3	**Free State Provincial Treasury: Education**	
6.3.1	Yes, it is helpful and has been incorporated in our impairment methodology. Currently there are not other indicators to propose for consideration.	Noted.
6.4	**Free State Provincial Treasury: COGTA**	
6.4.1	The Department does not have any comments.	Noted.
6.5	**SARS Revenue Accounts**	
6.5.1	Yes, these provided principle guidance to draft a policy and include other relevant factors to take the taxes environment and legislation into account.	Noted.
6.6	**Nexia SAB&T**	
6.6.1	Not responded.	-
6.7	**Northern Cape Provincial Treasury**	
6.7.1	Not responded.	-

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
6.8	**AGSA: National D**	
6.8.1	• Receivables handed to debt collectors. • Yes, considering these additional indicators alongside the impairment indicators provided in GRAP 108 can provide a more holistic view of the impairment risk associated with statutory receivables. It can help entities identify early warning signs, assess the overall credit risk profile of debtors more comprehensively, and make informed decisions regarding the recognition and measurement of impairment losses on statutory receivables.	Noted.
6.8.2	Impairment indicators applied include: • Debtors experiencing significant financial difficulty. • The probability of a debtor entering into sequestration, liquidation or other financial re-organisation. • Adverse changes in international, national, or local economic conditions, such as a decline in growth or an increase in debt levels due to unemployment.	Noted. No additional impairment indicators to that already included in GRAP 108 are identified.
6.9	**AGSA: Free State**	
6.9.1	The impairment indicators in GRAP 108 are helpful to assess if statutory receivables are impaired. Please refer to our response to Question 5 above.	Noted. Refer to the response to comment 5.9.
6.9.2	Impairment indicators applied include: • Debtors experiencing significant financial difficulty. • The probability of a debtor entering into sequestration, liquidation or other financial re-organisation. • Breaching the terms of the transaction.	Noted. No additional impairment indicators to that already included in GRAP 108 are identified.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
6.10	**AGSA: KZN**	
6.10.1	No other indicators to consider	Noted.
6.10.2	Impairment indicators applied include: • Debtors experiencing significant financial difficulty. • Breaching the terms of the transaction. • Adverse changes in international, national, or local economic conditions, such as a decline in growth or an increase in debt levels due to unemployment.	Noted. No additional impairment indicators that already included in GRAP 108 are identified.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
Question P7 **Do you find the impairment indicators in GRAP 108 helpful to assess if statutory receivables are impaired, and are there any other indicators that you think should be considered?** **Please explain your response.**		
7.1	**Free State Provincial Treasury**	
7.1.1	No No challenge	Noted.
7.2	**Free State Provincial Treasury: Risk Management and Internal Audit**	
7.2.1	No comment.	Noted.
7.3	**Free State Provincial Treasury: Education**	
7.3.1	No comment.	Noted.
7.4	**Free State Provincial Treasury: COGTA**	
7.4.1	The Department does not have any comments.	Noted.
7.5	**SARS Revenue Accounts**	
7.5.1	Yes, the future application of our draft policy and further calculations are expected to have a high level of complexity due to the large data volumes different tax account IT systems required to extract and group impairment indicators per legal entity and impairment groups.	Noted. Directive 6 on *Transitional Provisions for Revenue Administrated by the South African Revenue Service (SARS)* grants transitional relief to SARS in accounting for revenue administered for the National Revenue Fund and other entities. The Minister of Finance also granted further exemption to SARS to adopt accrual accounting.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
7.6	**Nexia SAB&T**	
7.6.1	Not responded.	-
7.7	**Northern Cape Provincial Treasury**	
7.7.1	Not responded.	-
7.8	**AGSA: National D**	
7.8.1	Do not have challenges.	Noted.
7.9	**AGSA: Free State**	
7.9.1	Do not have challenges.	Noted
7.10	**SARS Revenue Accounts**	
7.10.1	No.	Noted.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
Question P8 **(a) What issues, practical or otherwise, do you foresee with applying two different impairment models for contractual and statutory receivables, if any?** **(b) Do you foresee any issues, practical or otherwise, if GRAP 108 adopts the ECL model for the impairment of statutory receivables?** **Please explain your response.**		
8.1	**Free State Provincial Treasury**	
8.1.1	(a) None (b) No	Noted. Noted.
8.2	**Free State Provincial Treasury: Risk Management and Internal Audit**	
8.2.1	(a) No comment (b) No comment	Noted. Noted.
8.3	**Free State Provincial Treasury: Education**	
8.3.1	(a) N/A (b) No	Noted. Noted.
8.4	**Free State Provincial Treasury: COGTA**	
8.4.1	The Department does not have any comments.	Noted.
8.5	**SARS Revenue Accounts**	
8.5.1	We are not expected to have contractual receivables in the taxes environment.	Noted.
8.6	**Nexia SAB&T**	
8.6.1	Should different approaches be applied to impair contractual and statutory receivables? No	Recurring comment 2B.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
	Entities who have a clear distinction between statutory and contractual receivables are not likely to have a challenge in applying the two different approaches to impair their receivables. This is because GRAP 108 (incurred loss model) will be followed for statutory receivables for impairment and GRAP 104 (Expected credit loss model) will be followed for contractual receivables. These entities will most likely have a system in place which separates the different categories of receivables, and a separate ageing/schedule can be available to perform the appropriate impairment approach. However, it may be impractical to use two different approaches for the different types of receivables considering that in most cases the counterparty for the different types of receivables has similar risk profiles. **Incurred loss model - considers impairment when receivable is credit-impaired or default occurs (GRAP 108)** The incurred loss model is a backward-looking approach used to estimate credit losses on statutory receivables. This model does not consider expected future losses, which may not provide a true picture of the receivables carrying amount. For example, if a municipality's debtor makes all payments on time, there will be no indication of financial difficulty, and no impairment losses will be recognised. However, if the debtor begins to show signs of financial difficulty and misses a payment, the municipality will assess the situation and determine if it is probable that the debtor will be unable to repay the full amount. **Expected credit loss model – Forward looking approach (GRAP 104)** The ECL model requires entities to recognise credit losses earlier, based on expected future losses rather than waiting for a loss event to occur. By incorporating forward-looking information, the ECL model helps entities better to manage credit risk. For example, the municipality will evaluate the likelihood that the debtor will default on the remaining payments,	

