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TO:	**MEMBERS OF THE BOARD**
FROM:	**ELIZNA VAN DER WESTHUIZEN**
SUBJECT:	**SOCIAL BENEFITS**
DATE:	**5 MARCH 2026**
FILE REF:	**ATTACHMENT 4(a)**

BACKGROUND AND OBJECTIVE

1. The Board exposed ED 214 *Proposed Standard of GRAP on Social Benefits – Limited Scope Amendments* in August 2025 with a closing date of 14 November 2025. ED 214 was issued because in one area, the Board's analysis of the comment received on ED 205 *Proposed Standard of GRAP on Social Benefits* resulted in a significant change to the proposals of ED 205. The Board approved all other areas of the Standard of GRAP on *Social Benefits* at the time of considering the comment received on ED 205.

2. The project groups and Technical Committee considered all the comment received on ED 214 and the analyses and responses to verbal and written comment. The Technical Committee recommended the Standard of GRAP on *Social Benefits* (GRAP 111) to the Board for approval.

3. The purpose of this memorandum is for the Board to consider the consultation process followed, the proposed response to key comment received on ED 214, and the final Standard of GRAP on *Social Benefits* (GRAP 111) [attachment 4(b)] for approval.

OVERVIEW OF THE CONSULTATION PROCESS

How did the Secretariat raise awareness of ED 214?

4. A Notice was published in the Government Gazette on 15 August 2025 (Notice 53155) with a comment period that closed on 14 November 2025.

5. The Secretariat actively raised awareness about ED 214 in the following ways:

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

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

(c) informed stakeholders through various engagements and forums, such as the Public Sector Accounting Forum and GRAP update sessions.

6. The Secretariat is of the view that sufficient awareness of ED 214 was raised.

Were all the key stakeholders consulted?

7. The Secretariat held 7 virtual roundtable discussions with preparers, auditors, consultants and other interested parties during the consultation period. The roundtables included engagements with specific preparers and auditors of entities that are likely to account for or audit benefits in the scope of the ED. Stakeholders submitted 9 written responses to ED 214. Two of these were submitted through the Knowledge Hub.

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

ACTIONS REQUESTED #1

The Board is requested to NOTE the consultation process followed.

KEY ISSUES FOR CONSIDERATION

9. No significant or new issues were raised in response to ED 214. Respondents supported the change that the next point of verification of substantive ongoing eligibility criteria is not considered in measuring social security insurance benefit liabilities. This approach aligns with users' information needs and reflects the characteristics of the benefits.

10. Respondents to ED 214 also commented on matters that were outside the scope of the ED, as follows:

- One matter related to measuring social assistance benefit liabilities was raised by more than one respondent, and one respondent sought clarity on the level of aggregation in measuring liabilities. More information on these matters is included below.
- The UIF submitted a letter to the Secretariat after the project group meeting, noting a number of issues with the Standard they consider to be outstanding. This is also discussed below.

11. The changes proposed to ED 214 are limited to documenting the rationale for the proposed responses to the comment above in the basis for conclusions, paragraphs BC59. and BC60. These are explained below.

Availability of information to reliably measure social assistance benefit liabilities

12. A minority of respondents questioned the assertion that an entity may not have detailed information about the beneficiaries of social assistance benefits to reliably measure the liability beyond the next point of verification of substantive ongoing eligibility criteria. These respondents included an official from the Department of Social Development and an official from the Northern Cape Provincial Treasury. A member of the AGSA's TAS unit noted that if the information is not available, it ought to be from a good governance perspective, and for broader decision-making purposes.

13. Further discussions with the official from the Department of Social Development confirmed that a certain level of information is available and is used for statistical and macro-economic planning purposes. While this by-and-large addresses the concern of the member of the AGSA's TAS unit, it is unclear if the information is sufficiently detailed and accurate to enable a reliable measure of the liability beyond what is proposed by the Standard at this time.

