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

TO: MEMBERS OF THE TECHNICAL COMMITTEE

FROM: ELIZNA VAN DER WESTHUIZEN

SUBJECT: SOCIAL BENEFITS

DATE: 19 FEBRUARY 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. All the comments received on ED 214 are captured in the analyses and responses to verbal and written comment, together with the Project Groups' proposed responses. The minutes of the project group meetings are included as attachments 4(d) and 4(e) for information purposes.

3. The purpose of this memorandum is for the Technical Committee to consider the following, for recommendation to the Board:

   a. the consultation process followed;

   b. the analyses and responses to verbal and written comment on ED 214 [attachments 4(b) and 4(c)]; and

   c. the final Standard of GRAP on *Social Benefits* (GRAP 111) [attachment 4(f)].

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 Technical Committee is requested to NOTE the consultation process followed.

KEY ISSUES FOR CONSIDERATION

9. No significant or new issues were raised in response to ED 214. Respondents mostly supported the change that the next point of verification of substantive ongoing eligibility criteria is only considered in measuring social assistance benefits and not social security insurance benefits. This approach aligns with users' information needs and reflects the characteristics of the benefits. One matter was raised by more than one respondent, and more information on this matter is included below. The Secretariat received a written letter from the UIF after the project group meeting, noting issues with the Standard they consider to be outstanding. This is also discussed below.

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

Availability of information to reliably measure social assistance benefit liabilities

11. A minority of respondents questioned the assertion that the entity may not have detailed information about the beneficiaries 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.

12. The Secretariat further discussed the matter with the official from the Department of Social Development. It was confirmed that information is available and is used for statistical and macro-economic planning purposes. This by-and-large addresses the

concern of the member of the AGSA's TAS unit, but does not mean that the liability can be reliably measured for financial statement purposes at this time.

13. A review of the latest financial statements of the Department (2024/25) confirmed that currently the only information provided about a liability for social assistance benefits provided relates to cash flow transactions e.g. recoupment of overpayments.

14. The project groups proposed that, on balance, the Board retain the proposals for social assistance benefits in ED 205 and ED 214, 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.

15. It should further be noted that the comment raised does not relate directly to any changes proposed in ED 214. ED 214 only proposed to change the requirements for social security insurance benefit liabilities. The Board already approved the requirements for social assistance benefits. It should also be noted that the Secretariat continues to receive questions from oversight structures, such as SCoF and SCoPA, about the finalisation of the Standard and the project groups agreed not to delay it further.

UIF letter

Due process

16. The UIF attended some of the roundtable discussions and is part of the preparers' project group. All comments received at roundtable discussions are documented in the analysis and responses to verbal comment [attachment 4(b)]. The purpose of the project groups is to consider the Secretariat's proposed response to the verbal and written comment received on the ED, and recommend those to the Technical Committee for consideration. All comments provided at the project group are recorded in the minutes [attachment 4(e)].

17. The letter submitted by the UIF includes their comments on ED 205 and ED 214. Many of the comments in their letter were not previously provided at roundtables or in writing.

Considering the issues

18. Given the importance of the UIF as a stakeholder in this project, the Secretariat analysed the nature of the comments received from them as follows:

a) Matters that are addressed in this Standard or through other projects (scope of in-kind benefits and transfers that do not address a social risk, distinguishing social assistance from social security insurance benefits based on how they are funded).

b) Interaction with other literature (PFMA section 38(1)(a) and Treasury Regulations 29.1.1, actuarial terminology).

c) Impact on information provided to users (disclosure on volatility of the liability).

19. The Secretariat does not consider it necessary to propose any changes to the Standard because of the letter. The Secretariat proposes to address these issues by:

- meeting the UIF to explain the due process, the role of the Standard and the guidance available that already addresses some of the issues; and
- considering any remaining issues as part of the work of the Reference Group.

Other matters

Level of calculation of liability

20. 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.

21. The Standard does not include any explicit guidance on the recognition and measurement of the liability at an individual application level versus an aggregated level. The project groups agreed the liability may be estimated at an aggregated level for similar applications. Guidance in other Standards of GRAP, such as GRAP 19 on *Provisions, Contingent Liabilities and Contingent Assets* and GRAP 25 on *Employee Benefits,* was considered and is also not explicit about this. The project groups propose to retain the approach in ED 214, similar to other Standards of GRAP dealing with liabilities.

GRAP number

22. The Secretariat assessed the differences between the proposed final Standard and IPSAS 42 on *Social Benefits* and found them to be substantive. The Secretariat concludes that, although IPSAS 42 was used as a starting point, the proposed Standard of GRAP is not an IPSAS equivalent. The Standard will therefore be numbered GRAP 111 on *Social Benefits.* The upfront acknowledgement of IPSAS 42 is retained because there are areas where text from IPSAS 42 was used, e.g. the definitions. This approach is similar to other Standards in the 100-series, e.g. GRAP 105 to GRAP 107 on transfers of functions and mergers. GRAP 111 does not include a *Comparison with IPSAS 42*, as the approach and accounting requirements differ significantly.

ACTIONS REQUESTED #2

The Technical Committee is requested to:

(a) CONSIDER the proposed responses to the issues discussed above and related amendments to the basis for conclusions [attachments 4(b), 4(c) and 4(f)];

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

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

RE-EXPOSURE OF ED 214

23. 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.

24. 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.

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

ACTIONS REQUESTED #3

The Technical Committee is requested to CONSIDER and, if deemed appropriate, RECOMMEND the conclusion on re-exposure of ED 214 to the Board.

NEXT STEPS

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