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TO: MEMBERS OF THE TECHNICAL COMMITTEE

FROM: ELIZNA VAN DER WESTHUIZEN

SUBJECT: ASB WORK PROGRAMME 2027 - 2029

DATE: 19 JUNE 2025

FILE REF: ATTACHMENT 5(a)

BACKGROUND AND OBJECTIVE

1. The ASB published ED 211 on *ASB Work Programme Consultation for 2027 - 2029* in October 2024. The comment deadline was 14 March 2025. The purpose of this memorandum is to provide a high-level analysis of the comments received and recommend activities and projects to be undertaken in the period 1 April 2026 to 31 March 2029. An indicative work programme is included as attachment 5(d).

2. The analyses of written and verbal responses received from stakeholders are included as attachments 5(b) and 5(c) 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 due process followed; and

   b. the proposed work programme for 2027 - 2029.

OVERVIEW OF THE CONSULTATION PROCESS

How did the Secretariat raise awareness of ED 211?

4. A Notice was published in the Government Gazette on 8 November 2024 (Notice 51526) with a comment period that closed on 14 March 2025.

5. The Secretariat actively raised awareness about ED 211 in the following ways:

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

   (b) developed a questionnaire which was shared on the ASB website and with specific stakeholders; 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 211 was raised.

Were all the key stakeholders consulted?

7. The Secretariat held 11 virtual roundtable discussions with preparers, auditors, consultants and other interested parties during the consultation period and a further two sessions to raise awareness about the ED. Stakeholders submitted 31 written responses to ED 211, with 20 of these being responses to the questionnaire and 1 submission on the GRAP Knowledge Hub.

8. The Secretariat is of the view that all the key stakeholders with an interest in the work of the Board had sufficient opportunity to participate in the due process.

PROPOSED WORK PROGRAMME 2027 TO 2029

OVERVIEW OF RESPONSES

Lack of awareness

9. The Secretariat's key takeaway from the responses to ED 211 is that stakeholders are unaware of the Board's activities (completed, ongoing and planned) as well as the guidance that exists.

10. The questionnaire (see paragraph 5(b)) included a question on how familiar stakeholders are with the ASB and its activities, on a scale of 1 to 10. The average response from 20 respondents was 7.1. The lowest score given was 4. It should be noted that a certain level of awareness can be assumed by these stakeholders who responded to the survey.

11. It is therefore important that activities in the 2027 - 2029 period are focused on raising awareness of the Board's work and guidance that already exists. This can primarily be done through communication activities. The Secretariat is currently developing a communication strategy and plan, which will consider the feedback received on ED 211. Communication activities are included as an item in the indicative work programme.

12. Some respondents suggested ways in which the Secretariat could raise awareness with stakeholders, which can be considered. For example, stakeholders recommended using our existing networks, such as the PSAF, to enhance awareness of the ASB's material within their broader networks. There was also a request from numerous respondents for the Secretariat to increase the number of engagements with stakeholders. This will be considered in the communication strategy and plan.

Delays with the Minister of Finance

13. Some of the issues raised by stakeholders relate to work that the Board completed, but the Minister of Finance must still determine the effective date.

14. With the recent changes to Directive 5 on *Determining the GRAP Reporting Framework* and most of the Board's work now relating to amendments to the Standards (rather than new Standards), it means that stakeholders cannot use the guidance until the Minister of Finance determines the effective date.

15. The revised timelines for submissions in the latest MOU signed with the OAG should assist to speed up the process, but this will continue to be an area that the Secretariat will monitor closely.

Positive feedback

16. There was overall support for the theme of the work programme - *Financial reporting for a capable state.* Stakeholders also supported the direction proposed in the work programme consultation, which is to focus the ASB's activities on stakeholder engagement and support with less development of new and amended Standards of GRAP.

17. The Board should be encouraged by many respondents complimenting the work of the Board and Secretariat. This indicates that many of the current activities meet the needs of our stakeholders and should be continued with.

CAPACITY TO UNDERTAKE PROJECTS

18. Before considering the specific projects that could be undertaken in the 2027 - 2029 period, the ASB's capacity should be considered.

Indicative work programme 2027 to 2029

19. The Secretariat developed an indicative work programme for 2027 – 2029 (attachment 5(d)) based on the Secretariat and Board's capacity. The work programme includes:

    (a) work that rolls over from the 2024-2026 work programme;

    (b) pre-committed projects and activities; and

    (c) routine activities.

20. Based on the above, the Secretariat proposes that the ASB has capacity to undertake **one new project** in the 2027 - 2029 period. The proposal on the specific project to undertake is discussed in the next section below.