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
	considering all reasonable and supportable information about past events, current conditions, and future economic forecasts that is available. For this model to be effective, entities must establish robust systems for collecting and managing data on debtors, including historical payment records, current financial conditions, and future economic forecasts. **Conclusion** Considering the practicalities around applying two different approaches and that the ECL model is more comprehensive and is already required to be applied in GRAP 104, we recommend a single approach (ECL model) should be applied to impair both statutory and contractual receivables.	
8.7	**Northern Cape Provincial Treasury**	
8.7.1	Not responded.	-
8.8	**AGSA: National D**	
8.8.1	Applying two different impairment models for contractual and statutory receivables can introduce several challenges and complexities for entities. Here are some potential issues that may arise: • Issues with two different impairment models • Complexity and operational challenges • Inconsistency in financial reporting • Issues with adopting the ECL model for statutory receivables under GRAP 108 • Differences in nature and characteristics • Assessment of expected credit losses	Recurring comment 2B.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
	In conclusion, while applying two different impairment models for contractual and statutory receivables or adopting the ECL model for statutory receivables under GRAP 108 may present challenges and practical issues, careful consideration, planning, and implementation strategies can help entities mitigate these challenges effectively. Entities should assess the specific nature, characteristics, and risks associated with statutory receivables and tailor impairment models and methodologies accordingly to ensure compliance with GRAP 108, enhance the reliability of financial reporting, and provide relevant and transparent information to users of financial statements.	
8.9	**AGSA: Free State**	
8.9.1	No challenges noted to apply two impairment models for contractual and statutory receivables. The municipalities may not have the required expertise in-house to understand and apply the ECL model, which may result in material misstatements in their calculations.	Recurring comment 2B.
8.10	**AGSA: KZN**	
8.10.1	None.	Noted.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
Question P9 **Does GRAP 108 provide clear and sufficient guidance to determine when to derecognise a statutory receivable?** **Please explain your response.**		
9.1	**Free State Provincial Treasury**	
9.1.1	In agreement Yes	Noted. Noted.
9.2	**Free State Provincial Treasury: Risk Management and Internal Audit**	
9.2.1	No comment	Noted.
9.3	**Free State Provincial Treasury: Education**	
9.3.1	Yes	Noted.
9.4	**Free State Provincial Treasury: COGTA**	
9.4.1	The Department does not have any comments.	Noted.
9.5	**SARS Revenue Accounts**	
9.5.1	Yes, however the word 'waive' have created some internal confusion, since certain tax acts also defines 'waiving' of disputed amounts or even legally payable amounts e.g. interest. Decisions of these nature can also be overturned and debt re-instated at any point in future within the very lengthy prescription period for taxes. The word 'waived' may therefore be re-looked in order to ensure the meaning is clear and that a decision made is a final waiving of a right to collect/right to economic benefits, as indicated in taxation legislation and which cannot be re-instated at some future point.	Noted. No amendment to GRAP 108 is proposed. GRAP 108.08 explains that a statutory receivable is derecognised when an entity waives it rights to receive cash flows from the receivable in accordance with legislation or similar means. Legislation may use wording that has a different meaning than that intended by the Standard.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
9.6	**Nexia SAB&T**	
9.6.1	Not responded.	-
9.7	**Northern Cape Provincial Treasury**	
9.7.1	Not responded.	-
9.8	**AGSA: National D**	
9.8.1	No. GRAP 108 provides guidance on the impairment of statutory receivables, including indicators to assess the collectability and impairment risk of receivables. However, when it comes to the derecognition of statutory receivables, the standard may not offer as detailed or explicit guidance as it does for impairment. *Note: Clarified with the respondent that the guidance on derecognition in GRAP 108 is sufficient and the comment should be ignored.*	Noted.
9.9	**AGSA: Free State**	
9.9.1	Yes, the guidance provided is clear and sufficient.	Noted.
9.10	**AGSA: KZN**	
9.10.1	Yes, the definition is easy to apply.	Noted.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
Question P10 **Do you have any challenges to distinguish whether statutory receivables should be impaired or derecognised?** **If yes, please describe and provide examples of these challenges, and indicate how, in your view, they can be resolved.**		
10.1	**Free State Provincial Treasury**	
10.1.1	No None	Noted. Noted.
10.2	**Free State Provincial Treasury: Risk Management and Internal Audit**	
10.2.1	No comment	Noted.
10.3	**Free State Provincial Treasury: Education**	
10.3.1	No	Noted.
10.4	**Free State Provincial Treasury: COGTA**	
10.4.1	The Department does not have any comments.	Noted.
10.5	**SARS Revenue Accounts**	
10.5.1	Our draft policy has not been tested in the practical environment, but should provide sufficient guidance on taxation specific scenarios to determine the difference between impairment and derecognition. Derecognition is defined as a 'permanent write-off' and is defined in the Act where the liability on the taxpayer is written off on the taxpayer account and the taxpayer is not liable for the debt anymore.	Noted.
10.6	**Nexia SAB&T**	
10.6.1	Not responded.	-
10.7	**Northern Cape Provincial Treasury**	
10.7.1	Not responded.	-

