Attachment 3(d)

ACCOUNTING STANDARDS BOARD

ANALYSIS AND RESPONSES TO VERBAL COMMENT RECEIVED ON

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

(GRAP 108)

(ED 207)

RESPONSES TO THE VERBAL 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.

To maximise participation in the review, the Secretariat consulted with preparers, auditors, consultants and other interested parties through roundtables and other discussions. The results of these consultations are summarised in this document and are analysed based on the questions outlined in ED 207 published by the Board. 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 responses to the questions have been separated into two parts:

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

The summary of written comment received on ED 207 is included in a separate analysis.

VERBAL COMMENT RECEIVED ON THE *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.	Accounting Working Committee Western Cape	X	X		
2.	Public Sector Accounting Forum (PSAF) – public entity preparers, national and provincial treasuries (session 1)	X			
3.	Parliament and legislatures CFO Forum	X			
4.	Metropolitan, non-delegated municipalities and municipal entities	X			
5.	Local and district municipalities	X			
6.	PSAF – local government preparers	X			
7.	PSAF – auditors, consultants, academics and other technical specialists (session 1)			X	X
8.	CET colleges and Department of Higher Education and Training	X			
9.	City of Cape Town	X			
10.	Northern Cape – preparers public entities and municipalities	X			
11.	CIGFARO and SALGA members (municipalities and municipal entities)	X			
12.	Office of the Accountant-General (OAG), Intergovernmental Relations and Budget Office	X	X		
13.	PSAF – public entities, municipalities, municipal entities, TVET Colleges, national and provincial treasuries (session 2)	X			
14.	PSAF – Auditors, consultants, academics and other technical specialists (session 2)			X	X
15.	SAICA National and Provincial Public Sector Committees	X	X		X
16.	SAIGA members			X	
17.	PSAF – public entities, municipalities, municipal entities, TVET Colleges,	X			

No.	Name/Organisation	Preparers	Users	Auditors	Other interested parties
	national and provincial treasuries (session 3)				
18.	CIGFARO and SALGA KZN Financial and MPAC workshop		X	X	
19.	Reserve Bank		X		
20.	Municipal Audit Committee members and Councillors		X		
21.	North West – preparers – public entities and municipalities	X			

PART I – SUMMARY AND ANALYSIS OF VERBAL 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	**Accounting Working Committee Western Cape**	
1.1.1	No challenges noted. With the initial implementation of GRAP 108, users did not understand the new "class" of receivables. Over time, users became familiar with the different receivable classifications.	Noted.
1.2.1	On the initial adoption of GRAP 108, there was uncertainty about the classification of receivables between contractual and statutory. Entities reviewed the applicable legislative requirements to correctly classify receivables as contractual or statutory based on the guidance in GRAP 108 and GRAP 104. All the classification challenges are resolved.	Noted.
1.2	**PSAF preparers (public entities and provincial treasuries) (session 1)**	
1.2.1	Some entities are unsure when to classify a receivable as contractual or statutory. Examples include VAT receivables and grants allocated through legislation from DHET and/or the SETAs.	Recurring comment 1A.
1.2.2	After receiving a grant allocated through legislation from the DHET and/or the SETAs, CET Colleges enter into arrangements with students. Some Colleges are uncertain if a receivable that is initiated by a contract between a student and the College based on fees governed by specific legislation should be classified as a contractual or statutory receivable.	Recurring comment 1A.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
1.2.3	A participant questioned if both a contractual and statutory receivable should be recognised when a service is rendered or an activity is undertaken that arises from legislation or similar means, and is initiated by a contract between parties. To illustrate, a customer wants to be connected to the electricity grid and enters into an arrangement with a municipality. A receivable becomes payable after the customer receives electricity services. It is uncertain if the municipality should recognise (a) a statutory receivable for the provision of electricity services because the distribution of electricity is governed by legislation or similar means, i.e. determined by NERSA and adopted through a council resolution; and (b) a contractual receivable when the customer receives a supply of electricity.	Noted. A receivable should be classified as either contractual or statutory based on the nature of the arrangement that gives rise to it. Recurring comment 1A.
1.3	**Parliament and provincial legislatures**	
1.3.1	No challenges noted.	Noted.
1.4	**Metropolitan, non-delegated municipalities and municipal entities**	
1.4.1	No challenges noted.	Noted.
1.5	**Local and district municipalities**	
1.5.1	No challenges are experienced in categorising receivables as statutory and contractual or determining if the statutory receivable arises from an exchange or non-exchange transaction. This is because entities' accounting policies clearly set out the principles to make this assessment.	Noted.
1.6	**PSAF preparers (local government)(session 1)**	
1.6.1	Two views were shared: • Accounting policies provide sufficient detail to explain when a receivable is classified as contractual or statutory, and when the receivable arises from an exchange or non-exchange transaction. Judgement is applied in making these assessments.	Noted.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
	• Some municipalities continue to find it difficult to conclude if a receivable should be classified as a contractual or statutory receivable. This is mainly due to system challenges.	Recurring comment 1A.
1.7	**PSAF auditors, consultants, academics and other technical specialists (session 1)**	
1.7.1	Entities are uncertain if they should only consider the legislative requirements that give rise to a receivable, or whether they should also consider subsequent arrangements entered into to classify the receivable as contractual or statutory. Guidance on this application issue is only provided in the basis for conclusions to GRAP 108. This guidance should be elevated to the Standard.	Recurring comment 1A.
1.7.2	One of the characteristics of a contract is that the parties to the transaction willingly enter into the arrangement. Some entities incorrectly focus on whether the counterparty chooses to transacts with the entity to conclude if the receivable is contractual or statutory in nature. For example, some entities incorrectly conclude that because an individual chooses to buy a television, any receivable that arises to obtain a television licence is contractual in nature. The fact that the acquisition of the television licence is governed by legislation or similar means is not considered.	Recurring comment 1B.
1.7.3	Some entities are uncertain about the classification of VAT as a contractual or statutory receivable despite the guidance provided in the GRAP 104 Fact Sheet. The Secretariat should consider initiatives to inform preparers of the Fact Sheet.	Recurring comment 1A.
1.8	**CET Colleges**	
1.8.1	There is uncertainty about whether receivables arising from tuition fees charged should be classified as a statutory or contractual receivable. The levying of tuition fees is regulated by legislation and an arrangement is then subsequently entered into with students who want to study at a	Recurring comment 1A.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
	College. To address this uncertainty, GRAP 108 can list the criteria that can be applied to determine the classification of a receivable.	
1.9	**City of Cape Town**	
1.9.1	No concerns to distinguish receivables as statutory or contractual were noted, except for the classification of VAT receivable when an entity is registered as a VAT vendor.	Recurring comment 1A.
1.10	**Northern Cape preparers**	
1.10.1	The classification of a receivable as contractual or statutory is sometimes difficult. A specific example is where a municipality receives funds to develop infrastructure and provide services in rural areas through a legislative allocation and enters into an agreement with the province for the development and provision of the services. The municipality is uncertain if the receivable should be classified as a contractual or statutory receivable.	Recurring comment 1A.
1.11	**CIGFARO and SALGA members**	
1.11.1	Some stakeholders are uncertain if a receivable should be classified as a contractual or statutory receivable when the transaction is governed by legislation or similar means and subsequently initiated by an agreement or contract with a customer. The example of NERSA which determines electricity tariffs, and a customer entering into a contract with a municipality to receive electricity services highlighted the uncertainty.	Recurring comment 1A.
1.12	**OAG, Intergovernmental Relations and Budget Office**	
1.12.1	SETAs are uncertain whether grants allocated to entities in legislation are contractual or statutory in nature.	Recurring comment 1A.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
1.12.2	Some entities are uncertain if irregular expenditure recoverable from individuals following instructions issued by a Court should be classified as a contractual or statutory receivable.	Guidance on how to account for irregular expenditure is prescribed by the National Treasury and is not addressed in the Standards of GRAP. The comment will be shared with the OAG to consider if guidance is required in this area.
1.13	**PSAF preparers (all entities applying GRAP)(session 2)**	
1.13.1	On the initial adoption of GRAP 108, some entities were uncertain if levies receivable should be classified as a contractual or statutory receivable. The decision on the nature of the receivable was initially based on whether unused funds should be surrendered to the Revenue Fund when not utilised. After the OAG provided assistance, it was concluded that the receivable was statutory in nature.	Noted.
1.14	**PSAF auditors, consultants, academics and other technical specialists (session 2)**	
1.14.1	Some entities incorrectly classify a receivable as contractual based on whether a party chooses to undertake a specific transaction with the entity, irrespective of whether the transaction is governed by legislation or similar means.	Recurring comment 1B.
1.14.2	Entities are uncertain whether a receivable should be classified as contractual or statutory where a fee is levied based on a tariff promulgated in legislation, and agreements are subsequently entered into between the entity and a counter-party.	Recurring comment 1A.
1.15	**SAICA National and Provincial Public Sector Committees**	
1.15.1	There is no challenge to distinguish receivables as statutory or contractual, but guidance is needed on the classification of availability charges levied by municipalities to ensure consistent classification of the receivable.	Recurring comment 1A.
1.16	**SAIGA**	
1.16.1	No comment received.	-

