



Accounting Standards Board



**ANNUAL PERFORMANCE PLAN FOR THE
FISCAL YEAR ENDING ON 31 MARCH 2020
DATE OF TABLING: MARCH 2019**

Foreword

The ASB is responsible for setting Standards of GRAP for all spheres of the public sector. The Board also performs any function incidental to advancing financial reporting in the public sector.

The Annual Performance Plan is aimed at setting policy priorities for the ASB for the next financial year in accordance with its legal mandate to enable the ASB's performance to be monitored.

Official Sign-Off

It is hereby certified that this Annual Performance Plan:

- Was developed by the management of the ASB under the guidance of the Minister of Finance.
- Was prepared in line with the current Strategic Plan of the ASB.
- Accurately reflects the performance targets which the ASB will endeavour to achieve given the resources made available in the budget for the financial year ending on 31 March 2020.

Erna Swart

Chief Executive Officer



Vincent Ndzimande

Chairperson



pART A STRATEGIC OVERVIEW	4
1. Vision.....	4
2. Mission.....	4
3. Updated situational analysis.....	4
3.1 Strategic planning process.....	4
3.2 Local financial reporting environment.....	4
3.3 International standard-setting environment.....	8
3.4 Funding.....	9
3.5 Organisational environment.....	10
3.6 Revisions to legislative and policy mandates	10
4. Revisions to legislative and policy mandates	12
4.1 Relating expenditure trends to strategic oriented outcome goals.....	12
4.2 Planned initiatives	12
5. Overview of 2020 budget and MTEF estimates	13
5.1 Expenditure estimates (R'000).....	13
5.2 Relating expenditure trends to strategic oriented outcome goals.....	15
5.3 Quarterly budgeted projections 2019-2020 (R)	18
PART B: PROGRAMME PLAN	19
6. Strategic outcome oriented goal of the institution.....	19
6.1 Our strategic outcome oriented goal is as follows:	19
6.2 Programme performance indicators and annual targets for 2019-2020	19
6.3 Quarterly targets for 2019-20.....	20
PART C: LINKS TO OTHER PLANS	23
7. Links to long term infrastructure and other capital plans.....	23
8. Conditional grants	23
9. Public entities.....	23
10. Public private partnerships.....	23
Annexure A - Changes to Strategic Objectives and Performance Indicators listed in Strategic Plan	24
Annexure B - Risk management	28
Annexure C - Work Programme for the year ended 31 March 2020	29

PART A STRATEGIC OVERVIEW

1. VISION

To develop Accounting Standards that promotes accountability, transparency and effective financial management within all spheres of government.

2. MISSION

The ASB achieves this through focused and targeted stakeholder interaction that results in the provision of relevant, credible and implementable Accounting Standards.

3. UPDATED SITUATIONAL ANALYSIS

3.1 STRATEGIC PLANNING PROCESS

The strategy has been developed by the ASB after the national election in 2015. A new strategy will be developed in 2019 after the national elections that year. The annual performance plan (APP) will also be updated at that stage. During the intervening period, the strategy is updated through the APP for changes in funding and the situational analysis.

The situational analysis comprises an analysis of both the local and international financial reporting environments, as well as the organisational environment.

The APP is informed by the work programme of the ASB. The work programme is compiled for a three year period after consultation with stakeholders. The last work programme consultation took place in 2016 and covers the period 2017-2020.

The next consultation will commence in late 2018. The results will be incorporated into the revision of the strategy and the APP after the elections.

The activities of the ASB are determined having regard to the resource constraints, i.e. limited funding and a small employee complement.

The OAG and AGSA are key stakeholders in the standard setting process and are consulted before finalising the strategy.

The strategy is recommended for approval by the Board in its capacity as accounting authority, to the Minister of Finance for his approval in his capacity as executive authority for tabling in Parliament.

3.2 LOCAL FINANCIAL REPORTING ENVIRONMENT

3.2.1 ACTIVITIES OF THE ASB

The projects undertaken by the ASB address each of the four standard-setting objectives, i.e.: (a) setting the Standards, (b) promoting the adoption of the Standards, (c) monitoring the application of the Standards, and (d) influencing the international standard setting processes.

In deciding which projects the ASB should undertake, the Board evaluates the feedback received from stakeholders and applies the following criteria in selecting and prioritising projects:

Project specific considerations

- A project will provide guidance where none exists and will address inappropriate or divergent accounting practice.
- Undertaking a project will ensure alignment with international best practice, and/or maintains the current suite of Standards.

Overarching considerations

- Impact of the project, in particular its significance to accountability and decision-making.
- Available ASB resources.
- Financial management environment within which the entity operates.
- Resources available at entities to implement new or amended pronouncements.
- Capacity of stakeholders to participate in the public consultation process.
- Urgency of the topic.

(a) Setting Standards of GRAP

The ASB undertakes both research and development activities.

Research activities

In the previous reporting period the Board commenced research on the following two issues:

- The need for separate reporting of financial information to citizens in a concise, easily understandable format.
- The application of Standards of GRAP by small entities and whether the reporting burden could be minimised for such entities.

The Board will finalise its research and decide on any further action in the 2019/2020 reporting period.

The cash flow statement is often a key tool used by budget officials to hold entities accountable for cash appropriations provided to them. The Board will engage with budget officials to understand how, or if, the presentation of information in the cash flow statement could be modified to meet their needs.

Development activities

Based on feedback received, the ASB agreed to limit the development of new Standards during 2017 to 2020. Preparers are involved in a number of reforms in the public sector, including the implementation of mSCOA over this period. These implementation of these reforms limit the time available to comment on, or implement, new Standards. Any new Standards will focus on resolving issues experienced in practice related to the application of existing Standards.

The Board will complete the following projects during 2019/2020:

- The finalisation of a Directive to assist entities that apply IFRS to understand when, or if, it is appropriate to apply Standards of GRAP. This guidance is needed because IFRSs do not include guidance on public sector specific issues like heritage assets and service concession arrangements.
- The development of transitional provisions for the first time application of the revisions to the Standard of GRAP on *Financial Instruments*.