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
10.8	**AGSA: National D**	
10.8.1	Yes. Distinguishing whether statutory receivables should be impaired or derecognised can indeed pose challenges for entities due to the complexities involved in assessing the collectability, impairment risk, and derecognition criteria under GRAP 108 and the GRAP framework.	Recurring comment 2C.
10.9	**AGSA: Free State**	
10.9.1	No challenges noted.	Noted.
10.10	**AGSA: KZN**	
10.10.1	None.	Noted.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
Question P11 **Do you have any challenges to present statutory receivables separately from contractual and other receivables in the notes to the financial statements?** **If yes, please describe and provide examples of these challenges, and indicate how, in your view, they can be resolved.**		
11.1	**Free State Provincial Treasury**	
11.1.1	No Have no inputs	Noted. Noted.
11.2	**Free State Provincial Treasury: Risk Management and Internal Audit**	
11.2.1	No comment	Noted.
11.3	**Free State Provincial Treasury: Education**	
11.3.1	No	Noted.
11.4	**Free State Provincial Treasury: COGTA**	
11.4.1	The Department does not have any comments.	Noted.
11.5	**SARS Revenue Accounts**	
11.5.1	No, it is not expected to be a problem, since all taxes are statutory receivables.	Noted.
11.6	**Nexia SAB&T**	
11.6.1	Not responded.	-
11.7	**Northern Cape Provincial Treasury**	
11.7.1	Not responded.	-