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
1.17	**PSAF preparers (all entities applying GRAP)(session 3)**	
1.17.1	The auditors concluded that the DORA grants are contractual in nature as the Minister has the discretion to appropriate a grant to an entity. This conclusion contradicts the principles in GRAP 108 that explain that a receivable will be statutory in nature when it arises from legislation or similar means.	Recurring comment 1A. The comment will be shared with the AGSA for consideration.
1.17.2	Entities incorrectly classify a receivable as contractual based on whether the counterparty chooses to transact with the entity. As an example, because an individual chooses to buy a property in a particular area, receivables arising from property rates levied are classified as contractual, irrespective of the rates being governed by legislation through the Property Rates Act.	Recurring comment 1B.
1.17.3	The guidance from the FAQs on how statutory receivables should be classified if a transaction is governed by legislation or similar means and subsequently initiated by a contract should be included in GRAP 108.	Recurring comment 1A.
1.18	**North West preparers**	
1.18.1	No comment received.	-

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	**Accounting Working Committee Western Cape**	
2.1.1	No comment received.	-
2.2	**PSAF preparers (public entities and provincial treasuries) (session 1)**	
2.2.1	No comment received.	-
2.3	**Parliament and provincial legislatures**	
2.3.1	No comment received.	-
2.4	**Metropolitan, non-delegated municipalities and municipal entities**	
2.4.1	No comment received.	-
2.5	**Local and district municipalities**	
2.5.1	No comment received.	-
2.6	**PSAF preparers (local government)(session 1)**	
2.6.1	No comment received.	-
2.7	**PSAF auditors, consultants, academics and other technical specialists (session 1)**	
2.7.1	No comment received.	-

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
2.8	**CET Colleges**	
2.8.1	There are no challenges with the measurement of statutory receivables.	Noted.
2.8.2	Entities have different views on the initial recognition of grants transferred to a College by the National Skills Fund (NSF). NSF will only transfer grants to a College when the Department of Higher Education (Department) receives all the necessary information. Colleges enter into agreements with students once the funding is received. Further grant payments are made as and when a College meets the terms and conditions imposed. The different views on the initial recognition of the grant funding and the related receivable from the NSF are: (a) Revenue and a related receivable are recognised when the funding is promulgated in legislation. (b) Revenue is only recognised when the funding is received from the Department. No receivable is recognised. (c) Revenue and a receivable are recognised as and when the terms and conditions to receive a transfer are met.	Recurring comment 5.
2.8.3	For multi-year grants, entities are unsure if they should annually recognise a receivable over the multi-year period, or whether a receivable for the full grant should be recognised when the grant is allocated through legislation or similar means.	Recurring comment 5.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
2.9	**City of Cape Town**	
2.9.1	No challenges are experienced to measure statutory receivables.	Noted.
2.10	**Northern Cape preparers**	
2.10.1	No comment received.	-
2.11	**CIGFARO and SALGA members**	
2.11.1	No comment received.	-
2.12	**OAG, Intergovernmental Relations and Budget Office**	
2.12.1	No comment received.	-
2.13	**PSAF preparers (all entities applying GRAP)(session 2)**	
2.13.1	No comment received.	-
2.14	**PSAF auditors, consultants, academics and other technical specialists (session 2)**	
2.14.1	For initial measurement, GRAP 108 requires that statutory receivables be measured at the transaction amount. The revenue or liability component is measured at fair value in terms of GRAP 9 or GRAP 23. There is uncertainty whether the fair value determined in accordance with GRAP 9 or GRAP 23 is the transaction amount for purposes of GRAP 108. This can be better explained in the Standard to avoid any misunderstanding or confusion.	No further action is proposed as GRAP 108 explains that the fair value determined in accordance with GRAP 9 and GRAP 23 is the transaction amount for purposes of this Standard (see paragraph AG11). GRAP 9 paragraph .18A also clarifies that revenue arising from a statutory transaction represents its fair value.
2.15	**SAICA National and Provincial Public Sector Committees**	
2.15.1	No challenges are experienced.	Noted.
2.16	**SAIGA**	
2.16.1	No comment received.	-

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
2.17	**PSAF preparers (all entities applying GRAP)(session 3)**	
2.17.1	Determining the initial amount for some fees levied is challenging because of all the media coverage and debtors' attitude towards not paying the fee. There is uncertainty about how, on initial recognition, the likelihood of not receiving all the fees levied impacts the initial revenue recognition when considering historical collection experience. If the principles in IFRS 15 on *Revenue from Contracts with Customers* were to be applied, less revenue will be recognised as only the portion that is probable will initially be recognised.	No further action is proposed. IGRAP 1 on *Applying the Probability Test on Initial Recognition of Revenue* and IGRAP 20 on *Accounting for Adjustments to Revenue* provide guidance on the initial recognition of revenue. Recurring comment 5. Entities applying Standards of GRAP should not apply IFRS 15 as it is not included in the GRAP Reporting Framework.
2.18	**North West preparers**	
2.18.1	No comment received.	-

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	**Accounting Working Committee Western Cape**	
3.1.1	No challenges are experienced.	Noted. No further action required.
3.2	**PSAF preparers (public entities and provincial treasuries) (session 1)**	
3.2.1	No challenges are experienced.	Noted. No further action required.
3.3	**Parliament and provincial legislatures**	
3.3.1	No comment received.	-
3.4	**Metropolitan, non-delegated municipalities and municipal entities**	
3.4.1	No challenges experienced.	Noted. No further action required.
3.5	**Local and district municipalities**	
3.5.1	No challenges experienced.	Noted. No further action required.
3.6	**PSAF preparers (local government)(session 1)**	
3.6.1	No challenges experienced.	Noted. No further action required.
3.7	**PSAF auditors, consultants, academics and other technical specialists (session 1)**	
3.7.1	No challenges experienced.	Noted. No further action required.
3.8	**CET Colleges**	
3.8.1	No comment received.	-
3.9	**City of Cape Town**	
3.9.1	No challenges are experienced to subsequently measure statutory receivables.	Noted. No further action required.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
3.10	**Northern Cape preparers**	
3.10.1	No comment received.	-
3.11	**CIGFARO and SALGA members**	
3.11.1	No comment received.	-
3.12	**OAG, Intergovernmental Relations and Budget Office**	
3.12.1	No challenges experienced.	Noted. No further action required.
3.13	**PSAF preparers (all entities applying GRAP)(session 2)**	
3.13.1	No challenges experienced.	Noted. No further action required.
3.14	**PSAF auditors, consultants, academics and other technical specialists (session 2)**	
3.14.1	No challenges experienced.	Noted. No further action required.
3.15	**SAICA National and Provincial Public Sector Committees**	
3.15.1	No challenges experienced.	Noted. No further action required.
3.16	**SAIGA**	
3.16.1	No comment received.	-
3.17	**PSAF preparers (all entities applying GRAP)(session 3)**	
3.17.1	No comment received.	-
3.18	**North West Preparers**	
3.18.1	No comment received.	-

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	**Accounting Working Committee Western Cape**	
4.1.1	No challenges experienced.	Noted. No further action required.
4.2	**PSAF preparers (public entities and provincial treasuries) (session 1)**	
4.2.1	No challenges experienced.	Noted. No further action required.
4.3	**Parliament and provincial legislatures**	
4.3.1	No challenges are experienced.	-
4.4	**Metropolitan, non-delegated municipalities and municipal entities**	
4.4.1	No challenges experienced.	Noted. No further action required.
4.5	**Local and district municipalities**	
4.5.1	Entities have developed policies to group statutory receivables for purposes of impairment. Therefore, no challenges are experienced in this area. .	Noted. No further action required.
4.6	**PSAF preparers (local government)(session 1)**	
4.6.1	No challenges experienced.	Noted. No further action required.
4.7	**PSAF auditors, consultants, academics and other technical specialists (session 1)**	
4.7.1	No challenges experienced.	Noted. No further action required.
4.8	**CET Colleges**	
4.8.1	No comment received.	-

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
4.9	**City of Cape Town**	
4.9.1	No challenges are experienced to subsequently measure statutory receivables.	Noted. No further action required.
4.10	**Northern Cape preparers**	
4.10.1	No comment received.	-
4.11	**CIGFARO and SALGA members**	
4.11.1	No comment received.	-
4.12	**OAG, Intergovernmental Relations and Budget Office**	
4.12.1	No challenges are experienced.	Noted. No further action required.
4.13	**PSAF preparers (all entities applying GRAP)(session 2)**	
4.13.1	No challenges are experienced.	Noted. No further action required.
4.14	**PSAF auditors, consultants, academics and other technical specialists (session 2)**	
4.14.1	No comment can be shared on how entities group statutory receivables for purposes of impairment as not many statutory receivables are impaired.	Noted.
4.15	**SAICA National and Provincial Public Sector Committees**	
4.15.1	No challenges are experienced.	Noted. No further action required.
4.16	**SAIGA**	
4.16.1	No comment received.	-
4.17	**PSAF preparers (all entities applying GRAP)(session 3)**	
4.17.1	No challenges experienced.	Noted. No further action required.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
4.18	**North West Preparers**	
4.18.1	No comment received.	-