The Board will commence work on the development of a pronouncement on how to prepare combined financial statements. The pronouncement will provide guidance on combining entities financial statements into a single set of financial statements where there is no control. This guidance will assist, inter alia, in the preparation of sectoral reports as well as a set of financial statements that includes national, provincial and local government.

In order to maintain the existing suite of Standards and to ensure that the Standards are aligned with international practice, the Board revises the Standards every three years to reflect minor, non-urgent, or narrow scope amendments. The Board will commence this process during the 2019/2020 period.

(b) *Promoting the adoption of Standards*

Entities that should apply Standards of GRAP are defined in legislation. Accordingly, the focus area is to facilitate the adoption of the Standards by ensuring that the transition to Standards of GRAP are seamless and that appropriate information is provided to users during the transition period. The Board will develop transitional provisions for the adoption of the revisions to financial instruments. The revisions to the Standard align it more closely with international principles applied in both the private and public sectors. The revisions are however complex and it is critical that the transitional provisions address local implementation issues.

The Board identified in its three year work programme that it should begin engaging with the National Treasury about the first time adoption of accrual accounting by national and provincial departments. As the timing of the adoption of accrual accounting is uncertain, it is questionable whether the Board will be able to commence work in this area in the 2019/2020 period.

(c) *Monitor the application of the Standards*

Monitoring the application of the Standards is a two-fold process. Firstly, principles are provided to preparers during the implementation phase in the form of directives to facilitate implementation, and forums for discussions are hosted for preparers. Secondly, once Standards are implemented, preparers, auditors and users are consulted about the implementation experience and difficulties encountered in meeting the reporting requirements to determine whether the Standards are achieving the accountability and decision making focus intended.

The ASB will undertake the following projects aimed at monitoring the application of the Standards:

- A post-implementation review of the Standard on *Heritage Assets*.
- A review of the implementation of Directive 12 on *Determining an Appropriate Reporting Framework by Public Entities*.

The Board reviewed the implementation of the revisions made to the Standards on investment property and property, plant and equipment. Depending on the outcome of the

review and the proposed actions, work on this project may only be completed in 2019/2020.

A number of new Standards become effective for financial periods commencing on or after 1 April 2019. These include Standards on related party disclosures, service concession arrangements, identification of, and accounting by, principals and agents, and statutory receivables. It is anticipated that the Secretariat will need to respond to interpretation and application issues raised by preparers during the implementation period by responding to queries and issuing responses to Frequently Asked Questions.

(d) Influence international standard setting activities

In line with the ASB's strategy of limiting new Standards, only one new project will be undertaken to align Standards of GRAP with International Public Sector Accounting Standards (IPSASs). This project will focus on employee benefits and will ensure that the current Standard is aligned with international best practice.

In the main, the strategy for the upcoming year is to monitor international projects and provide input on these projects on an on-going basis. Of particular importance are projects to develop new or revised guidance on revenue, non-exchange expenditure, social benefits and the measurement of assets and liabilities.

3.2.2 STRATEGIC RISKS FACING THE ASB

The following are strategic risks facing the ASB:

- Exemptions and partial exemptions from compliance with the requirements of Standards of GRAP - The granting of exemptions by the Minister or the OAG to entities that need to adopt Standards of GRAP (in full or with the requirements of a specific Standard), or the extension of the transitional requirements of a Standard may hold a reputational risk for the Board. It may impact the commitment of current preparers to comply with the requirements of Standards and impair the quality of information prepared in accordance with the Standards.
- Adequacy of funding – Sufficient funding is not available to perform all the functions required from a standard setter. As a result, post-implementation reviews (PIR) of Standards of GRAP are performed only when other projects can be re-prioritised to make resources available to conduct a PIR. PIRs are resource intensive as an experienced employee member needs to perform the review and the consultation process requires face-to-face interviews and workshops with preparers, auditors and users across the country. PIRs are used to identify implementation issues experienced by preparers of financial statements, and whether the implementation of the Standard of GRAP achieved the intended outcome. A PIR is used to identify whether the disclosure requirements of a Standard is being provided by preparers and whether or not the information provided is used by users and whether the information is useful. The results of the review are used to clarify the Standard, provide additional guiding principles, if necessary, and alert both the National Treasury and the Auditor General of South Africa of capacity constraints or training initiatives required. As PIRs place an additional burden on the resources of the ASB, funding the employment of an additional resource would go a long way to ensuring the ASB deliver on its mandate.

- Retention of key employees – The work programme of the ASB is determined after consultation with stakeholders and considering the capacity available in the ASB. Accordingly, a vacancy amongst ASB technical employees can result in the ASB being unable to deliver in accordance with its work programme or achieve the targets set out in its performance plan. The available pool of potential employees is also limited, as the skills required are not those demonstrated by recently qualified chartered accountants. Standard setters need to have an interest in the technical nature of standards and have an ability to write.
- These skills are not taught during the training of chartered accountants. At present, there are no vacancies, but the situation is monitored on an on-going basis.
- The problem is made worse by the small pool of employment equity candidates available from which to recruit.
- Remuneration of key employees - The adequacy of funding has an impact on the ability of the ASB to retain key technical employees. Employee remuneration is benchmarked using a national remuneration survey and those of the employees of the Auditor-General and the Independent Regulatory Board of Auditors. Both organisations employ persons performing research into standards, but neither organisations are actively involved in the setting of standards. The two organisations are the closest match to the work performed by the technical employees of the ASB. The remuneration paid by the ASB is lower than those paid by these organisations. In addition, cost containment measures have reduced the funding available for performance-based remuneration. Funding constraints also mean the ASB cannot pay a premium to recruit employees with employment equity credentials. Further pressure is being placed on remuneration in trying to comply with the equal pay for equal work principle contained in employment equity legislation.

3.3 INTERNATIONAL STANDARD-SETTING ENVIRONMENT

3.3.1 INFLUENCING THE INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS BOARD (IPSASB)

Internationally, the IPSASB work programme focuses on public sector-specific projects and maintaining the existing IPSASs. Existing IPSASs are either public sector-specific or based on IFRS.