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
11.8	**AGSA: National D**	
11.8.1	Challenges in presenting statutory receivables separately from contractual and other receivables include accurate identification, maintaining consistency, complexity in classification, and meeting disclosure requirements. These challenges arise due to system limitations, changes in accounting policies or personnel, complex nature of receivables, and lack of detailed information. Resolving these challenges can be facilitated through implementing automated systems, providing regular training, establishing robust internal controls, developing clear guidelines for classification, and seeking expert consultation. Addressing these challenges enhances accuracy and compliance in presenting statutory receivables in the financial statements.	Recurring comment 3.
11.9	**AGSA: Free State**	
11.9.1	We have noted that some municipalities disclose revenue as either exchange/non-exchange and do not specifically disclose statutory receivables. Statutory receivables are disclosed as consumer receivables. If statutory receivables has not been disclosed, it is also overlooked by teams and thus not correctly interpreted.	Recurring comment 4B.
11.9.2	As municipalities struggle to distinguish between contractual and statutory receivables, we observed that they generally only disclose the contractual receivables and not separately disclose the statutory receivables.	Recurring comment 3.
11.10	**AGSA: KZN**	
11.10.1	None.	Noted.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
Question P12 **Do you have any challenges to present statutory receivables as exchange or non-exchange in nature?** **If yes, please describe and provide examples of these challenges, and indicate how, in your view, they can be resolved.**		
12.1	**Free State Provincial Treasury**	
12.1.1	No Not applicable	Noted. Noted.
12.2	**Free State Provincial Treasury: Risk Management and Internal Audit**	
12.2.1	No comment	Noted.
12.3	**Free State Provincial Treasury: Education**	
12.3.1	No	Noted.
12.4	**Free State Provincial Treasury: COGTA**	
12.4.1	The Department does not have any comments.	Noted.
12.5	**SARS Revenue Accounts**	
12.5.1	No, it is not expected to be a problem, since all taxes are non-exchange transactions.	Noted.
12.6	**Nexia SAB&T**	
12.6.1	Not responded.	-
12.7	**Northern Cape Provincial Treasury**	
12.7.1	No challenge.	Noted.
12.8	**AGSA: National D**	
12.8.1	No challenges.	Noted.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
12.9	**AGSA: Free State**	
12.9.1	No challenges.	Noted.
12.10	**AGSA: KZN**	
12.10.1	None.	Noted.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
Question P13 **Do you have any challenges to provide the disclosures on statutory receivables as required by GRAP 108 and other Standards of GRAP?** **If yes, please describe and provide examples of these challenges, and indicate how, in your view, they can be resolved.**		
13.1	**Free State Provincial Treasury**	
13.1.1	Do not have entities reporting to the department.	Noted.
13.2	**Free State Provincial Treasury: Risk Management and Internal Audit**	
13.2.1	No comment.	Noted.
13.3	**Free State Provincial Treasury: Education**	
13.3.1	No.	Noted.
13.4	**Free State Provincial Treasury: COGTA**	
13.4.1	The Department does not have any comments.	Noted.
13.5	**SARS Revenue Accounts**	
13.5.1	Yes, the large number of taxpayers, data and IT systems are expected to make final disclosure a complex exercise. We are already disclosing, in the notes to the financial statements, collateral in the form of sureties (bank guarantees) for Customs and Excise, which have proved to be complex. However, we are in the process of improving the controls and system components to allow smoother reporting.	Noted.
13.6	**Nexia SAB&T**	
13.6.1	Not responded.	-
13.7	**Northern Cape Provincial Treasury**	
13.7.1	Not responded.	-

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
13.8	**AGSA: National D**	
13.8.1	No challenges for disclosure.	Noted.
13.8.2	Disclosures provided in the financial statements include: • How statutory receivables arise and how the transaction amount is determined • How and when interest or other charges are levied, along with information on the basis and rate used to levy these • Losses on statutory receivables or the reversal thereof, including information on (a) key indicators, assumptions and basis used to assess and test for impairment or a reversal • Losses on statutory receivables or the reversal thereof, including information on (b) main events and circumstances that resulted in the impairment or its reversal • Losses on statutory receivables or the reversal thereof, including information on (c) how statutory receivables are grouped and assessed for collective impairment • Losses on statutory receivables or the reversal thereof, including information on (e) the collectability of statutory receivables, including an analysis of receivables that are past due and which have, and have not been impaired, along with factors considered • The carrying amounts of statutory receivables • Information on collateral - for collateral other than cash, the policies applied to execute rights over assets held as collateral and to dispose of such assets	Noted. No additional disclosures to that in GRAP 108 are identified.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
13.9	**AGSA: Free State**	
13.9.1	Please refer to our response to Question 1 citing our challenges	Noted. Refer to the response to comment 1.9.1.
13.9.2	Disclosures provided in the financial statements include: • How statutory receivables arise and how the transaction amount is determined • How and when interest or other charges are levied, along with information on the basis and rate used to levy these • Losses on statutory receivables or the reversal thereof, including information on (a) key indicators, assumptions and basis used to assess and test for impairment or a reversal • Losses on statutory receivables or the reversal thereof, including information on (b) main events and circumstances that resulted in the impairment or its reversal • Losses on statutory receivables or the reversal thereof, including information on (c) how statutory receivables are grouped and assessed for collective impairment • Losses on statutory receivables or the reversal thereof, including information on (d) the discount rate applied to estimate the present value of cash flows expected to be collected • Losses on statutory receivables or the reversal thereof, including information on (e) the collectability of statutory receivables, including an analysis of receivables that are past due and which have, and have not been impaired, along with factors considered • The carrying amounts of statutory receivables • Information on collateral - when an entity holds collateral over assets • Information on collateral – the nature and amounts of any collateral recognised	Noted. No additional disclosures to that in GRAP 108 are identified.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
13.10	**AGSA: KZN**	
13.10.1	None.	Noted.
13.10.2	Disclosures provided in the financial statements include: • How statutory receivables arise and how the transaction amount is determined • How and when interest or other charges are levied, along with information on the basis and rate used to levy these • Losses on statutory receivables or the reversal thereof, including information on (a) key indicators, assumptions and basis used to assess and test for impairment or a reversal • Losses on statutory receivables or the reversal thereof, including information on (b) main events and circumstances that resulted in the impairment or its reversal • Losses on statutory receivables or the reversal thereof, including information on (c) how statutory receivables are grouped and assessed for collective impairment • The carrying amounts of statutory receivables • Other disclosures – The Institutions Credit Control Policy	Noted. No additional disclosures to that in GRAP 108 are identified.