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	**Accounting Working Committee Western Cape**	
5.1.1	No comment shared.	-
5.2	**PSAF preparers (public entities and provincial treasuries) (session 1)**	
5.2.1	No comment shared.	-
5.3	**Parliament and provincial legislatures**	
5.3.1	No comment shared.	-
5.4	**Metropolitan, non-delegated municipalities and municipal entities**	
5.4.1	Entities have developed policies to group statutory receivables for purposes of impairment. Therefore, no challenges are experienced in this area.	Noted. No further action required.
5.4.2	Some entities' impairment policies require that residential debt outstanding for more than 90 days be impaired while the impairment of commercial and other government debt is individually assessed.	Noted. No further action required.
5.5	**Local and district municipalities**	
5.5.1	No comment shared.	-
5.6	**PSAF preparers (local government)(session 1)**	
5.6.1	No comment shared.	-
5.7	**PSAF auditors, consultants, academics and other technical specialists (session 1)**	
5.7.1	No comment shared.	-
5.8	**CET Colleges**	
5.8.1	No comment shared.	-

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
5.9	**City of Cape Town**	
5.9.1	No challenges are experienced to subsequently measure statutory receivables.	Noted. No further action required.
5.10	**Northern Cape preparers**	
5.10.1	Receivables are grouped for impairment purposes according to the type of debtor (e.g. residential, commercial, etc). Certain debtor types have higher credit risk than others, e.g. if the debtor is another government entity, the risk of the debt not being settle is lower compared to non-government debtors.	Noted. No additional examples of how statutory receivables are grouped to that illustrated in GRAP 108 are identified.
5.11	**CIGFARO and SALGA members**	
5.11.1	No comment shared.	-
5.12	**OAG, Intergovernmental Relations and Budget Office**	
5.12.1	No comment shared.	-
5.13	**PSAF preparers (all entities applying GRAP)(session 2)**	
5.13.1	No comment shared.	-
5.14	**PSAF auditors, consultants, academics and other technical specialists (session 2)**	
5.14.1	No comment shared.	-
5.15	**SAICA National and Provincial Public Sector Committees**	
5.15.1	No comment shared.	-
5.16	**SAIGA**	
5.16.1	No comment shared.	-
5.17	**PSAF preparers (all entities applying GRAP)(session 3)**	
5.17.1	No comment shared.	-

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
5.18	**North West Preparers**	
5.18.1	No comment shared.	-

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	**Accounting Working Committee Western Cape**	
6.1.1	The indicators are helpful	Noted.
6.2	**PSAF preparers (public entities and provincial treasuries) (session 1)**	
6.2.1	The GRAP 108 indicators are helpful.	Noted.
6.3	**Parliament and provincial legislatures**	
6.3.1	The requirements in the Prescription Act (Act no 68 of 1969) should be considered when assessing a statutory receivable for impairment. The Act stipulates that any debt in respect of any taxation imposed or levied by or under a law prescribes after three years from the date it becomes payable. A debt prescribes if during the past three years: • the debtor did not admit to owing on the debt, either verbally or in writing; • the debtor has not made payment towards the outstanding amount; or • no summons were issued and served on a debtor. • A debt under a credit agreement that has been prescribed may no longer be collected, nor may the debt be sold.	The requirements in the Prescription Act are rather an indication that a statutory receivable should be derecognised. This indicates that entities are uncertain when to impair and or derecognise a statutory receivable. Refer to recurring comment 2C.
6.4	**Metropolitan, non-delegated municipalities and municipal entities**	
6.4.1	No comment received.	-
6.5	**Local and district municipalities**	
6.5.1	No comment received.	-

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
6.6	**PSAF preparers (local government)(session 1)**	
6.6.1	The indicators are helpful.	Noted.
6.7	**PSAF auditors, consultants, academics and other technical specialists (session 1)**	
6.7.1	The indicators are helpful. No other indicators were noted.	Noted.
6.8	**CET Colleges**	
6.8.1	The indicators in GRAP 108 are helpful.	Noted.
6.9	**City of Cape Town**	
6.9.1	The GRAP 108 indicators are useful to assess if a statutory receivable should be impaired.	Noted.
6.10	**Northern Cape preparers**	
6.10.1	No comment received.	-
6.11	**CIGFARO and SALGA members**	
6.11.1	Section 28 of the Property Rates Act allows a municipality to recover outstanding property rates from the tenant occupying a property. The consequence of this legal requirement should be considered when property rates receivables are assessed for impairment. Currently, it is not included as an indicator in GRAP 108.	Recurring comment 2A.
6.12	**OAG, Intergovernmental Relations and Budget Office**	
6.12.1	The indicators are helpful.	Noted.
6.13	**PSAF preparers (all entities applying GRAP)(session 2)**	
6.13.1	The indicators are helpful.	Noted.
6.14	**PSAF auditors, consultants, academics and other technical specialists (session 2)**	
6.14.1	The indicators are helpful.	Noted.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
6.15	**SAICA National and Provincial Public Sector Committees**	
6.15.1	No comment received.	-
6.16	**SAIGA**	
6.16.1	No comment received.	-
6.17	**PSAF preparers (all entities applying GRAP)(session 3)**	
6.17.1	No comment.	Noted.
6.18	**North West Preparers**	
6.18.1	No comment.	Noted.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
Question P7 **Do you have any challenges to calculate the impairment loss for a statutory receivable, or a group of statutory receivables?** **If yes, please describe and provide examples of these challenges, and indicate how, in your view, they can be resolved.**		
7.1	**Accounting Working Committee Western Cape**	
7.1.1	No challenges are experienced.	Noted.
7.2	**PSAF preparers (public entities and provincial treasuries) (session 1)**	
7.2.1	No challenges are experienced.	Noted.
7.3	**Parliament and provincial legislatures**	
7.3.1	No comment received.	-
7.4	**Metropolitan, non-delegated municipalities and municipal entities**	
7.4.1	No challenges are experienced.	Noted.
7.5	**Local and district municipalities**	
7.5.1	No challenges are experienced.	Noted.
7.6	**PSAF preparers (local government)(session 1)**	
7.6.1	No challenges are experienced.	Noted.
7.7	**PSAF auditors, consultants, academics and other technical specialists (session 1)**	
7.7.1	No challenges are experienced.	Noted.
7.8	**CET Colleges**	
7.8.1	No comment received.	-