The ASB monitors the work of the IPSASB and consults widely on the IPSASB pronouncements by publishing consultation papers and exposure drafts concurrently for comment and submitting comment letters on those pronouncements. South Africa participates in the meetings of the IPSASB, with the Chief Director: Technical Support Services in the Office of the Accountant-General of the National Treasury serving as a board member for a renewable term of three years from 1 January 2017,

while an employee of the ASB serves as technical advisor.

New projects undertaken by IPSASB require more research to crystallise public sector specific issues and to align Standards with the Conceptual Framework. Since many of the developments are new to the public sector and to South Africa specifically, the quality and competency of technical resources available to the ASB should be considered. The nature

of the work will challenge the technical employees of the ASB, and the ASB needs to ensure the appropriate project specialists are involved at the right time.

3.3.2 INFLUENCING THE INTERNATIONAL ACCOUNTING STANDARDS BOARD (IASB)

The ASB monitors the development of new or revised IFRSs issued by the IASB to maintain alignment with these Standards, to identify public sector specific issues and to ensure employees have the skills needed to influence the international processes. The preferred and most cost effective method is to leverage off the international processes, by first influencing the IASB standard setting process, and then the IPSASB process when these Standards are amended to take into account public sector specific issues. Once these processes are complete, the ASB commences the local process to identify South African specific issues before considering these Standards for inclusion on to the ASB work programme.

The ASB participates in the local process, by attending the Accounting Practices Committee, a committee of the South African Institute of Chartered Accountants that is tasked with monitoring the work of the IASB and commenting on pronouncements issued for comment. The ASB participates in project groups to assist with drafting the comment letter where the matter is of relevance to the public sector and in some cases where the issue is of such significance, issue an independent comment letter. The ASB also attends the Financial Reporting Standards Council (FRSC), a council operating under the auspices of the Department of Trade and Industry, the private sector standard setters meetings and participating in the FRSC's Financial Reporting Technical Committee.

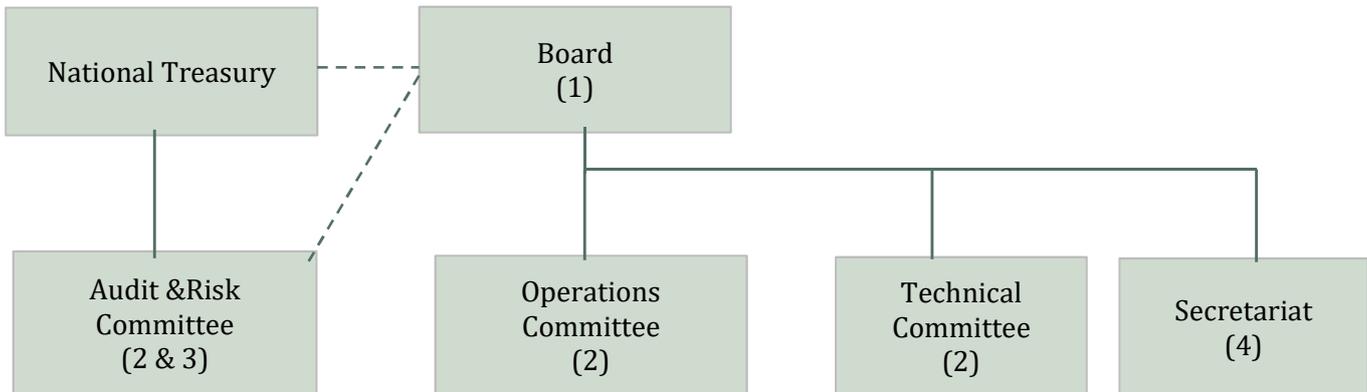
3.4 FUNDING

The ASB is funded through a transfer payment within the National Treasury Vote.

The transfer payment equates to approximately 97% of the revenue with the balance being fees received from membership of other entities' audit committees and interest earned as a result of effective cash management.

From an expenditure perspective, approximately 72% relates to remuneration of employees. However given the reduction in the baseline of the ASB the translations of Standards of GRAP will be discontinued with the balance relating to fees for Board members, consultation with stakeholders and the cost of the ASB establishment. Of the total expenditure, 3% is discretionary, while the balance is fixed. Discretionary expenses are those expenses that can be delayed or avoided, for example training and translations. Both are essential components given the strategic risks and ensuring compliance with laws and regulations.

3.5 ORGANISATIONAL ENVIRONMENT



Notes to the organisational environment:

1. The Board is comprised of 10 non-executive members. Board members (or their employers) are remunerated for their attendance at meetings (with the exception of members who are employed by another organisation in the public sector). Both the Accountant-General and the CEO and Deputy-Auditor-General are members of the Board in their official capacity. When these positions are vacant, the Board has fewer members, unless the Minister of Finance appoints the Acting Accountant-General or CEO & Deputy-Auditor-General during the interim.
2. The Board has three Board committees: the Audit and Risk Committee (ARC), the Operations Committee and the Technical Committee. The National Treasury remunerates members of ARC for attendance of meetings. Members of the other two committees are remunerated for their attendance by the ASB. Members of ARC are appointed by the National Treasury, while the members of the other two committees are appointed by the Board.
3. The ARC and the internal audit function are shared with the National Treasury. The National Treasury bears the cost of these functions. The Chairperson of ARC attends the Board meetings. He/she is remunerated for attending the Board meetings of the ASB, by the ASB.
4. The Secretariat is currently comprised of a Chief Executive Officer, a Technical Director, three standard setters, a financial manager, and an office administrator.
5. Enterprise risk management support is also provided by the National Treasury at no cost to the ASB.