NO.	COMMENT	PROJECT GROUP PROPOSED RESPONSE
Question P14 **What information on the nature and extent of statutory receivables' exposure to credit risk and how liquidity risk is managed (if any) do you think will be relevant to hold entities accountable and to make decisions?** **Please explain your response.**		
14.1	**Free State Provincial Treasury**	
14.1.1	Do not have entities reporting to the department.	Noted.
14.2	**Free State Provincial Treasury: Risk Management and Internal Audit**	
14.2.1	No comment	Noted.
14.3	**Free State Provincial Treasury: Education**	
14.3.1	No comment.	Noted.
14.4	**Free State Provincial Treasury: COGTA**	
14.4.1	The Department does not have any comments.	Noted.
14.5	**SARS Revenue Accounts**	
14.5.1	None identified at this point.	Noted.
14.6	**Nexia SAB&T**	
14.6.1	Not responded.	-
14.7	**Northern Cape Provincial Treasury**	
14.7.1	Not responded.	-

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
14.8	**AGSA: National D**	
14.8.1	Credit risk and Management and liquidity risk Credit risk refers to the risk that a counterparty will default on its obligation to pay, leading to potential losses for the entity holding the statutory receivables. Understanding and disclosing the credit risk associated with statutory receivables is crucial for users of financial statements to assess the entity's ability to collect these receivables and the potential impact on its financial position.	Recurring comment 4C.
14.9	**AGSA: Free State**	
14.9.1	Credit risk and Management and liquidity risk It was previously disclosed under risk management, therefore, it will be appropriate to continue to disclose them under risk management, however, the disclosure should distinguish between contractual and statutory receivables.	Recurring comment 4C.
14.10	**AGSA: KZN**	
14.10.1	Credit risk Users of the AFS need to be aware of how and institution has assessed their credit risk.	Recurring comment 4C.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
Question P15 **What other information on statutory receivables do you think users will find relevant for accountability and to make decisions?** **Please explain your response.**		
15.1	**Free State Provincial Treasury**	
15.1.1	Do not have entities reporting to the department.	Noted.
15.2	**Free State Provincial Treasury: Risk Management and Internal Audit**	
15.2.1	No comment.	Noted.
15.3	**Free State Provincial Treasury: Education**	
15.3.1	No comment.	Noted.
15.4	**Free State Provincial Treasury: COGTA**	
15.4.1	The Department does not have any comments.	Noted.
15.5	**SARS Revenue Accounts**	
15.5.1	None identified at this point.	Noted.
15.6	**Nexia SAB&T**	
15.6.1	Not responded.	-
15.7	**Northern Cape Provincial Treasury**	
15.7.1	Not responded.	-

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
15.8	**AGSA: National D**	
15.8.1	Users may find the following additional information on statutory receivables relevant for accountability and decision-making: • Aging analysis • Collection history • Impairment provision • Terms and conditions • Legal and regulatory compliance • Collateral or security • Currency and interest rate risks • Changes in estimates	GRAP 108.32 includes a disclosure objective that allows an entity to disclose information that enables users to evaluate the significance of statutory receivables on its financial position and performance. Entities may be required by legislation, regulations or similar means to present additional information to that prescribed in GRAP 108, for example disclosures on the aging of debtors. GRAP 1 on *Presentation of Financial Statements* allows an entity to provide additional disclosures to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance. GRAP 108.37 requires an entity to disclose information about the impairment losses when these losses are recorded in an allowance account. GRAP 108.34 requires information about legal and regulatory compliance and the interest rate used. GRAP 108.40 requires disclosures about collateral.
15.9	**AGSA: Free State**	
15.9.1	No other information is relevant.	Noted.
15.10	**AGSA: KZN**	
15.10.1	N/A	Noted.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
Question P16 **Are there any other matters on the application and/or implementation of GRAP 108 that the Board should consider as part of this PIR?** **Please provide details of your response.**		
16.1	**Free State Provincial Treasury**	
16.1.1	Have no inputs.	Noted.
16.2	**Free State Provincial Treasury: Risk Management and Internal Audit**	
16.2.1	No comment.	Noted.
16.3	**Free State Provincial Treasury: Education**	
16.3.1	No.	Noted.
16.4	**Free State Provincial Treasury: COGTA**	
16.4.1	The Department does not have any comments.	Noted.
16.5	**SARS Revenue Accounts**	
16.5.1	None identified at this point.	Noted.
16.6	**Nexia SAB&T**	
16.6.1	Not responded.	-
16.7	**Northern Cape Provincial Treasury**	
16.7.1	Not responded.	-