21. The following should be noted on how the capacity for any new project(s) was determined:

    - The 2024 - 2026 work programme included work that could be undertaken if another standard-setter was appointed. This was not the case. Furthermore, for various reasons (such as complex projects that require more consultation and analysis than expected, delays with IPSASB projects and staff resources being directed at support initiatives) some of the projects on the 2024 – 2026 work programme were delayed. For these reasons, there is a significant amount of work that rolls over from the 2024 - 2026 work programme.

    - Based on the current organisational structure of 3 full-time standard-setters, 3 to 6 projects can be undertaken per year (excluding the work allocated to the Head of Technical). It is possible that an additional standard-setter is appointed in the 2027 – 2029 period. This has not been planned for in the indicative work programme. Should this materialise and the standard-setter be available to undertake financial reporting projects, the Secretariat proposes to utilise this resource for the planned communication and support activities.

- The indicative work programme includes all work related to projects (e.g. research, EDs, final pronouncements, review reports, etc.). In some instances, the next phase is uncertain and depends on the outcome of research. In these instances, no further work is planned. Where a next phase is anticipated (e.g. guidance will be developed albeit the format is yet to be determined), this has been planned for. Specifically:
    - No standard-setting work from the post-implementation review of GRAP 108 *Statutory Receivables* is included for the 2027 – 2029 period. This is discussed further in attachment 3(a).
    - It is anticipated that the initial research phase of the project on transfer expenses will result in the development of authoritative guidance. The approved project brief does not yet include the timelines for developing this guidance. A project brief for this next phase will be presented to the Board for approval closer to the time. The Secretariat provided for a longer than normal period of time to analyse the responses to the ED, since this is anticipated to be a complex project.
    - It is anticipated that the initial research phase of the project on revenue will result in the amendment of authoritative guidance.
- A project is included on sustainability-related uncertainties in the financial statements. Although it may be possible to undertake this work as part of the Improvements projects – for example, the work of the IASB on climate-related and other uncertainties in the financial statements resulted in non-authoritative guidance – the Secretariat proposes to include a more general item to ensure there is capacity for future work the IASB and IPSASB may do. Some of the work could also be developed as staff guidance.

ACTIONS REQUESTED #1

The Technical Committee is requested to CONSIDER the proposed indicative work programme and the Secretariat's proposal in paragraph 20 that one new project can be added.

SPECIFIC PROJECT(S) AND ACTIVITIES TO UNDERTAKE IN 2027 – 2029

22. Stakeholders responded with various potential projects and activities that the Board and Secretariat could undertake in the period. The detailed responses are included in attachments 5(b) and 5(c).

International alignment project

23. The Board proposed in ED 211 that it could undertake one international alignment project and put forward (a) Leases, or (b) Update the Conceptual Framework.

<u>Leases</u>

24. Seventeen respondents supported aligning GRAP 13 on *Leases* with IPSAS 43 on *Leases*. A further three respondents noted existing issues that should be resolved (classification of leases and accounting for concessionary leases), which could be

resolved by the guidance in IPSAS 43. Only one respondent indicated the work should not be undertaken, because of entities' lack of capacity to implement the change.

<u>Update the Conceptual Framework</u>

25. Eleven respondents supported this work and noted the benefits of aligning the conceptual foundations for standard-setting with the latest international requirements.

<u>Other projects</u>

26. Five respondents recommended that work be undertaken to review and enhance presentation of financial statements.

<u>Recommendation</u>

27. The Secretariat proposes to add a project on leases to the work programme. There seems to be a more urgent need to work on leases than update the Conceptual Framework, and there is a link between the work already planned on revenue and leases. The timeline of the IPSASB's current work on presentation of financial statements is uncertain since the project is still in the initial phase and there are already delays in the planned timelines for the project. Since the IPSASB's project seeks to explore public sector options for presentation, it is considered best to start local work only after the IPSASB's project is finalised.

28. The ASB's website and YouTube Channel contain guidance on the Conceptual Framework and presentation of financial statements, in the form of FAQs, a research paper and recordings. The Secretariat proposes to raise awareness about these resources.

Maintenance activities (respond to local issues and review of the Standards)

29. The Board mostly did not include any specific area of work in the work programme consultation and asked open questions to respondents. An area where specific work was proposed is to review the application of materiality. Varied feedback was received from stakeholders on maintenance activities.

30. The Secretariat does not propose to add any specific standard-setting projects to the work programme. Instead, the Secretariat proposes to address the issues through communication, awareness and education activities. These activities could be undertaken in collaboration with others, such as the OAG and professional bodies. Also refer to attachment 6(b) for the proposed 2025/26 plan for *Education material for preparers*. The detailed proposed responses are included in attachments 5(b) and 5(c). The Secretariat's proposals in areas where there was commonality in the responses from stakeholders are summarised below.