3.6 REVISIONS TO LEGISLATIVE AND POLICY MANDATES

3.6.1 LEGISLATIVE MANDATE

In terms of section 89 of the PFMA the principal functions of the Board are to:

- Set Standards of GRAP for the financial statements of institutions in all spheres of government;

- Prepare and publish directives, guidelines and interpretations concerning the Standards of GRAP;
- Recommend effective dates of implementation of these Standards of GRAP for the different categories of institutions to which these Standards of GRAP apply to the Minister;
- Perform any other function incidental to advancing financial reporting in the public sector;
- Take into account all relevant factors in setting Standards of GRAP;
- Set different Standards of GRAP, where necessary, for different categories of institutions to which these Standards of GRAP apply; and
- Promote accountability, transparency, and effective management of revenue, expenditure, assets and liabilities of the institutions to which these Standards of GRAP apply.

3.6.2 POLICY MANDATE

In terms of the PFMA, the Board determines Standards of GRAP for:

- Parliament and the provincial legislatures
- municipalities, municipal entities, and or any other entities under the ownership control of a municipality and boards, commissions, companies, corporations and funds;
- public entities;
- trading entities (as defined in the PFMA);
- constitutional institutions; and

national and provincial departments and government components.

Other legislation or regulations may require certain entities to apply Standards of GRAP.

- The Auditor-General Directive, through the Public Audit Act, requires unlisted entities to apply Standards of GRAP.
- The Treasury Regulations requires the preparation of financial statements applying Standards of GRAP for the national and provincial revenue funds, even though they currently apply the modified cash basis.

The ASB monitors changes to the reporting environment for those entities that have not yet adopted Standards of GRAP to ensure appropriate guidance is developed on time.

The Department of Higher Education and Training (DHET) has adopted Standards of GRAP as the reporting framework for public Technical and Vocational Education and Training Colleges (TVET). Implementation issues may arise from continued compliance in an attempt to reduce the number of qualified audit reports in this sector. The situation will be monitored.

DHET has also proposed that Continuing Education and Training Colleges (CET) adopt Standards of GRAP as their reporting framework. The situation will be monitored to determine whether or not guidance to facilitate the transition needs to be developed.

4. REVISIONS TO LEGISLATIVE AND POLICY MANDATES

4.1 RELATING EXPENDITURE TRENDS TO STRATEGIC ORIENTED OUTCOME GOALS

The ASB contributes to the following outcomes identified by the Presidency:

- Outcome 9 – a responsive, accountable, effective and efficient local government system.
- Outcome 12 – an efficient, effective and development oriented public service.

The Constitution requires the National Treasury to introduce uniform accounting practices for all spheres of government. The promulgation of the PFMA in 1999 and the establishment of the ASB in 2002 gave effect to this requirement.

Uniform accounting practices have a pervasive effect throughout government. They provide information to hold officials accountable, deliver uniform information that can be used for improved decision making and enables comparisons between entities in the same sector and across sectors. They contribute to certainty about the financial reporting framework in the minds of preparers and users of financial statements. If not implemented, poor accounting practices are allowed to be continued.

Uniform accounting practices provide a financial reporting framework for the Auditor-General to assess whether financial statements fairly reflect the financial performance and financial position of entities. The inability to comply with the requirements of a Standard is a symptom of poor internal control procedures within entities and often poor management of revenue, expenditure, assets and liabilities.

Implementing uniform accounting practices enable government to be efficient, effective and development oriented by providing credible information for decision making about the nature of services to be delivered and where scarce resources should be invested.

Implementing Standards of GRAP at national and provincial spheres will extend the ability of those charged with governance to improve decision making and hold entities accountable. The Secretariat will discuss outreach initiatives with the training units in the Offices of the Provincial Accountant-General to increase outreach in the provinces.

4.2 PLANNED INITIATIVES

The ASB regulations made in accordance with section 89 of the PFMA do not permit alternates for Board members. Allowing, the Accountant-General and the CEO & Deputy-Auditor-General, alternates would assist the ASB to ensure that meetings of the Board are quorate.

Although the Minister of Finance has appointed alternates for these two members, the alternates are not included in the determination of a quorum. The regulations need to be amended to allow for this. The legal unit at the National Treasury is drafting the proposed amendments.

5. OVERVIEW OF 2020 BUDGET AND MTEF ESTIMATES

5.1 EXPENDITURE ESTIMATES (R'000)

R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Approved budget	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2015/16	2016/17	2017/18	2018/19	2015/16-2018/19		2019/20	2020/21	2021/22	2018/19 - 2021/22	
Administration	11,679	12,963	13,660	14,378	7.2%	100.0%	14,690	15,372	16,250	4.2%	100.0%
Total expense	11,679	12,963	13,660	14,378	7.2%	100.0%	14,690	15,372	16,250	4.2%	100.0%

Statement of financial performance	Audited Outcome		Audited Outcome		Audited Outcome		Approved budget		Outcome/Budget Average %	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	Budget	2015/16	Budget	2016/17	Budget	2017/18	Budget estimate	2018/19	2015/16-2018/19		2019/20 2020/21 2021/22			2018/19 - 2021/22		
Revenue																
Non-tax revenue	115	331	166	360	354	476	176	284	178.9%	-5.0%	2.8%	275	291	306	2.5%	1.9%
Other non-tax revenue	115	331	166	360	354	476	176	284	178.9%	-5.0%	2.8%	275	291	306	2.5%	1.9%
Transfers received	11,274	11,274	12,517	12,517	13,463	13,463	14,054	14,054	100.0%	7.6%	97.2%	14,340	15,124	15,955	4.3%	98.1%
Total revenue	11,389	11,605	12,683	12,877	13,817	13,939	14,230	14,338	101.2%	7.3%	100.0%	14,615	15,415	16,261	4.3%	100.0%
Expenses																
Current expenses	11,526	11,679	12,821	12,963	13,878	13,660	14,268	14,378	100.4%	7.2%	100.0%	14,690	15,372	16,250	4.2%	100.0%
Compensation of employees	8,767	8,838	9,634	10,439	9,287	10,812	9,730	9,927	106.9%	3.9%	76.1%	10,713	11,199	11,853	6.1%	71.9%
Goods and services	2,683	2,827	3,141	2,454	4,518	2,874	4,470	4,380	84.6%	15.7%	23.7%	3,932	4,148	4,375	-0.0%	27.8%
Depreciation	76	14	46	70	73	(26)	68	71	49.0%	71.8%	0.2%	45	25	22	-32.3%	0.3%
Total expenses	11,526	11,679	12,821	12,963	13,878	13,660	14,268	14,378	100.4%	7.2%	100.0%	14,690	15,372	16,250	4.2%	100.0%
Surplus/(Deficit)	(137)	(74)	(138)	(86)	(61)	279	(38)	(40)		-18.5%		(75)	43	11	-165.0%	

Note: The deficit reflected in this table is an accounting deficit, and not a cash deficit, as a result of the impact of timing differences between the recognition of the acquisition of property, plant & equipment and the consumption of those assets through the recognition of depreciation, the impact of the change in the leave pay provision and the straight lining of leases versus the recognition of the lease payment. On a cash basis there is no deficit.