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
16.8	**AGSA: National D**	
16.8.1	As part of the Post-Implementation Review (PIR) of GRAP 108, the Board may consider the following additional matters related to the application and/or implementation of the standard: • Practical challenges • Consistency in interpretation • User needs and expectations • Impact on financial statements • Feedback from preparers and users • Emerging trends and developments • International alignment and harmonization	Noted. These additional matters were considered during the PIR. Users were requested to share any needs and expectations on GRAP 108 as part of this PIR. Feedback from preparers and users received as part of the PIR will be shared through a Review Report. IPSAS 47 on *Revenue* provides guidance on accounting for non-contractual receivables. A project to consider the applicability of IPSAS 47 for local circumstances is included as a project in the Board's work programme for 2024-2026.
16.9	**AGSA: Free State**	
16.9.1	No other information is relevant.	Noted.
16.10	**AGSA: KZN**	
16.10.1	None.	Noted.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
Question P17 **What are the ongoing costs and benefits of applying the requirements in GRAP 108 and how significant are they?** **If, in your view, the ongoing costs of applying GRAP 108 are significantly greater than expected or the benefits of the resulting information to users of financial statements are significantly lower than expected, please explain your view.**		
17.1	**Free State Provincial Treasury**	
17.1.1	Have no inputs.	Noted.
17.2	**Free State Provincial Treasury: Risk Management and Internal Audit**	
17.2.1	No comment.	Noted.
17.3	**Free State Provincial Treasury: Education**	
17.3.1	No cost.	Noted.
17.4	**Free State Provincial Treasury: COGTA**	
17.4.1	The Department does not have any comments.	Noted.
17.5	**SARS Revenue Accounts**	
17.5.1	Not responded.	-
17.6	**Nexia SAB&T**	
17.6.1	Not responded.	-
17.7	**Northern Cape Provincial Treasury**	
17.7.1	Not responded.	-

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
17.8	**AGSA: National D**	
17.8.1	• Giving guidance on how statutory receivables should be treated and minimizes conflicts with clients on how statutory receivables should treated. Training costs for us might not be too significant. • The significance of the ongoing costs and benefits of applying GRAP 108 will depend on various factors, including the size of the entity, the volume and complexity of statutory receivables, the efficiency of existing systems and processes, and the level of stakeholder reliance on the financial statements. • If, in your view, the ongoing costs of applying GRAP 108 are significantly greater than expected or the benefits of the resulting information to users of financial statements are significantly lower than expected, it may indicate potential challenges or inefficiencies in the implementation or application of the standard. These challenges could arise from complex requirements, system limitations, resource constraints, or a lack of alignment with stakeholder needs and expectations.	Noted. On balance, respondents indicated that the benefit of providing information on statutory receivables separate from contractual receivables outweighs the ongoing cost. No further action is therefore proposed.
17.9	**AGSA: Free State**	
17.9.1	The benefits outweigh the costs as accounting for statutory receivables enhances the users understanding of the financial statements and users can distinguish between contractual and statutory receivables.	Noted.
17.10	**AGSA: KZN**	
17.10.1	The significance of the costs and benefits associated with managing statutory receivables within the framework of GRAP will depend on factors, such as the size and nature of the municipality/entity, the volume and complexity of statutory receivables, and the effectiveness of internal controls, systems and procedures. While there are costs involved in ensuring compliance and managing statutory receivables i.e. salary cost	Noted.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
	/consultant costs appointed for AFS preparation, the potential benefits in terms of improved financial management, reporting accuracy, and stakeholder trust can outweigh the costs. For entities that prepare AFS in -house the cost is immaterial.	

GENERAL MATTERS		
NO.	**COMMENT**	**PROJECT GROUP'S PROPOSED RESPONSE**
18.1	**Free State Provincial Treasury**	
18.1.1	None	Noted.
18.2	**Free State Provincial Treasury: Risk Management and Internal Audit**	
18.2.1	No comment	Noted.
18.3	**Free State Provincial Treasury: Education**	
18.3.1	Not responded.	-
18.4	**Free State Provincial Treasury: COGTA**	
18.4.1	The Department does not have any comments.	Noted.
18.5	**SARS Revenue Accounts**	
18.5.1	Not responded.	-
18.6	**Nexia SAB&T**	
18.6.1	Not responded	-
18.7	**Northern Cape Provincial Treasury-**	
18.7.1	Not responded	-
18.8	**AGSA – National D**	
18.8.1	Not responded.	-
18.9	**AGSA – Free State**	
18.9.1	Not responded.	-
18.10	**AGSA – KZN**	
18.10.1	Not responded.	-

PART II – SUMMARY AND ANALYSIS OF WRITTEN COMMENT RECEIVED ON THE POST-IMPLEMENTATION REVIEW OF GRAP 108 ON *STATUTORY RECEIVABLES:*