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
7.9	**City of Cape Town**	
7.9.1	No challenges are currently experienced. When a receivable is contractual and statutory in nature, the receivable is assessed for impairment irrespective of the nature of the transactions undertaken between the entity and the consumer. Any impairment loss is allocated between the statutory and contractual part of the receivable. When the revised GRAP 104 becomes effective from 1 April 2025, a similar approach will be applied to calculate and allocate impairment losses to consumer accounts.	Noted.
7.10	**Northern Cape preparers**	
7.10.1	No comment received.	-
7.11	**CIGFARO and SALGA members**	
7.11.1	Historical information is not always available to assess if traffic receivables must be impaired. To overcome this problem, some municipalities consider the payment history for all traffic receivables at an aggregate level. Other municipalities impair all outstanding traffic fines at year-end, irrespective of when the receivable was recognised.	Noted.
7.12	**OAG, Intergovernmental Relations and Budget Office**	
7.12.1	No challenges are experienced.	Noted.
7.13	**PSAF preparers (all entities applying GRAP)(session 2)**	
7.13.1	No challenges are experienced.	Noted.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
7.14	**PSAF auditors, consultants, academics and other technical specialists (session 2)**	
7.14.1	It was observed that not all entities impair statutory receivables. The reasons for this include: • Impairment is only considered towards finalising financial statements – insufficient time is allocated to assess if any receivables need to be impaired. • Entities do not have the necessary skills and capacity to do an impairment calculation. • Due to a lack of understanding, entities do not know what to do and what it means when an impairment indicator is triggered.	Noted. Through communication initiatives, raise awareness about when an impairment assessment should be undertaken. Entities are required to assess at each reporting date if any of the impairment indicators have been triggered based on their unique circumstances to conclude if a statutory receivable or group of statutory receivables should be impaired, or a previously recognise impairment loss should be reversed.
7.14.2	Entities disclose the list of impairment indicators provided in GRAP 108 but these indicators are not applied to assess if an impairment loss or the reversal of an impairment loss occurred.	Noted. Through communication initiatives, raise awareness about when an impairment assessment should be undertaken. Entities are required to assess at each reporting date if any of the impairment indicators have been triggered based on their unique circumstances to conclude if a statutory receivable or group of statutory receivables should be impaired, or a previously recognise impairment loss should be reversed.
7.15	**SAICA National and Provincial Public Sector Committees**	
7.15.1	No comment received.	-
7.16	**SAIGA**	
7.16.1	No comment received.	-
7.17	**PSAF preparers (all entities applying GRAP)(session 3)**	
7.17.1	No challenges are experienced.	Noted.
7.18	**North West Preparers**	
7.18.1	No challenges are experienced.	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	**Accounting Working Committee Western Cape**	
8.1.1	Applying two different impairment models when a counterparty undertakes transactions with an entity that are contractual and statutory in nature will be challenging in the municipal environment as the receivable will need to be separated between contractual and statutory transactions. Due to the high volume of outstanding debt, it will be challenging to separate a receivable between the different categories of receivables, i.e., contractual and statutory. Applying one impairment model to a single consumer account is preferred.	Recurring comment 2B.
8.2	**PSAF preparers (public entities and provincial treasuries) (session 1)**	
8.2.1	Two views on the GRAP 108 impairment model were noted: • The current impairment model in GRAP 108 is supported and should be retained. The Board should only consider revising the impairment model in GRAP 108 when entities are more familiar with the ECL impairment model in the revised GRAP 104, which will probably be three years from its effective date. • The ECL impairment model should be used to impair contractual and statutory receivables. Some audit committee members already require entities to consider past, current and future events to calculate the impairment of a statutory receivable to ensure that the receivable is accurate and faithfully represents the amount to be collected.	Recurring comment 2B. Entities are currently required to only apply the incurred loss model in GRAP 108 to assess if a receivable is impaired. Applying the ECL impairment model, or part thereof to impair statutory receivables, is inappropriate.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
8.3	**Parliament and provincial legislatures**	
8.3.1	No comment received.	-
8.4	**Metropolitan, non-delegated municipalities and municipal entities**	
8.4.1	No comment received.	-
8.5	**Local and district municipalities**	
8.5.1	No comment received.	-
8.6	**PSAF preparers (local government)(session 1)**	
8.6.1	It will be easier to assess a receivable where contractual and statutory transactions are undertaken with the entity, using one impairment model. This is because a debtor's ability to settle its debt is assessed, irrespective of the nature of the transactions undertaken with the entity. No costs need to be incurred to separate a receivable into different categories, i.e., contractual and statutory, for impairment purposes. It will also be less confusing to the users of financial statements if one impairment model is applied to a single receivable account. The preferred impairment model is the ECL model in GRAP 104. However, when a debtor only undertakes statutory transactions with the entity, for example where grants and other appropriations are allocated to an entity in legislation or similar means, such as through the DORA, the incurred loss impairment model in GRAP 108 should be applied as this model is easier to apply compared to the ECL model.	Recurring comment 2B.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
8.7	**PSAF auditors, consultants, academics and other technical specialists (session 1)**	
8.7.1	Some entities will find it practically challenging to separate a receivable between contractual and statutory when a debtor undertakes both types of transactions with the entity. However, as different disclosure requirements apply to contractual and statutory receivables, entities are already required to separate receivables between contractual and statutory to meet the disclosure requirements in GRAP 108 and GRAP 104. With the revised GRAP 104 becoming effective from 1 April 2025, entities should be able to apply two different impairment models as separate information about statutory and contractual transactions undertaken should be available. The impairment model in GRAP 108 can therefore be retained. Before introducing the ECL impairment model in GRAP 108, the Board should allow practice to develop.	Recurring comment 2B.
8.8	**CET Colleges**	
8.8.1	No comment received.	-
8.9	**City of Cape Town**	
8.9.1	One impairment model should be applied where a debtor receives services from a municipality that are both contractual and statutory in nature. Calculating the impairment on a debtor's account using two impairment models when the debtor undertook both statutory and contractual transactions, will be difficult.	Recurring comment 2B.
8.9.2	The incurred loss impairment model should continue to be applied to the impair receivables where a debtor only undertook statutory transactions with an entity, for example, grant funding allocated to an entity through the DORA. This is because the GRAP 108 impairment model is easier to apply and well-understood.	Recurring comment 2B.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
8.10	**Northern Cape preparers**	
8.10.1	There were two different views on replacing the incurred loss impairment model with the ECL impairment model in GRAP 108. Those in favour of retaining the current model noted that they are already required, for note disclosure purposes, to separate statutory receivables from contractual receivables where both categories of transactions are undertaken with an entity. Applying different impairment models to the different categories of transactions undertaken by one debtor may therefore not pose any challenges. Those in favour of adopting the ECL impairment model in GRAP 108 noted that they use the same billing model for a debtor, irrespective of whether the transactions undertaken with the entity are contractual, statutory, or both. It will therefore be impracticable to separate a receivable between different categories of transactions, i.e., contractual and statutory, to apply two different impairment models.	Recurring comment 2B.
8.10.2	Entities need to budget for impairment. Applying different impairment models to impair a receivable where a debtor undertook both contractual and statutory transactions with an entity involves additional work and potentially less accurate information for budget purposes. This can lead to unauthorised expenditure.	Recurring comment 2B.
8.11	**CIGFARO and SALGA members**	
8.11.1	To some extent, entities are already applying the ECL impairment model to impair statutory receivables as they not only consider impairment when an indicator has been triggered, but also past expectations based on historical information, and future expectations to calculate an impairment loss.	Noted. Entities are currently required to only apply the incurred loss model in GRAP 108 to assess if a receivable is impaired. Applying the ECL impairment model, or part thereof to impair statutory receivables, is inappropriate. Also refer to Recurring comment 2B.
8.11.2	No concerns are foreseen to replace the GRAP 108 impairment model with the ECL impairment model in GRAP 104.	Recurring comment 2B.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
8.12	**OAG, Intergovernmental Relations and Budget Office**	
8.12.1	Some municipalities already struggle to comply with the GRAP 104 impairment principles. The new impairment model to be applied from 1 July 2025 will be even more challenging. Introducing the ECL impairment model for statutory receivables is therefore not supported. The impairment model under GRAP 108 will be easier and simpler to apply. If a municipality is required to apply two different impairment models to a receivable where a debtor undertook both contractual and statutory transactions with an entity, guidance needs to be developed to assist in separating the receivable into the different categories, i.e., contractual and statutory.	Recurring comment 2B. Noted. Entities are already required to separate information on receivables between contractual and statutory transactions for disclosure purposes and entities should therefore have sufficient systems in place to provide separate information.
8.13	**PSAF preparers (all entities applying GRAP)(session 2)**	
8.13.1	No comment received.	-
8.14	**PSAF auditors, consultants, academics and other technical specialists (session 2)**	
8.14.1	Some municipalities calculate the impairment loss for a receivable without distinguishing between statutory and contractual transactions that were undertaken with the entity. The impairment loss is then allocated between the contractual and statutory parts of the receivable.	Noted.
8.14.2	Entities are likely to experience challenges in applying two different impairment models when the revised GRAP 104 becomes effective.	Recurring comment 2B.
8.14.3	There is support for retaining the GRAP 108 impairment model despite challenges foreseen when entities are required to separate a receivable between contractual and statutory transactions for impairment purposes when the revised GRAP 104 becomes effective.	Recurring comment 2B.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
8.15	**SAICA National and Provincial Public Sector Committees**	
8.15.1	Most of the smaller entities do not have the technical resources to prepare accurate financial statements. These entities already have challenges with applying the existing impairment models in GRAP 104 and GRAP 108. They will find it even more challenging to apply a more complex impairment model under the revised GRAP 104. To apply the ECL impairment model, entities will need skills, appropriate systems, and reliable historical information. Because of these challenges, there is support for retaining the existing impairment model in GRAP 108.	Recurring comment 2B.
8.16	**SAIGA**	
8.16.1	No comment received.	-
8.17	**PSAF preparers (all entities applying GRAP)(session 3)**	
8.17.1	Even though the revised GRAP 104 is only effective from 2025, entities are already required to collect information to apply the ECL impairment model. Applying the ECL model will be challenging for a number of entities as the model involves detailed risk assessments and because it adopts a forward-looking approach. From a municipal perspective, municipalities are likely to apply the ECL model to all receivables, irrespective of whether the nature of the transactions undertaken is contractual, statutory or both.	Recurring comment 2B. Noted. Entities are currently required to only apply the incurred loss model in GRAP 108 to assess if a receivable is impaired. Applying the ECL impairment model, or part thereof to impair statutory receivables, is inappropriate.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
	The GRAP 108 impairment model will be applied to receivables that are only statutory in nature, such as traffic fines, as the incurred loss model is more appropriate and easier to apply.	
8.18	**North West Preparers**	
8.18.1	No comment received.	-