Financial position	2015/16		2016/17		2017/18		2018/19		2015/16 - 2018/19			Medium-term estimate			2018/19 - 2021/22	
	Budget	Audited Outcome	Budget	Audited Outcome	Budget	Audited Outcome	Budget estimate	Approved budget	Outcome/ Budget Average %	Average growth rate (%)	Net change/ total: Average (%)	2019/20	2020/21	2021/22	Average growth rate (%)	Net change/ total: Average (%)
Carrying value of assets	122	184	125	191	125	233	149	162	147.8%	-4.2%	22.1%	117	92	22	-48.6%	18.8%
<i>of which:</i>									-							
Acquisition of assets	-	-	-	(77)	-	(17)	-	-	-	-	-2.9%	-	-	-	-	-
Receivables and prepayments	55	56	55	69	55	61	55	55	109.5%	-0.6%	7.3%	55	55	55	-	11.5%
Cash and cash equivalents	394	441	382	443	369	2,797	392	392	265.0%	-3.9%	70.7%	384	274	310	-7.5%	69.7%
Non-current assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	571	681	562	703	549	3,091	596	609	223.2%	-3.7%	100.0%	556	421	387	-14.0%	100.0%
Accumulated surplus/(deficit)	137	123	138	38	125	79	149	162	73.2%	9.6%	13.2%	117	92	22	-48.6%	18.8%
Trade and other payables	97	350	203	338	203	2,599	213	213	488.8%	-15.3%	54.6%	192	68	38	-43.7%	23.9%
Provisions	337	208	221	327	221	413	234	234	116.7%	4.0%	32.2%	247	261	327	11.8%	57.3%
Total equity and liabilities	571	681	562	703	549	3,091	596	609	223.2%	-3.7%	100.0%	556	421	387	-14.0%	100.0%
Contingent liabilities	-	-	-	-	-	-	-	-				-	-	-		

Accumulated Surplus/(deficit), Capital & Reserves

	137	123	138	38	125	79	149	162				117	92	22		
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Analysis of trends

Revenue

The transfer payment has been increased at the rate set out in the allocation letter received from the National Treasury.

Non-tax revenue represents interest earned on working capital from the Corporation for Public Deposits and fees for membership of public sector entity audit committees. The terms for membership of audit committees are ending and as a result non-tax revenue is decreasing.

Expenditure

Remuneration have been increased at the rate set out in the budget framework, while expenditure relating to standard setting has been determined based on the number of documents appearing on the work programme, for example the number of documents needing translation, the extent of consultation required away from the office, etc.

Operating expenditure relating to the ASB establishment has been increased at the rate or inflation set out in the budget framework, unless a rate of increase has been negotiated in a contract with the service provider.

Expenditure for stakeholder consultation is likely to be high as a post-implementation review of the Standard on *Heritage Assets* is planned.

The budget for translations have been eliminated and the budget for staff development has been reduced to enable the ASB to submit a balanced budget.

5.2 RELATING EXPENDITURE TRENDS TO STRATEGIC ORIENTED OUTCOME GOALS

To enable the ASB to fulfil its mandate, it should budget for the following:

- To attend 4 IPSASB meetings in a year.
- To have a full complement of employees paid in accordance with the agreed scale applying the equal pay for equal work principle.
- Planning adequate training of employees in accordance with their personal development plans.
- Funding performance based remuneration as set out in employment contracts.
- Planning 4 Board meetings, 4 Operations Committee meetings and 4 Technical Committee meetings.
- Remunerating Board members and the Chairperson of the Audit and Risk Committee for their attendance at meetings (Board, Operations Committee and Technical Committee) (using SAICA rates approved by the Auditor-General). The Chairperson of the Board receives an annual fee for other responsibilities at rates approved by the Minister of Finance. Where board members are not located in Gauteng, travel costs are reimbursed.
- Continuing the outreach programme to stakeholders, ensuring stakeholders in all three spheres and in all provinces have an opportunity to be consulted in accordance with the due process for standard setting.

- Budgeting for overhead and general administration costs based on CPI.
- Performing post implementation reviews of implemented Standards of GRAP.
- To attend the meetings of the International Forum of Accounting Standard Setters, the annual meeting of the World Standard Setters, the annual meeting of the International Forum of Public Sector Standard Setters and the four meetings of the Pan-African Federation of Accountants Technical and Standards Setters Forum.
- Being able to obtain the services of any person or entity to perform any specific act or function such as labour relations, information technology, legal opinions, etc. as and when the need arise.

Due to the amount of the funding available to the ASB, no provision has been made in the budget for the following:

- Funding performance based remuneration as set out in employment contracts.
- To attend the meetings of the International Forum of Accounting Standard Setters, the annual meeting of the World Standard Setters, the annual meeting of the International Forum of Public Sector Standard Setters and the four meetings of the Pan-African Federation of Accountants Technical and Standards Setters Forum.
- Being able to obtain the services of any person or entity to perform any specific act or function such as labour relations, information technology, legal opinions, etc. as and when the need arise.