USERS' PERSPECTIVE

SPECIFIC MATTERS FOR COMMENT		
NO.	**COMMENT**	**PROJECT GROUP'S PROPOSED RESPONSE**
Question U1 **Do you foresee any concerns with applying two different impairment models for contractual and statutory receivables, and how would two different models impact your ability to hold entities accountable and make decisions?** **Please explain your response.**		
1.1	**Free State Provincial Treasury**	
1.1.1	Do not currently have any entities reporting to the department.	Noted.
1.2	**Free State Provincial Treasury: Risk Management and Internal Audit**	
1.2.1	No comment.	Noted.
1.3	**Free State Provincial Treasury: Education**	
1.3.1	No	Noted.
1.4	**Free State Provincial Treasury: COGTA**	
1.4.1	The Department does not have any comments.	Noted.
1.5	**Nexia SAB&T**	
1.5.1	Not responded.	-
1.6	**Northern Cape Provincial Treasury**	
1.6.1	Not responded.	-

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
Question U2 **Do you find it useful to receive information on statutory receivables separately from contractual and other receivables, to hold entities accountable and to make decisions?** **If yes, how do you use the information to hold entities accountable and to make decisions?** **If no, please provide reasons why the information is not relevant, and how, in your view, the information can be improved to meet your information needs.**		
2.1	**Free State Provincial Treasury**	
2.1.1	No None Have no inputs	Noted. Noted. Noted.
2.2	**Free State Provincial Treasury: Risk Management and Internal Audit**	
2.2.1	No comment. No comment.	Noted. Noted.
2.3	**Free State Provincial Treasury: Education**	
2.3.1	Yes	Noted.
2.4	**Free State Provincial Treasury: COGTA**	
2.4.1	The Department does not have any comments.	Noted.
2.5	**Nexia SAB&T**	
2.5.1	Not responded.	-
2.6	**Northern Cape Provincial Treasury**	
2.6.1	Not responded.	-

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
Question U3 **Do you find the disclosures on statutory receivables relevant to hold entities accountable and to make decisions? If yes, what decisions are made with this information?** **If no, please provide reasons why the information is not relevant, and how, in your view, the disclosures can be improved to meet your information needs.**		
3.1	**Free State Provincial Treasury**	
3.1.1	Do not have entities reporting to the department. Do not have entities reporting to the department.	Noted. Noted.
3.2	**Free State Provincial Treasury: Risk Management and Internal Audit**	
3.2.1	No comment.	Noted.
3.3	**Free State Provincial Treasury: Education**	
3.3.1	N/A	Noted.
3.4	**Free State Provincial Treasury: COGTA**	
3.4.1	The Department does not have any comments. The Department does not have any comments	Noted. Noted.
3.5	**Nexia SAB&T**	
3.5.1	Yes The disclosures on statutory receivables are relevant to hold entities accountable and make decisions. The disclosures require the entity to include details on the origin of the transaction, the method used to determine the amount, any interest charged, the assessment of impairment, and the discount rate applied to estimate future cash flows. It further provides an overall view on management's risk management processes to ensure, for example, measures are implemented to recover all monies due to the entity as required by legislation.	Noted. No additional disclosures to that required in GRAP 108 are identified. Noted.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
3.6	**Northern Cape Provincial Treasury**	
3.6.1	Not responded.	-

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
Question U4 **What information on the nature and extent of statutory receivables' exposure to credit risk and how liquidity risk is managed (if any) do you think will be relevant to hold entities accountable and to make decisions?** **Please explain your response.**		
4.1	**Free State Provincial Treasury**	
4.1.1	Do not have entities reporting to the department.	Noted.
4.2	**Free State Provincial Treasury: Risk Management and Internal Audit**	
4.2.1	No comment.	Noted.
4.3	**Free State Provincial Treasury: Education**	
4.3.1	No response.	-
4.4	**Free State Provincial Treasury: COGTA**	
4.4.1	The Department does not have any comments. The Department does not have any comments	Noted. Noted.
4.5	**Nexia SAB&T**	
4.5.1	N/A Receivables exposure to credit risk refers to the potential loss an entity might face if its customers fail to pay their outstanding invoices. The following information may be relevant: **Assessment of Credit Risk** Entities typically conduct credit risk analysis to assess the likelihood of customers defaulting on their payments. This process involves examining the customer's credit history, financial stability, and payment patterns.	Noted. Noted. Recurring comment 4C.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
	Expected Credit Loss (ECL) Model Under GRAP 104, companies are required to use the ECL model to estimate potential losses. This model considers the probability of default, the exposure at default, and the loss given default. **Risk Mitigation** To minimize exposure, entities may employ credit insurance, guarantees, or other security measures. These can either directly reduce the exposure or be incorporated into the risk assessment. **Disclosures** Entities must disclose their credit risk exposure in their financial statements. This includes the carrying amounts of receivables, any significant impairment losses, and the methods used to assess and mitigate credit risk, including significant assumptions in determining present value of cashflows for example, the discount rate used, why this discount rate was chosen, the period used to discount (expected period of recoverability) and any significant adjustments based on risk.	Noted.
4.6	**Northern Cape Provincial Treasury**	
4.6.1	Not responded.	-