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	**Accounting Working Committee Western Cape**	
9.1.1	The comment received.	-
9.2	**PSAF preparers (public entities and provincial treasuries) (session 1)**	
9.2.1	The guidance in GRAP 108 is sufficient.	Noted. No further action required.
9.3	**Parliament and provincial legislatures**	
9.3.1	No comment received.	-
9.4	**Metropolitan, non-delegated municipalities and municipal entities**	
9.4.1	The guidance in GRAP 108 is sufficient.	Noted. No further action required.
9.5	**Local and district municipalities**	
9.5.1	The guidance in GRAP 108 is sufficient.	Noted. No further action required.
9.6	**PSAF preparers (local government)(session 1)**	
9.6.1	The guidance in GRAP 108 is sufficient.	Noted. No further action required.
9.7	**PSAF auditors, consultants, academics and other technical specialists (session 1)**	
9.7.1	The guidance in GRAP 108 is sufficient.	Noted. No further action required.
9.8	**CET Colleges**	
9.8.1	The guidance in GRAP 108 is sufficient.	Noted. No further action required.
9.9	**City of Cape Town**	
9.9.1	The derecognition principles in GRAP 108 provide sufficient guidance.	Noted. No further action required.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
9.10	**Northern Cape preparers**	
9.10.1	No comment received.	-
6.11	**CIGFARO and SALGA members**	
6.11.1	No comment received.	-
9.12	**OAG, Intergovernmental Relations and Budget Office**	
9.12.1	The principles in GRAP 108 are sufficient to understand when a statutory receivable should be derecognised.	Noted. No further action required.
9.13	**PSAF preparers (all entities applying GRAP)(session 2)**	
9.13.1	The guidance in GRAP 108 is sufficient to understand when a statutory receivable should be derecognised.	Noted. No further action required.
9.14	**PSAF auditors, consultants, academics and other technical specialists (session 2)**	
9.14.1	The guidance is sufficient.	Noted. No further action required.
9.15	**SAICA National and Provincial Public Sector Committees**	
9.15.1	No comment received.	-
9.16	**SAIGA**	
9.16.1	No comment received.	-
9.17	**PSAF preparers (all entities applying GRAP)(session 3)**	
9.17.1	The derecognition principles in GRAP 108 are sufficient.	Noted. No further action required.
9.18	**North West Preparers**	
9.18.1	No comment received.	-

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	**Accounting Working Committee Western Cape**	
10.1.1	No comment received	-
10.2	**PSAF preparers (public entities and provincial treasuries) (session 1)**	
10.2.1	The difference between an impairment of a statutory receivable and its derecognition is well understood as the guidance in GRAP 108 is sufficient.	Noted.
10.2.2	Due to a lack of internal controls between the revenue department and the financial accounting team, information may not always be available to assess if the receivable should be derecognised or impaired.	Recurring comment 2C.
10.3	**Parliament and provincial legislatures**	
10.3.1	No comment received.	-
10.4	**Metropolitan, non-delegated municipalities and municipal entities**	
10.4.1	No comment received.	-
10.5	**Local and district municipalities**	
10.5.1	No challenges are experienced.	Noted.
10.6	**PSAF preparers (local government)(session 1)**	
10.6.1	Most stakeholders indicated that they do not have challenges in distinguishing when a statutory receivable is impaired and when it should be derecognised. However, some stakeholders indicated that they remain uncertain when to derecognise and when to impair a statutory receivable.	Recurring comment 2C.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
10.6.2	When funding was allocated to a municipality through legislation, but subsequently reallocated to another municipality through the adjustment budget, there is uncertainty about whether the revenue adjustment should be reflected as a derecognition or impairment of the receivable, especially where the municipality already spent the funds initially allocated.	Recurring comment 5.
10.7	**PSAF auditors, consultants, academics and other technical specialists (session 1)**	
10.7.1	The challenges are experienced.	Noted.
10.8	**CET Colleges**	
10.8.1	An initial budget allocation to a College was reduced in the adjustment budget. There is uncertainty about how the reduced allocation of the revenue in the adjustment budget impacts the statutory receivable and whether the statutory receivable should be impaired or derecognised.	Recurring comment 5.
10.8.2	When revenue is allocated to a College through legislation that is subject to conditions, entities are uncertain how not meeting the conditions of the grant impacts the statutory receivable, i.e should the adjustment to the statutory receivable be accounted as an impairment or derecognition of the receivable.	Recurring comment 5.
10.9	**City of Cape Town**	
10.9.1	No challenges are experienced.	Noted.
1010	**Northern Cape preparers**	
10.10.1	No comment received.	-
10.11	**CIGFARO and SALGA members**	
10.11.1	Entities do not have any challenges in assessing whether a receivable should be impaired or derecognised.	Noted.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
10.12	**OAG, Intergovernmental Relations and Budget Office**	
10.12.1	Guidance on how to distinguish an impairment from the derecognition of a statutory receivable will be useful.	Recurring comment 2C.
10.13	**PSAF preparers (all entities applying GRAP)(session 2)**	
10.13.1	Guidance is needed to assist an entity in deciding whether a receivable should be impaired or derecognised.	Recurring comment 2C.
10.14	**PSAF auditors, consultants, academics and other technical specialists (session 2)**	
10.14.1	No comment received.	-
10.15	**SAICA National and Provincial Public Sector Committees**	
10.15.1	No comment received.	-
10.16	**SAIGA**	
10.16.1	No comment received.	-
10.17	**PSAF preparers (all entities applying GRAP)(session 3)**	
10.17.1	Guidance to assess if a statutory receivable is impaired or derecognised is needed.	Recurring comment 2C.
10.17.2	Entities are uncertain if a statutory receivable should be impaired or derecognised when conditional grant funding is receivable for more than three years. The receivable remains outstanding because the public entity is not meeting the required supply chain and procurement regulations.	Recurring comment 5.
10.18	**North West Preparers**	
10.18.1	No comment received.	-

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	**Accounting Working Committee Western Cape**	
11.1.1	No comment received.	-
11.2	**PSAF preparers (public entities and provincial treasuries) (session 1)**	
11.2.1	No challenges are experienced.	Noted.
11.3	**Parliament and provincial legislatures**	
11.3.1	No comment received.	-
11.4	**Metropolitan, non-delegated municipalities and municipal entities**	
11.4.1	No challenges are experienced.	Noted.
11.5	**Local and district municipalities**	
11.5.1	No challenges are experienced.	Noted.
11.6	**PSAF preparers (local government)(session 1)**	
11.6.1	No challenges are experienced.	Noted.
11.7	**PSAF auditors, consultants, academics and other technical specialists (session 1)**	
11.7.1	The notes to the financial statements do not always provide separate information for contractual and statutory receivables that arise from exchange and non-exchange transactions. Information disclosed about statutory receivables differs between entities.	Recurring comment 3.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
11.7.2	GRAP 108 is not clear whether information on statutory receivables should be presented as a separate line item on the face of the statement of financial position, or in notes. Guidance is only available in a Frequently Asked Question. GRAP 108 should be more specific on how statutory receivables should be presented in the financial statements.	Recurring comment 3.
11.8	**CET Colleges**	
11.8.1	Only when the statutory receivable is material will the notes to the financial statements include explanatory information about the receivable as required by GRAP 108.	Noted.
11.8.2	The face of the statement of financial position includes line items for receivables arising from exchange or non-exchange transactions while the notes to the financial statements explain whether the receivables are statutory and contractual.	Noted.
11.9	**City of Cape Town**	
11.9.1	No concerns were noted.	-
11.10	**Northern Cape preparers**	
11.10.1	Some stakeholders noted that it is challenging to separate statutory receivables from contractual receivables for presentation purposes.	Recurring comment 3.
11.11	**CIGFARO and SALGA members**	
11.11.1	Interest and other penalties are levied on outstanding receivables, and recognised as revenue in terms of GRAP 9 or GRAP 23 based on the nature of the underlying transaction. There is uncertainty about whether the interest and penalties levied should also be classified between contractual and statutory in the statement of financial performance.	Interest and penalties levied on outstanding receivables are classified based on the nature of the underlying transaction, i.e. if the underlying transaction is a non-exchange transaction, any related interest and/or penalty is also classified as non-exchange. GRAP 108 requires that the transaction amount be adjusted, after initial recognition, to reflect any accrued interest or penalties. There is no requirement in the Standards of GRAP that requires entities to explain whether items

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
		recognised in the statement of financial performance arise from contractual or statutory transactions. GRAP 1 on *Presentation of Financial Statements* explains that an entity may present information in addition to what is required in the Standards of GRAP if the information is relevant and useful to users to hold entities accountable and to make decisions.
11.11.2	Some entities are uncertain whether GRAP 108 requires statutory receivables should be presented as a separate line item on the face of the statement of financial position.	Recurring comment 3.
11.12	**OAG, Intergovernmental Relations and Budget Office**	
11.12.1	No challenges are experienced.	Noted.
11.13	**PSAF preparers (all entities applying GRAP)(session 2)**	
11.13.1	No challenges are experienced.	Noted.
11.14	**PSAF auditors, consultants, academics and other technical specialists (session 2)**	
11.14.1	No comment received.	-
11.15	**SAICA National and Provincial Public Sector Committees**	
11.15.1	There are no challenges to present statutory receivables separately from contractual and other receivables in the notes to the financial statements.	Noted.
11.16	**SAIGA**	
11.16.1	No comment received.	-
11.17	**PSAF preparers (all entities applying GRAP)(session 3)**	
11.17.1	The guidance from the FAQs on how statutory receivables should be presented in the financial statements should be included in GRAP 108.	Recurring comment 3.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
11.18	**North West Preparers**	
11.18.1	No comment received.	-