Eliminating these items of expenditure from the ASB budget has the following implications for the ASB's ability to deliver on its mandate:

- The performance remuneration structure implemented at the ASB places a ceiling of 30% of guaranteed remuneration. The budget makes no provision for any performance based remuneration, as the ASB has to submit a balanced budget to the National Treasury. If any savings are made during the financial year, the Operations Committee in its capacity as remuneration committee will make a recommendation to the Board about the pool of funding available for such payments. In the existence of the ASB to date, the ceiling has never been reached for performance based payments.
- As stated under the strategic risks in paragraph 3.2.2 PIRs are used to identify implementation issues experienced by preparers of financial statements, and whether the implementation of the Standard of GRAP achieved the intended outcome. A PIR is used to identify whether the disclosure requirements of a Standard is being provided by preparers and whether or not the information provided is used by users and whether the information is useful. Evaluation and improvement are critical stages in the standard setting process to ensure the reporting framework used for the preparation of financial statements maintain credibility. The scheduling of the proposed PIR in the current year has been made possible by re-prioritising other standard setting projects. The impact is that the ASB will develop fewer technical documents in the current year.
- The ASB is required in terms of section 89 (2) of the PFMA to consider best practice (nationally and internationally) when developing Standards. International participation in the International Forum of Accounting Standard Setters, the annual meeting of the World Standard Setters, the annual meeting of the International Forum of Public Sector Standard Setters and the four meetings of the Pan-African Federation of Accountants Technical and Standards Setters Forum allows for interaction with a wider audience than those represented

at an IPSASB meeting. By non-participation, the ASB is unable to assess current developments and experiences of standard setters in other developed and developing countries.

- Given the size of the ASB (10 Board members and 7 employees) resources are limited. The ASB cannot employ employees to provide it with all the skills it needs. Accordingly, based on a cost benefit-analysis it must obtain specialist skills from time to time. This means that discretionary expenditure on training and development of employees are delayed to fund the payment of these skills to avoid budget deficits.

5.3 QUARTERLY BUDGETED PROJECTIONS 2019-2020 (R)

EXPENSES	Total Budget 2019/20	Quarterly Projections			
		Q1	Q2	Q3	Q4
SALARIES	10,713,975	2,343,073	2,343,073	2,343,073	3,684,756
Staff	10,701,483	2,339,950	2,339,950	2,339,950	3,681,633
UIF Company Contributions	12,492	3,123.00	3,123.00	3,123.00	3,123.00
OPERATING COSTS	3,976,198	932,850	1,056,783	962,830	1,023,735
BOARD REMUNERATION	1,307,878	326,969	326,969	326,969	326,969
Board Members meetings	430,221	107,555.23	107,555.23	107,555.23	107,555.23
Board Chair Meetings	61,463	15,365.70	15,365.70	15,365.70	15,365.70
Management Committee Members	82,170	20,542.58	20,542.58	20,542.58	20,542.58
Technical Committee meetings	430,221	107,555.23	107,555.23	107,555.23	107,555.23
Ad Hoc Meetings	107,555	26,888.81	26,888.81	26,888.81	26,888.81
Management Committee Chair	41,085	10,271.29	10,271.29	10,271.29	10,271.29
Chair	155,162	38,790.56	38,790.56	38,790.56	38,790.56
OTHER OPERATING COSTS	2,668,320	605,881	729,813	635,860	696,765
TRAVEL AND MEETINGS					
Local					
Board Meetings travel costs	56,400	14,100.00	14,100.00	14,100.00	14,100.00
Meetings with stakeholders Travel	100,602	25,150.50	25,150.50	25,150.50	25,150.50
Staff Local travel costs	56,781	14,195.25	14,195.25	14,195.25	14,195.25
Foreign					
IPSASB - Member Travel Costs	582,773	145,693.34	145,693.34	145,693.34	145,693.34
REFRESHMENTS					
Board Meetings	10,923	2,730.80	2,730.80	2,730.80	2,730.80
TRAINING					
Books 'Short Courses	58,538	14,634.56	14,634.56	14,634.56	14,634.56
Personnel Development	58,217	14,554.25	14,554.25	14,554.25	14,554.25
COMMUNICATION & MARKETING					
Web site Development (marketing)	-	-	-	-	-
Web Site 'Maintenance	248,400	62,100.00	62,100.00	62,100.00	62,100.00
Editing	46,551	11,637.64	11,637.64	11,637.64	11,637.64
Translation of Docs	20,085	5,021.25	5,021.25	5,021.25	5,021.25
Telephone	56,980	14,245.00	14,245.00	14,245.00	14,245.00
PRINTING AND PUBLICATION					
Annual Report	34,085	-	34,085.16	-	-
Government Gazette	5,792	1,447.88	1,447.88	1,447.88	1,447.88
Printing, Postage, Photocopies & Stationary	24,216	6,054.00	6,054.00	6,054.00	6,054.00
ADMINISTRATION					
Rent	588,842	147,210.50	147,210.50	147,210.50	147,210.50
Cleaning & Security	108,292	27,073.12	27,073.12	27,073.12	27,073.12
Water & Electricity	54,456	13,614.00	13,614.00	13,614.00	13,614.00
Audit Fees	94,265		94,265.00		
Bank Charges	12,034	3,008.50	3,008.50	3,008.50	3,008.50
Insurance	35,120	6,780.00	14,780.00	6,780.00	6,780.00
Legal & Other Professional Fees	40,570	10,142.50	10,142.50	10,142.50	10,142.50
Maintenance	43,466	10,866.52	10,866.52	10,866.52	10,866.52
Software & Support	108,088	27,022.00	27,022.00	27,022.00	27,022.00
Staff Welfare	16,320	4,080.00	4,080.00	4,080.00	4,080.00
Subscriptions - local	42,397	-	-	42,397.00	-
Subscriptions - International	111,302	8,000.00	-	-	103,302.00
Workmans Compensation	4,418	4,417.76	-	-	-
Depreciation	48,407	12,101.72	12,101.72	12,101.72	12,101.72
Total Expenses	14,690,173	3,275,923	3,399,856	3,305,903	4,708,491