14. The Technical Committee proposes that the Board retains the proposals for social assistance benefits in ED 205 and ED 214 and reconsider the issue in future once practice is established, for the following reasons (which have been added as paragraph BC59.):

    - This was supported by respondents to ED 205 and the majority of respondents to ED 214.
    - It is anticipated that accounting for social assistance benefits in accordance with the proposals in ED 205 and ED 214 requires notable changes from current practice, as the majority of the benefits are accounted for per the Modified Cash Standard (MCS) and no liability is currently estimated.
    - Since the Standard provides new guidance, there may be benefit in allowing time for practice to develop before requiring a more extensive approach to measure liabilities for social assistance benefits. The proposals in ED 214 provide some relief in measuring social assistance benefits, which could be revisited in future when practice is established and/or departments move from the MCS to Standards of GRAP. The type of information currently available may vary significantly from one social assistance benefit to another and not all social assistance benefits that may be in scope of the Standard may be known at this stage.

15. Two further considerations are that the comment does not relate to changes proposed in ED 214 - the Board already approved the requirements for social assistance benefits, and the Secretariat continues to receive questions from oversight structures about the delay in finalisation of the Standard.

Level of calculation of liability

16. One other matter was added to paragraph BC60. A respondent noted that the proposed requirements may be understood to require that a separate estimate is required to be calculated for each potential and confirmed application, which is onerous.

17. The Standard does not include any explicit guidance on the level of aggregation required when recognising or measuring the liability. The Technical Committee agreed the liability may be estimated at an aggregated level for similar applications and that it is not necessary to provide explicit guidance on this in the Standard. This is consistent with other Standards of GRAP, such as GRAP 19 on *Provisions, Contingent Liabilities and Contingent Assets* and GRAP 25 on *Employee Benefits*.

UIF letter

Due process

18. The UIF attended some of the roundtable discussions and is part of the preparers' project group. All comments received at roundtable discussions have been considered and responded to. These are documented in the analysis and responses to verbal

comment to ED 205 and ED 214. The purpose of the project groups is to consider the Secretariat's proposed response to the verbal and written comment received on the EDs and recommend those to the Technical Committee for consideration. All comments provided at the project groups are recorded in the minutes and were considered by the Technical Committee.

19. The letter submitted by the UIF contains comments they regard as "outstanding matters" on the Standard of GRAP on *Social Benefits* (GRAP 111) and were not provided in response to ED 205 or ED 214. To ensure these are documented as part of the project, these will be captured in the analysis and responses to written comment to ED 214.

Considering and responding to the issues

20. The "outstanding matters" were found to relate to matters that (i) are addressed in GRAP 111 or through other projects, (ii) relate to interaction with legislation and actuarial terminology and (iii) relate to understanding the information provided to users.

21. The Technical Committee agreed no changes are required to GRAP 111 as a result of the letter. The following actions will be taken to address the issues:

- the Secretariat will meet the UIF to explain the ASB's due process, the role of the Standard and the guidance available that addresses some of the issues; and
- any remaining issues will be considered as part of the work of the Reference Group.

Review of GRAP 111

22. The Standard of GRAP on *Social Benefits* is numbered GRAP 111. Although IPSAS 42 *Social Benefits* was used as a starting point, the Standard of GRAP is not an IPSAS equivalent as the approach and accounting requirements differ significantly. The upfront acknowledgement of IPSAS 42 is retained because there are areas where text from IPSAS 42 was used, e.g. the definitions but GRAP 111 does not include a *Comparison with IPSAS 42*.

23. The Standard of GRAP on *Social Benefits* is provided as attachment 4(b) for the Board's review and approval.

ACTIONS REQUESTED #2

The Board is requested to:

(a) CONSIDER the proposed responses to the issues discussed above and related amendments to the basis for conclusions;

(b) REVIEW the final Standard of GRAP on *Social Benefits* [attachment 4(b)]; and

(c) if deemed appropriate, approve it.

RE-EXPOSURE OF ED 214

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

25. There are no amendments proposed to the principles of ED 214. The changes are limited to adding the Board's considerations to the basis for conclusions.

26. As a result, it is not considered necessary to re-expose ED 214.

ACTIONS REQUESTED #3
The Board is requested to CONFIRM the conclusion on re-exposure of ED 214.

NEXT STEPS

27. Once the final Standard of GRAP on *Social Benefits* is approved by the Board, the next phase to develop the transitional provisions and proposed effective date will commence.