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	**Accounting Working Committee Western Cape**	
12.1.1	No comment received.	-
12.2	**PSAF preparers (public entities and provincial treasuries) (session 1)**	
12.2.1	When an entity transacts with a counter-party, the related revenue is classified as exchange or non-exchange. The receivable is then classified either as a contractual or statutory receivable. No challenges exist to determine if the transaction is exchange or non-exchange in nature.	Noted.
12.2.2	FAQ 4.8 concludes that receivables from exchange and non-exchange transactions are presented on the face of the statement of financial position. The notes to the financial statements present separate information on statutory, contractual and other receivables.	Noted.
12.2.3	As property rate receivables are material for most municipalities, it was questioned if this statutory receivable can be presented as a separate line item on the face of the statement of financial position.	Recurring comment 3.
12.3	**Parliament and provincial legislatures**	
12.3.1	No comment received.	-
12.4	**Metropolitan, non-delegated municipalities and municipal entities**	
12.4.1	No comment received.	Noted.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
12.5	**Local and district municipalities**	
12.5.1	No challenges are experienced.	Noted.
12.6	**PSAF preparers (local government)(session 1)**	
12.6.1	No challenges are experienced.	Noted.
12.7	**PSAF auditors, consultants, academics and other technical specialists (session 1)**	
12.7.1	No comment received.	-
12.8	**CET Colleges**	
12.8.1	Some Colleges noted that the statutory receivable is classified as exchange or non-exchange based on the nature of the underlying transaction. Others are uncertain when to classify revenue and the related receivable as exchange and non-exchange and questioned what criteria to consider for classifying the revenue and receivable.	The GRAP Accounting Guideline includes guidance that can be applied to assess whether the receivable arises from an exchange or non-exchange transaction. GRAP 108 requires an entity to apply the principles in GRAP 9 and GRAP 23 to classify and recognise statutory receivables as exchange or non-exchange.
12.9	**City of Cape Town**	
12.9.1	No challenges are experienced.	Noted.
12.10	**Northern Cape preparers**	
12.10.1	No comment received.	-
12.11	**CIGFARO and SALGA members**	
12.11.1	There is uncertainty about whether GRAP 108 requires entities to present statutory receivables as a separate line item on the face of the statement of financial position.	Recurring comment 3.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
12.12	**OAG, Intergovernmental Relations and Budget Office**	
12.12.1	No challenges are experienced.	Noted.
12.13	**PSAF preparers (all entities applying GRAP)(session 2)**	
12.13.1	No challenges are experienced.	Noted.
12.14	**PSAF auditors, consultants, academics and other technical specialists (session 2)**	
12.14.1	No comment received.	-
12.15	**SAICA National and Provincial Public Sector Committees**	
12.15.1	There is a concern that, because information about statutory and contractual receivables is not included on the face of the statement of financial position, users may not deem the information important, or they may not consider the information in the notes in making decisions. It was proposed that information on contractual and statutory receivables should be presented on the face of the statement of financial statements to give it more prominence.	Recurring comment 3.
12.16	**SAIGA**	
12.16.1	No comment received.	-
12.17	**PSAF preparers (all entities applying GRAP)(session 3)**	
12.17.1	No challenges are experienced	Noted.
12.18	**North West Preparers**	
12.18.1	No comment received.	-

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	**Accounting Working Committee Western Cape**	
13.1.1	No comment received.	-
13.2	**PSAF preparers (public entities and provincial treasuries) (session 1)**	
13.2.1	It will be useful if all the disclosure requirements applicable to statutory receivables are included in one Standard. The disclosure requirements from GRAP 1, GRAP 9 and GRAP 23 applicable to statutory receivables should be included in GRAP 108.	FAQ 4.15 on *What is the interaction of Standards of GRAP where two or more Standards have similar requirements?* explains that an entity needs to ensure that it complies with all the disclosure requirements in the Standards of GRAP when preparing financial statements. Guidance on the disclosure requirements applicable to statutory receivables is illustrated in the OAG's GRAP 108 Accounting Guideline.
13.3	**Parliament and provincial legislatures**	
13.3.1	No comment received.	-
13.4	**Metropolitan, non-delegated municipalities and municipal entities**	
13.4.1	No challenges are experienced.	Noted.
13.5	**Local and district municipalities**	
13.5.1	No challenges are experienced.	Noted.
13.6	**PSAF preparers (local government)(session 1)**	
13.6.1	Information about the legislation or similar means that give rise to the statutory receivable, including interest and other charges that may be levied, is included in the accounting policy note. There is uncertainty whether this information should be repeated in the disclosure note on statutory receivables.	Recurring comment 4A.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
13.7	**PSAF auditors, consultants, academics and other technical specialists (session 1)**	
13.7.1	Descriptive information on the nature of statutory receivables and how they arise is often lacking from entities' financial statements, despite GRAP 108 requiring entities to present the information.	Recurring comment 4B.
13.8	**CET Colleges**	
13.8.1	No challenges are experienced.	Noted.
13.9	**City of Cape Town**	
13.9.1	No challenges are experienced in presenting the GRAP 108 disclosures.	Noted.
13.10	**Northern Cape preparers**	
13.10.1	No comment received.	-
13.11	**CIGFARO and SALGA members**	
13.11.1	No challenges are experienced in providing the disclosure requirements required by GRAP 108.	Noted.
13.11.2	There is uncertainty about whether the information included in the statutory receivable accounting policy note, such as the legislation or similar means that give rise to the statutory receivable and how interest and other charges are levied, need to be repeated in the disclosure note.	Recurring comment 4A.
13.11.3	There is uncertainty about whether the statutory receivable disclosure note should explain all the relevant legislation or similar means that give rise to a statutory receivable.	Recurring comment 4B.
13.12	**OAG, Intergovernmental Relations and Budget Office**	
13.12.1	No challenges are experienced.	Noted.
13.13	**PSAF preparers (all entities applying GRAP)(session 2)**	
13.13.1	No challenges are experienced.	Noted.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
13.14	**PSAF auditors, consultants, academics and other technical specialists (session 2)**	
13.14.1	No comment received.	-
13.15	**SAICA National and Provincial Public Sector Committees**	
13.15.1	Information included in the disclosure note on contractual receivables is sometimes duplicated in the disclosure note on statutory receivables. As an example, when a statutory receivable is impaired, information about the key indicators, assumptions, and bases used to assess and test if the receivable is impaired is included in the disclosure note on contractual receivables. To avoid repeating information in the disclosure note on statutory receivables, a link is included to the disclosure note on statutory receivables.	Recurring comment 4A.
13.15.2	There is uncertainty whether information in the accounting policy note for statutory receivables and the disclosure note on statutory receivables should be repeated, or whether the inclusion of the cross-reference is appropriate to meet the disclosure requirements in GRAP 108.	Recurring comment 4A.
13.16	**SAIGA**	
13.16.1	No comment received.	-
13.17	**PSAF preparers (all entities applying GRAP)(session 3)**	
13.17.1	No challenges are experienced.	Noted.
13.18	**North West Preparers**	
13.18.1	No comment received.	-

NO.	COMMENT	PROJECT GROUP'S 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	**Accounting Working Committee Western Cape**	
14.1.1	A credit risk assessment for contractual receivables is already required under GRAP 104. The credit risk assessment is done irrespective of whether the receivable is contractual or statutory in nature. This approach will continue to be applied when the revised GRAP 104 becomes effective.	Recurring comment 4C.
14.2	**PSAF preparers (public entities and provincial treasuries) (session 1)**	
14.2.1	Disclosures about the nature and extent of a statutory receivable's exposure to credit risk and how liquidity risk is managed should not be introduced in GRAP 108. The Board should wait for the new GRAP 104 requirements in this area to evolve before including similar requirements in GRAP 108.	Recurring comment 4C.
14.3	**Parliament and provincial legislatures**	
14.3.1	No comment received.	-
14.4	**Metropolitan, non-delegated municipalities and municipal entities**	
14.4.1	No comment received.	-
14.5	**Local and district municipalities**	
14.5.1	No comment received.	-

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
14.6	**PSAF preparers (local government)(session 1)**	
14.6.1	Different views on disclosing information about an entity's exposure to credit risk and how liquidity risk is managed were noted. Some stakeholders are of the view that information on statutory receivables' exposure to credit risk and how liquidity risk is managed is irrelevant in the municipal environment, but is more relevant to contractual receivables. Others noted that a consumer is required to settle its debt, and that any outstanding debt will be collected when a property is sold. As such, information about exposure to credit risk and how liquidity risk is managed is useful for decision-making.	Recurring comment 4C.
14.6.2	Debtors are exposed to different types of risks. Separating a receivable between different categories to assess the risk exposure for undertaking contractual and statutory transactions, will be relevant. However, most entities do not have the resources to separate receivables between contractual and statutory.	Recurring comment 4C.
14.7	**PSAF auditors, consultants, academics and other technical specialists (session 1)**	
14.7.1	Information about the nature and extent of statutory receivables' exposure to credit risk and how liquidity risk is managed are relevant to hold entities accountable and to make decisions.	Recurring comment 4C.
14.7.2	GRAP 104 currently requires some disclosure about an entity's exposure to risk. When GRAP 108 was developed similar requirements were not introduced for statutory receivables. The arguments in the Discussion Paper on statutory receivables should be considered to confirm the reason for not requiring similar disclosures for statutory receivables.	Recurring comment 4C. Specific disclosures on an entity's exposure to credit risk were not considered in Discussion Paper 7 on *Assets and Liabilities Arising from Non-contractual Arrangements that have the Features of Financial Instruments.*