PART B: PROGRAMME PLAN

6. STRATEGIC OUTCOME ORIENTED GOAL OF THE INSTITUTION

6.1 OUR STRATEGIC OUTCOME ORIENTED GOAL IS AS FOLLOWS:

Strategic Outcome Oriented Goal	Improve financial reporting
Goal statement	To enhance financial reporting in all three spheres of government on a continuous basis to engender confidence in financial reporting and improve accountability and decision-making.
Strategic objectives	<p>Set Standards of GRAP.</p> <p>Promote the adoption of the Standards of GRAP.</p> <p>Monitor the application of the Standards of GRAP</p> <p>Influence development of international standards.</p> <p>Manage resources to ensure the ASB is operationally effective.</p>

6.2 PROGRAMME PERFORMANCE INDICATORS AND ANNUAL TARGETS FOR 2019-2020

Programme objective	Audited/Actual performance			Estimated performance	Medium-term targets		
				2018/19 R'000	2019/20 R'000	2020/21 R'000	2021/22 R'000
Enhanced financial reporting	11 679	12 963	13 660	14 378	14 690	15 372	16 250

6.3 QUARTERLY TARGETS FOR 2019-20

	Strategic Objective	Measurable objective	Output	Outcomes	Measurable indicator	Quarterly performance targets			
						1st	2nd	3rd	4th
1	Set Standards of GRAP	To develop and issue accounting standards to ensure a comprehensive financial reporting framework is established and maintained	Issue new Standards of GRAP and other pronouncements, maintain existing Standards of GRAP and other pronouncements	To provide preparers with standards for all significant aspects of financial statements	Present 8 documents as identified in the work programme. Present the completed research for projects as identified in the work programme.	0	3	2	3
						0	0	1	0
2	Monitor the application of the Standards of GRAP	To respond proactively to practice difficulties experienced when implementing Standards of GRAP	Issue FAQs when identified.	To ensure consistent interpretation and application of Standards of GRAP	Issue a FAQ within 6 months of the identification of the need to develop a FAQ	100% on time	100% on time	100% on time	100% on time
		To provide a forum for preparers and other interested parties to raise issues and share experiences	Host Accounting Forum meetings applications issues	To ensure consistent interpretation and application of Standards of GRAP	Host at least 8 meetings per year	2	2	2	2
		To respond reactively to practice difficulties experienced when implementing Standards of GRAP	Conduct a PIR of Heritage Assets	To ensure consistent interpretation and application of Standards of GRAP	To publish the consultation document to facilitate the post-implementation review.	0	1	0	0
			Communicate the results of review of	To ensure consistent	To publish the analysis and results	0	1	0	0

Strategic Objective	Measurable objective	Output	Outcomes	Measurable indicator	Quarterly performance targets			
					1st	2nd	3rd	4th
		amendments to GRAP 16 and 17	interpretation and application of the Directive in selecting the appropriate financial reporting framework	of the review				
3 Promote the adoption of the Standards of GRAP	To keep preparers, auditors and users informed about the work of the ASB	Communicate with stakeholders every quarter	To maintain communication about the activities of the ASB	Submit four different articles on different topics for publication to professional bodies per year	1	1	1	1
	To keep stakeholders informed of the process followed and the consideration of comment received during the development of a pronouncement	Communicate with stakeholders every quarter	To demonstrate to preparers, auditors and users the due process followed by the Board when setting standards	Issue a newsletter and meeting highlights within one month after a Board meeting	1	1	1	1
4 Influence development of international standards	To influence the international accounting standard setting process so that Standards of GRAP can leverage off best practice	Comment on all relevant IPSASB Exposure Drafts and Consultation Papers	To reduce the number of changes needed during the local standard setting practice	Comment within the comment period set by IPSASB on those IPSASB EDs relevant to the ASB	100% on time	100% on time	100% on time	100% on time
	To influence the international standard	Attend all IPSASB meetings	To reduce the number of changes	Attend all four IPSASB meetings	1	1	1	1

Strategic Objective	Measurable objective	Output	Outcomes	Measurable indicator	Quarterly performance targets				
					1st	2nd	3rd	4th	
	setting process so that Standards of GRAP can leverage off best practice		needed during the local standard setting practice by influencing the international process						
5	Manage resources to ensure the ASB is operationally effective.	<p>To ensure that:</p> <ul style="list-style-type: none"> • sound financial policies and practices are enforced • sound internal controls and risk management practices are in place • all relevant laws and regulations are complied with; and • the ASB delivers in accordance with its approved mandate 	No qualifications of any aspects of the ASB audit report.	To ensure efficient use of resources	No qualifications reported by external auditor in the report published in the annual report	-	Nil	-	-

PART C: LINKS TO OTHER PLANS

7. LINKS TO LONG TERM INFRASTRUCTURE AND OTHER CAPITAL PLANS

This section is not applicable to ASB.

8. CONDITIONAL GRANTS

This section is not applicable.

9. PUBLIC ENTITIES

This section is not applicable.

10. PUBLIC PRIVATE PARTNERSHIPS

This section is not applicable.

ANNEXURE A – CHANGES TO STRATEGIC OBJECTIVES AND PERFORMANCE INDICATORS LISTED IN STRATEGIC PLAN

Changes to Strategic Objectives

Strategic plan	Annual Performance Plan 2019-20
Set Standards of GRAP	Set Standards of GRAP
Promote the adoption of the Standards of GRAP.	Promote the adoption of the Standards of GRAP.
Monitor the application of the Standards of GRAP	Monitor the application of the Standards of GRAP
Influence development of international standards.	Influence development of international standards.
Promote good governance and financial management	Manage resources to ensure the ASB is operationally effective
Realise the potential of our people	Deleted
Communicate with stakeholders.	Deleted

Changes to performance indicators

Performance indicators in Strategic Plan	Performance indicators in Annual Performance Plan 2019-2020
Set Standards of GRAP	
Number of pronouncements issued	Present X documents as identified in the work programme
Analysis of issues raised at stakeholder outreach	Deleted – already part of another performance indicator
	Present the completed research for X projects as identified in the work programme – recognise change in the nature of current projects on the work programme.