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
Question U5 **What information on the nature and extent of statutory receivables' exposure to credit risk and how liquidity risk is managed (if any) do you think will be relevant to hold entities accountable and to make decisions?** **Please explain your response.**		
5.1	**Free State Provincial Treasury**	
5.1.1	Do not have entities reporting to the department.	Noted.
5.2	**Free State Provincial Treasury: Risk Management and Internal Audit**	
5.2.1	No comment.	Noted.
5.3	**Free State Provincial Treasury: Education**	
5.3.1	N/A	Noted.
5.4	**Free State Provincial Treasury: COGTA**	
5.4.1	The Department does not have any comments.	Noted.
5.5	**Nexia SAB&T**	
5.5.1	Not responded.	-
5.6	**Northern Cape Provincial Treasury**	
5.6.1	Not responded.	-

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
Question U6 **Are there any other matters on GRAP 108 that the Board should consider as part of this PIR?** **Please explain your response.**		
6.1	**Free State Provincial Treasury**	
6.1.1	Have no inputs.	Noted.
6.2	**Free State Provincial Treasury: Risk Management and Internal Audit**	
6.2.1	No comment.	Noted.
6.3	**Free State Provincial Treasury: Education**	
6.3.1	No	Noted.
6.4	**Free State Provincial Treasury: COGTA**	
6.4.1	The Department does not have any comments.	Noted.
6.5	**Nexia SAB&T**	
6.5.1	Not responded.	-
6.6	**Northern Cape Provincial Treasury**	
6.6.1	Not responded.	-

OTHER MATTERS		
NO.	**COMMENT**	**PROJECT GROUP'S PROPOSED RESPONSE**
7.1	**Northern Cape Provincial Treasury-**	
7.1.1	***ED 207 #1.4 on page 4 of 17: Reference to the Accounting Guideline on GRAP 108 Statutory Receivables*** <u>Page 8 of 32</u> Common examples of statutory receivables; third bullet says: "Receivables for fees charged in accordance with legislation This contradicts page 10 of 32 where the fees receivable in terms of legislation is clearly distinguished in the paragraph below the table as contractual, where it says the license is issued in terms of specific legislation, but it is still a contractual arrangements, because although it is governed by legislation, it arises from a willing decision to apply for a license. Also the example on the bottom of page 10 of 32 shows that the license fees will be contractual. So it is hard to think of when the license fee will be statutory. It also contradicts the FAQ11.1 on page 121 of 136 right on top where the electricity example is also cited as arising out of a willing application for electricity, which is then governed by legislation, i.e. contractual not statutory receivable. So why is it listed as a statutory example repeatedly? (See points below) Perhaps clarify an example of when a license fee will be statutory not contractual, to avoid confusion and ambiguity.	As the comment relates to the OAG's GRAP Accounting Guideline, the comment will be shared with the OAG.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
7.1.2	***ED 207 #1.4 on page 4 of 17: Reference to the Accounting Guideline on GRAP 108 Statutory Receivables*** Page 10 of 32 Table Three items are listed as being both statutory and contractual, Perhaps add examples of transactions that could be either of the two, and the difference between it, i.e. which differentiating circumstances will cause it be contractual and under what different circumstances would the same transaction be statutory?.	As the comment relates to the OAG's GRAP Accounting Guideline, the comment will be shared with the OAG.
7.1.3	***ED 207 #1.4 on page 4 of 17: Reference to the Accounting Guideline on GRAP 108 Statutory Receivables*** Page 30 of 32 #8 – Summary – Identification - Common examples of statutory receivables; 4th bullet says: "Receivables for fees charged in accordance with legislation e.g. licenses and levies As per point#1 above… This contradicts page 10 of 32 where the fees receivable in terms of legislation is clearly distinguished in the paragraph below the table as contractual, where it says the license is issued in terms of specific legislation, but it is still a contractual arrangements, because although it is governed by legislation, it arises from a willing decision to apply for a license. Also the example on the bottom of page 10 of 32 shows that the license fees will be contractual. So it is hard to think of when the license fee will be statutory.	As the comment relates to the OAG's GRAP Accounting Guideline, the comment will be shared with the OAG.

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	It also contradicts the FAQ11.1 on page 121 of 136 right on top where the electricity example is also cited as arising out of a willing application for electricity, which is then governed by legislation, i.e. contractual not statutory receivable. So why is it listed as a statutory example repeatedly? (See poinst below) Perhaps clarify an example of when a license fee will be statutory not contractual. Perhaps clarify an example of when a license fee will be statutory not contractual, to avoid confusion and ambiguity.	