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
14.8	**CET Colleges**	
14.8.1	No comment received.	Noted.
14.9	**City of Cape Town**	
14.9.1	When the revised GRAP 104 becomes effective, the nature and extent of a consumer's exposure to credit risk and how liquidity risk is managed will be disclosed for material all receivables. As the risk assessment is made per debtor, it will be irrelevant if the receivable arises from statutory or contractual transactions.	Recurring comment 4C.
14.10	**Northern Cape preparers**	
14.10.1	No comment received.	-
14.11	**CIGFARO and SALGA members**	
14.11.1	Most of the smaller municipalities rely on government grants for service delivery. Presenting information about the nature and extent of statutory receivables' exposure to credit risk and how liquidity risk is managed will not be relevant to smaller municipalities. Users of larger municipalities, such as metropolitan municipalities may find the information more useful, because smaller municipalities mostly rely on government grants.	Recurring comment 4C.
14.11.2	Municipalities already consider their exposure to credit risk and how liquidity risk is managed when assessing its ability to continue as a going concern. There is thus no need to disclose the information as the entity's risk is assessed as part of the going concern assessment. If the exposure to credit and liquidity risk impacts the entity's ability to continue as a going concern information will be disclosed as required by GRAP 1 and GRAP 14.	Recurring comment 4C.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
14.12	**OAG, Intergovernmental Relations and Budget Office**	
14.12.1	No comment received.	-
14.13	**PSAF preparers (all entities applying GRAP)(session 2)**	
14.13.1	No comment received.	-
14.14	**PSAF auditors, consultants, academics and other technical specialists (session 2)**	
14.14.1	No comment received.	-
14.15	**SAICA National and Provincial Public Sector Committees**	
14.15.1	In the municipal environment, information about the nature and extent of a receivable's exposure to credit risk is already presented in the financial statements. The risk is assessed per debtor, irrespective of the nature of the transactions undertaken with the entity. Requiring information on the nature and extent of other statutory receivables will be relevant for accountability and to hold entities accountable.	Recurring comment 4C.
14.16	**SAIGA**	
14.16.1	No comment received.	-
14.17	**PSAF preparers (all entities applying GRAP)(session 3)**	
14.17.1	Most statutory receivables are outstanding for less than twelve months. Presenting information on the nature and extent of statutory receivables' exposure to credit risk and how liquidity risk is managed will not inform decision-making unless the risk assessment is done for specific and long outstanding statutory receivables.	Recurring comment 4C.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
14.17.2	From a municipal environment, information on exposure to credit risk and how liquidity risk is managed is not yet available. It is work-in-progress in complying with the requirements in the revised GRAP 104. The risk information will be available per consumer account, irrespective of the nature of the transactions undertaken with the entity, i.e. contractual or statutory transactions.	Recurring comment 4C.
14.18	**North West Preparers**	
14.18.1	No comment received.	-

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	**Accounting Working Committee Western Cape**	
15.1.1	No other information was noted.	Noted.
15.2	**PSAF preparers (public entities and provincial treasuries) (session 1)**	
15.2.1	No other information was noted.	Noted.
15.3	**Parliament and provincial legislatures**	
15.3.1	No comment received.	-
15.4	**Metropolitan, non-delegated municipalities and municipal entities**	
15.4.1	No comment received.	Noted.
15.5	**Local and district municipalities**	
15.5.1	No other information was noted.	Noted.
15.6	**PSAF preparers (local government)(session 1)**	
15.6.1	No other information was noted.	Noted.
15.7	**PSAF auditors, consultants, academics and other technical specialists (session 1)**	
15.7.1	No other information was noted.	Noted.
15.8	**CET Colleges**	
15.8.1	No comment received.	-
15.9	**City of Cape Town**	
15.9.1	No additional disclosure requirements were noted.	Noted.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
15.10	**Northern Cape preparers**	
15.10.1	No comment received.	-
15.11	**CIGFARO and SALGA members**	
15.11.1	No other information was noted.	Noted.
15.12	**OAG, Intergovernmental Relations and Budget Office**	
15.12.1	No other information was noted.	Noted.
15.13	**PSAF preparers (all entities applying GRAP)(session 2)**	
15.13.1	No other information was noted.	Noted.
15.14	**PSAF auditors, consultants, academics and other technical specialists (session 2)**	
15.14.1	No comment received.	-
15.15	**SAICA National and Provincial Public Sector Committees**	
15.15.1	For purposes of disclosure, some entities combine information on residual and commercial statutory receivables (property rates) in the notes to the financial statements even though there is no requirement in GRAP 108 to group statutory receivables for disclosure purposes. Some users find the information useful when assessing long outstanding government debt, especially where arrangements are in place between the municipality and a government department.	Noted. GRAP 108 requires an entity to disclose information that enables users of its financial statement to evaluate the significance of statutory receivables. An entity is required to provide information about the nature and type of statutory receivables. This information is provided by the disclosures in GRAP 9 and GRAP 23 which requires information about the revenue types. No further action is proposed.
15.16	**SAIGA**	
15.16.1	No comment received.	-
15.17	**PSAF preparers (all entities applying GRAP)(session 3)**	
15.17.1	No other information was noted.	Noted.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
15.18	**North West Preparers**	
15.18.1	No comment received.	-

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	**Accounting Working Committee Western Cape**	
16.1.1	No other matters were raised.	Noted.
16.2	**PSAF preparers (public entities and provincial treasuries) (session 1)**	
16.2.1	The OAG should compile a list of all the statutory receivables that exist in the public sector. Entities can then refer to this list to conclude if a receivable should be classified as contractual or statutory.	Recurring comment 1A.
16.3	**Parliament and provincial legislatures**	
16.3.1	No comment received.	-
16.4	**Metropolitan, non-delegated municipalities and municipal entities**	
16.4.1	No comment received.	-
16.5	**Local and district municipalities**	
16.5.1	No other matters were raised.	Noted.
16.6	**PSAF preparers (local government)(session 1)**	
16.6.1	No other matters were raised.	Noted.
16.7	**PSAF auditors, consultants, academics and other technical specialists (session 1)**	
16.7.1	No other matters were raised.	Noted.
16.8	**CET Colleges**	
16.8.1	No comment received.	-

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
16.9	**City of Cape Town**	
16.9.1	No other matters were raised.	Noted.
16.10	**Northern Cape preparers**	
16.10.1	No comment received.	-
16.11	**CIGFARO and SALGA members**	
16.11.1	No comment received.	-
16.12	**OAG, Intergovernmental Relations and Budget Office**	
16.12.1	No other matters were raised.	Noted.
16.13	**PSAF preparers (all entities applying GRAP)(session 2)**	
16.13.1	No comment received.	-
16.14	**PSAF auditors, consultants, academics and other technical specialists (session 2)**	
16.14.1	No other matters were raised.	Noted.
16.15	**SAICA National and Provincial Public Sector Committees**	
16.15.1	No other matters were raised.	Noted.
16.16	**SAIGA**	
16.16.1	No comment received.	-
16.17	**PSAF preparers (all entities applying GRAP)(session 3)**	
16.17.1	It will be helpful if a list of all types of statutory receivables can be put together as a reference for entities to ensure entities classify receivables alike.	Recurring comment 1A.
16.18	**North West Preparers**	
16.18.1	No comment received.	-

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	**Accounting Working Committee Western Cape**	
17.1.1	No comment received.	-
17.2	**PSAF preparers (public entities and provincial treasuries) (session 1)**	
17.2.1	If the ECL impairment model in GRAP 104 replaces the incurred loss model in GRAP 108, the costs of applying the model may outweigh the benefits. Entities that do not have the required skills to implement the ECL impairment model are likely to use consultants or other experts to assist with the impairment calculation. This will then result in increased costs.	Recurring comment 2B.
17.2.2	No significant costs need to be incurred to disclose the information required by GRAP 108.	Noted.
17.3	**Parliament and provincial legislatures**	
17.3.1	No comment received.	-
17.4	**Metropolitan, non-delegated municipalities and municipal entities**	
17.4.1	No comment received.	-
17.5	**Local and district municipalities**	
17.5.1	No comment received.	-
17.6	**PSAF preparers (local government)(session 1)**	
17.6.1	Costs versus benefit considerations relate to the application and implementation of GRAP 108. To classify and account for statutory receivables separate from contractual receivables is problematic for	Recurring comment 1A.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
	smaller municipalities as these municipalities do not always have sufficient funding to implement systems to meet all the accounting requirements.	
17.6.2	Debtors are exposed to different types of risks. Providing separate disclosures for contractual and statutory receivables is important to make decisions, but some entities have insufficient resources to classify receivables between contractual and statutory.	Recurring comment 1A.
17.7	**PSAF auditors, consultants, academics and other technical specialists (session 1)**	
17.7.1	No comment.	-
17.8	**CET Colleges**	
17.8.1	No comment received.	-
17.9	**City of Cape Town**	
17.9.1	No comment received.	-
17.10	**Northern Cape preparers**	
17.10.1	No comment received.	-
17.11	**CIGFARO and SALGA members**	
17.11.1	No comment received.	-
17.12	**OAG, Intergovernmental Relations and Budget Office**	
17.12.1	Additional costs should not be incurred to comply with GRAP 108 the necessary systems should be in place to classify receivables between contractual and statutory and to extract the information needed for disclosure purposes.	Recurring comment 1A.
17.2.2	Costs may increase when entities make use of consultants to assist with the preparation of their financial statements.	Noted.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
17.13	**PSAF preparers (all entities applying GRAP)(session 2)**	
17.13.1	No comment received.	-
17.14	**PSAF auditors, consultants, academics and other technical specialists (session 2)**	
17.14.1	No comment received.	Noted.
17.15	**SAICA National and Provincial Public Sector Committees**	
17.15.1	Many municipalities appoint consultants to assist with the assessment and calculation of impairment. To make the costs of reporting more effective, municipalities should avoid incurring unnecessary costs as historical information should be available about the collectability of receivables.	Noted.
17.16	**SAIGA**	
17.16.1	No comment received.	-
17.17	**PSAF preparers (all entities applying GRAP)(session 3)**	
17.17.1	No comment received.	-
17.18	**North West Preparers**	
17.18.1	No comment received.	-