Performance indicators in Strategic Plan	Performance indicators in Annual Performance Plan 2019-2020
Influence development of international standards	
Comment on all IPSASB Exposure Drafts and consultation papers	Comment within the comment period set by IPSASB on those IPSASB EDs relevant to the ASB
Comment on those private sector standards that are relevant to the public sector	Deleted – not specific and not under ASB control
	Attend all four IPSASB meetings
Promote the adoption of Standards of GRAP	
Make Standards of GRAP available in 3 official languages	Translate final standards and amendments to Standards within 12 months after approval date by the Board
Develop appropriate transitional provisions for new pronouncements that will facilitate the adoption by reporting entities.	Deleted – already part of another performance measure
Recommend the implementation dates for Standards approved by the Board after the transitional provisions have been developed within three months.	Deleted – already part of another performance measure
Regular interactions with key stakeholders to ensure timely guidance are made available.	Issue a newsletter and meeting highlights within one month after a Board meeting
	Submit four different articles on different topics for publication to professional bodies per year – raising awareness
Issue FAQs and Interpretations when necessary	Deleted - duplication
Monitor the application of Standards of GRAP	
Issues raised by participants in monthly accounting forum.	Deleted - duplication

Performance indicators in Strategic Plan	Performance indicators in Annual Performance Plan 2019-2020
Issues raised for consideration at the regular informal meetings between the ASB, OAG and AGSA convened by the AGSA.	Host at least 8 meetings per year
Issue FAQs and Interpretations when necessary.	Issue a FAQ within 6 months of the identification of the need to develop a FAQ.
Respond appropriately to post-implementation reviews findings	Deleted – duplication
Realise the potential of our people	
Low employee turnover with replacement of employees within six months.	Deleted – not specific
Efficient and effective recruitment process.	Deleted – not specific
Employee development plans for all employees.	Deleted – not specific
Board induction and training.	Deleted – no new board appointments scheduled for 2018
Communicate with stakeholders	
Implement communication strategy	Deleted – not measurable
Focussed communication during Post Implementation Reviews	Deleted – cost containment
Participation by all spheres of government and all categories of stakeholders	Deleted – not specific
Promote understanding of Standards of GRAP	Deleted – included under another performance indicator
Promote good governance and financial management	
No qualifications of any aspects of the audit report.	No qualifications reported by external auditor
No significant issues reported by the external	Deleted – addressed by previous indicator

Performance indicators in Strategic Plan	Performance indicators in Annual Performance Plan 2019-2020
auditors	
Compliance with regulatory reporting requirements	Deleted – as above

ANNEXURE B - RISK MANAGEMENT

No.	Strategic Objective	Risk Name	Root causes to the risk	Consequences of the risks	Mitigating action plans
A	Strategic Risks				
1	Promote the adoption of Standards of GRAP	Failure to implement Standards	Minister of Finance does not determine the effective dates as required by the PFMA on a timely basis	Financial statements may lack credible information Entities cannot be held accountable Users cannot make decisions	Engage Minister when opportunities become available
3	Promote the adoption of Standards of GRAP	Inappropriate exemptions	Exemptions granted and/or transitional provisions are extended inappropriately	Financial statements may lack credible information Preparers are unwilling to implement or to continue to comply with the requirements of the Standards	Consultation required before granting exemptions or extending transitional provisions
4	Manage resources to ensure the ASB is operationally effective	Inadequate resources	Inadequate funding to employ and/or retain suitable employees Perform post-implementation reviews only when other projects are relegated as a lower priority	Unable to deliver on mandate Increase in operational risk	Request additional funds as and when opportunities arise

ANNEXURE C – WORK PROGRAMME FOR THE YEAR ENDED 31 MARCH 2020

	July 2019	Sept 2019	Dec 2019	March 2020	Target for the year
	Quarter 2	Quarter 2	Quarter 3	Quarter 4	
Objective 1 – Set Standards of GRAP					
Local initiatives					
Combined financial statements (new)		Draft issues paper	Draft ED and issues paper	Draft ED	
Use of Standards of GRAP by Entities that Apply IFRS			Analysis of comments Directive	Communication material	
Maintenance of Standards					
Improvements project (new)	Draft ED	Communication material		Analysis of comments GRAP	
Directive 5 (recurring)		Annexure			
Research					
Reporting of information to citizens			Research Paper		
Use of the cash flow statement (new)	Research commences		Results of research		
GRAP for small entities					
Convergence with IPSASB and IASB					
Revision of GRAP 104 on Financial Instruments	Draft Amendment to Directive			Final Amendment to Directive	

	July 2019	Sept 2019	Dec 2019	March 2020	Target for the year
	Quarter 2	Quarter 2	Quarter 3	Quarter 4	
Employee benefits (new)				Research commences	
Public sector specific financial instruments			CED and comment letter		
Non-exchange expenses (Grants, contributions and other transfer expenses)			CED and comment letter		
Revenue from contracts with customers and limited update of GRAP 23			CED and comment letter		
Revenue grants and other transfers			CED and comment letter		
Measurement	CED and comment letter				
Improvements to IPSAS		CED and comment letter			
TARGET FOR THE QUARTER	2 Exposure Drafts	1 Amendment to Directive	1 Final Directive 1 Results of research 1 Research Paper	1 Exposure Draft 1 Final GRAP 1 Final amendment to Directive	1 Final GRAP 1 Final Directive 3 Exposure Drafts 2 Amendment to Directive 1 Research Paper 1 Results of research

	July 2019	Sept 2019	Dec 2019	March 2020	Target for the year
	Quarter 2	Quarter 2	Quarter 3	Quarter 4	
Objective 4 – Monitor application of the Standards of GRAP					
Review of amendments to GRAP 16 and GRAP 17		Research Paper			
Review of Directive 12 (new)			Research commences		
Post-implementation review of GRAP 103 (new)	Draft	Invitation to participate in PIR	Communication material		
TARGET FOR THE QUARTER		1 ITC issued 1 Research Paper issued			1 ITC issued 1 Research Paper issued
Other					
Work programme 2021-2023	Work programme	PB			
TARGET FOR THE QUARTER	1 3yr work programme issued				1 3 year work programme issued