<u>GRAP 17 on *Property, Plant and Equipment* and other non-current assets</u>

31. Respondents mostly noted issues with accounting for property, plant and equipment (infrastructure assets) and other non-current assets. In some instances, specific areas of difficulty were noted, while other respondents broadly noted difficulties in applying GRAP 17 and other non-current asset Standards. There were also comments on difficulties with GRAP 32 on *Service Concession Arrangements.*

32. Many initiatives have been undertaken in the past to respond to these types of issues, such as the Board's post-implementation review of GRAP 16 on *Investment Property*

and GRAP 17, guidance and material that support asset management from the OAG, a "deep dive" into asset issues by the AGSA, etc. However, the issues remain.

33. The Secretariat proposes to develop guidance that combines or references the existing guidance on the lifecycle of assets, particularly infrastructure assets. The guidance could consider the funding (e.g. grants), construction and development of assets / work in progress, revaluations, depreciation and impairment. The guidance could also broadly address assessing types of arrangements, such as principal-agent arrangements, construction contracts and service concession arrangements. Guidance already exists for at least parts of the lifecycle and types of arrangements, which can be incorporated into this piece of work. This could be considered with the OAG and other stakeholders.

Review of GRAP 110 *Living and Non-living Resources*

34. Four respondents noted inconsistent application of the Standard. Given the unique nature of the Standard and its limited applicability, the Secretariat proposes to workshop the Standard with the limited number of entities that use it, e.g. Parks Boards.

Review of GRAP 3 *Accounting Policies, Changes in Accounting Estimates and Errors*

35. Four respondents noted difficulties with applying GRAP 3. The Secretariat also continues to receive queries on the application of GRAP 3. The Secretariat proposes to address the issues through a combination of:

(a) the Improvements project (aligning with changes from international standard-setters);

(b) raising awareness of existing guidance, e.g. FAQs and YouTube recordings on developing accounting policies; and

(c) developing new staff guidance on changes in estimates, accounting policies and errors.

Materiality

36. Respondents shared mixed views about the Board undertaking work on materiality:

- Fourteen respondents supported this work, with one indicating that the work could be undertaken at the same time as updating the Conceptual Framework.
- Two respondents were somewhat supportive of the work but cautioned that the work should be undertaken with caution, noting the issues may not be within the Board's ambit to resolve.
- Ten respondents were not in favour of the work, mostly because they did not think it was necessary.

37. On balance, the Secretariat proposes to not include a project on materiality in the 2027 - 2029 work programme. Instead, the Secretariat proposes to:

(a) consult stakeholders on the IPSASB's work on materiality that will be undertaken in the period; and

(b) continue with awareness and education activities on materiality, to enable the application of the Guideline on *The Application of Materiality to Financial Statements.*

Financial instruments

38. Some respondents recommended that the Board undertakes a post-implementation review of GRAP 104 on *Financial Instruments* to ensure that the new requirements are applied as intended and any issues can be resolved.

39. The GRAP 104 Reference Group is planned to continue until 31 March 2026. Instead of a post-implementation review, the Secretariat proposes to extend the work of the group by two years, to 31 March 2028. The Secretariat would need to procure the services of an external service provider for this purpose. It is anticipated that during the extended period, the group will primarily focus on dealing with practical issues that arise during the implementation.

Sustainability reporting

40. A number of respondents asked about the Board's role in developing sustainability reporting standards. The Secretariat proposes to approach the OAG to publish a joint communication on the local stance of sustainability reporting, and what entities may consider in the current environment.

Other feedback and recommendations

41. Respondents provided other feedback for consideration. The feedback includes:

- Develop practical examples and summaries of Standards and link Standards to areas of the financial statements.
- Host more outreach events and increase stakeholder engagement and awareness activities.
- Develop guidance on applying new Standards.
- Develop guidance on irregular, unauthorised and fruitless and wasteful expenditure.
- Ensure auditors understand requirements in the same way as preparers.
- Develop a national consolidated database for audit findings, including management's responses and the lessons learned.
- Establish an equivalent of the IPSAS Application Group locally.

42. The Secretariat proposes to communicate activities that are outside the ASB's mandate to the OAG and others such as the AGSA and professional bodies. Activities that are within the ASB's mandate will be considered as part of the Secretariat's support, outreach and communication activities. The Secretariat will also continue to work with the OAG to develop content for the GRAP Knowledge Hub.

ACTIONS REQUESTED #2

The Technical Committee is requested to CONSIDER the Secretariat's proposals

(a) in paragraph 27 that a project on leases be added to the work programme;

(b) in paragraph 28 on other activities related to international work;

(c) in paragraphs 30 to 39 on maintenance and other activities;

(d) in paragraph 40 on sustainability reporting; and

(e) in paragraph 42 on other feedback

and, if considered appropriate, RECOMMEND them to the Board for consideration.

NEXT STEPS

43. The Secretariat will develop communication material on the work programme after the Board's approval in July 2025. The Technical Committee and Board will consider the project briefs for the 2026/27 year in September 2025, if any.