GENERAL MATTERS		
NO.	**COMMENT**	**PROJECT GROUP'S PROPOSED RESPONSE**
18.1	**CET Colleges**	
18.1.1	There is uncertainty on how to account for donations received in-kind in the financial statements.	The principles in GRAP 23 should be applied to account for donations received in-kind.
18.2	**Northern Cape preparers**	
18.2.1	An audit issue was raised where auditors compared a register of properties in the municipality's name to the services billed. An audit finding was raised that the municipality is presumably billing itself. However, in these instances, it is often that the transfer of deeds has not been finalised with the deeds office. The municipality does not control the property. The services on those properties are to outside parties and should be recognised as such by the municipality.	The comment will be shared with the AGSA IGRAP 18 on *Recognition and Derecognition of Land* provides guidance on accounting for land.
18.3	**CIGFARO and SALGA members**	
18.3.1	Currently, there is no GRAP Standard that provides guidance on the repayment of unspent conditional grants. Some entities are uncertain how to account for the repayment of unspent conditional grants in the absence of guidance.	Recurring comment 5.
18.3.2	Some stakeholders questioned what actions are available to a municipality to collect outstanding debt.	Noted. This is an application issue that cannot be resolved through the Standards of GRAP.
18.4	**OAG, Intergovernmental Relations and Budget Office**	
18.4.1	Some entities need additional time to comply with all the disclosure requirements in GRAP 108.	Noted. As the transition provisions for the adoption of GRAP 108 have already expired, entities are already required to comply with the disclosure requirements in GRAP 108. Exemptions to comply with a Standard of GRAP are only granted by the Minister of Finance.

PART II – SUMMARY AND ANALYSIS OF VERBAL 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	**Accounting Working Committee Western Cape**	
1.1.1	No comment received.	-
1.2	**OAG, Intergovernmental Relations and Budget Office**	
1.2.1	See comment to question P8.	Recurring comment 2B.
1.3	**KZN CIGFARO and SALGA**	
1.3.1	No comment received.	-
1.4	**Reserve Bank**	
1.4.1	No comment received.	-
1.5	**Municipal Audit Committee members and Councillors**	
1.5.1	No comment received.	-
1.6	**SAICA National and Provincial Public Sector Committees**	
1.6.1	No comment received.	-

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	**Accounting Working Committee Western Cape**	
2.1.1	No comment received.	-
2.2	**OAG, Intergovernmental Relations and Budget Office**	
2.2.1	Providing separate information on contractual and statutory receivables in the notes to the financial statements is useful as the receivables are accounted for differently.	Noted
2.3	**KZN CIGFARO and SALGA**	
2.3.1	Receiving separate information about contractual and statutory receivables is useful.	Noted.
2.3.2	Some entities continue to have challenges in distinguishing contractual receivables from statutory receivables, especially when a transaction is governed by legislation or similar means and subsequently initiated by a contract.	Recurring comment 1A.
2.3.3	Preparers are unsure whether VAT should be classified as a contractual or statutory receivable.	Recurring comment 1A.
2.4	**Reserve Bank**	
2.4.1	For decision-making purposes, information about contractual and statutory receivables is not considered in isolation. Decisions are based on a outstanding receivable balance, irrespective of whether it arises	Noted.

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
	from an exchange or non-exchange transaction, or whether it is contractual or statutory in nature. However, information on whether receivables arise from an exchange or non-exchange transaction is sometimes used to make decisions.	
2.5	**Municipal Audit Committee members and Councillors**	
2.5.1	No comment received.	-
2.6	**SAICA National and Provincial Public Sector Committees**	
2.6.1	As information about statutory and contractual receivables is not included on the face of the statement of financial position, users may not deem the information important, or they may not consider the information in the notes to make informed decisions. It may be better to present information on contractual and statutory receivables on the face of the statement of financial statements for it to have more prominence.	Recurring comment 3.

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	**Accounting Working Committee Western Cape**	
3.1.1	No comment received.	-
3.2	**OAG, Intergovernmental Relations and Budget Office**	
3.2.1	No comment received.	-
3.3	**KZN CIGFARO and SALGA**	
3.3.1	The disclosure requirements are relevant to hold entities accountable and to make decisions.	Noted.
3.4	**Reserve Bank**	
3.4.1	No comment received.	-
3.5	**Municipal Audit Committee members and Councillors**	
3.5.1	No comment received.	-
3.6	**SAICA National and Provincial Public Sector Committees**	
3.6.1	No comment received.	-

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	**Accounting Working Committee Western Cape**	
4.1.1	No comment received.	-
4.2	**OAG, Intergovernmental Relations and Budget Office**	
4.2.1	No comment received.	-
4.3	**KZN CIGFARO and SALGA**	
4.3.1	No comment received.	-
4.4	**Reserve Bank**	
4.4.1	Information about the nature and extent of a receivable's exposure to credit risk and how liquidity risk is managed is not currently considered when making decisions. The risk of debtors not settling their debt is bigger in the local government environment. Other decision-makers, such as the National Treasury may be more interested in information on credit and liquidity risk to assess the impact on the collectability of outstanding debt.	Recurring comment 4C.
4.5	**Municipal Audit Committee members and Councillors**	
4.5.1	No comment received.	-
4.6	**SAICA National and Provincial Public Sector Committees**	
4.6.1	No comment received.	-

NO.	COMMENT	PROJECT GROUP'S PROPOSED RESPONSE
Question U5 **What other information on statutory receivables do you think will be relevant to hold entities accountable and to make decisions?** **Please explain why this information will be relevant.**		
5.1	**Accounting Working Committee Western Cape**	
5.1.1	No comment received.	-
5.2	**OAG, Intergovernmental Relations and Budget Office**	
5.2.1	No comment received.	-
5.3	**KZN CIGFARO and SALGA**	
5.3.1	No additional information was noted.	Noted.
5.4	**Reserve Bank**	
5.4.1	No comment received.	-
5.5	**Municipal Audit Committee members and Councillors**	
5.5.1	No comment received.	-
5.6	**SAICA National and Provincial Public Sector Committees**	
5.6.1	No comment received.	-

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	**Accounting Working Committee Western Cape**	
6.1.1	No comment received.	-
6.2	**OAG, Intergovernmental Relations and Budget Office**	
6.2.1	No comment received.	-
6.3	**KZN CIGFARO and SALGA**	
6.3.1	No comment received.	-
6.4	**Reserve Bank**	
6.4.1	No comment received.	-
6.5	**Municipal Audit Committee members and Councillors**	
6.5.1	No comment received.	-
6.6	**SAICA National and Provincial Public Sector Committees**	
6.6.1	No comment received.	-

GENERAL MATTERS		
NO.	**COMMENT**	**PROJECT GROUP'S PROPOSED RESPONSE**
7.1	**OAG, Intergovernmental Relations and Budget Office**	
7.1.1	When GRAP 108 became effective, some entities were unaware of the Standard becoming effective. The financial statements therefore did not separate contractual receivables from statutory receivables. The financial statements also did not have a separate accounting policy for statutory receivables.	Noted.
7.1.2	Even though some entities separate contractual receivables from statutory receivables in their financial statements, disclosure information on statutory receivables is lacking. For example, information on the impairment of the statutory receivable and age analyses are not presented in the notes to the financial statements.	Recurring comment 4B.
7.1.3	When entities do not have supporting documentation as evidence that no impairment indicator was triggered, it is difficult to conclude if management has considered whether a statutory receivable should be impaired. The lack of supporting documentation is a concern.	Noted. This is an application issue that cannot be addressed in the Standard.
7.1.4	Some software programs do not separate receivables between statutory and contractual in the notes to the financial statements.	Recurring comment 3.