

ANNUAL REPORT

2016



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01

MESSAGE FROM THE CHAIRPERSON

The current decline in the local economy has prompted an increased focus on how government manages the resources entrusted to it by the public. It is increasingly important to know what government said it would do, what it delivered, and how much it cost to deliver on its mandate.

The importance of having appropriate reporting requirements in place that provide this information to those charged with oversight cannot be over-emphasised.

The activities undertaken by the ASB during the 2015-2016 reporting period respond directly to the need for relevant information to make decisions and hold entities accountable. The majority of the Board's activities focused on dealing with reporting on South African specific issues, many of which were identified by our stakeholders as being key areas requiring guidance from the Board. These include developing guidance on - accounting for land, housing arrangements, principal-agent arrangements and the accounting implications of the custodianship and management responsibilities of government over natural resources, including fauna, flora, water, land and minerals. All of these are key issues to the local economy.

The Board also concluded its work on deciding whether Government Business Enterprises (GBEs) should apply Standards of GRAP or IFRSs. The Board agreed that a 'one size fits all' approach is not feasible, and has instead developed a framework that allows entities to assess whether they should apply IFRSs or GRAP based on the nature of their operations. The Board believes that this approach ensures that the most appropriate information is provided to users.

To continue assurance that the ASB's activities are relevant and that they respond to local stakeholder

needs, the Board has decided to consult publicly on the projects that it should undertake. The results of this consultation will help the Board identify and prioritise the work it should be undertaking in the medium term. This public consultation on the ASB's work will become a recurring feature going forward.

Internationally, there has been a clear acknowledgement of the role that financial statements play in making decisions, holding entities accountable, managing fiscal risk and ensuring fiscal discipline. This was given impetus by the G20's resolution that all governments should prepare a balance sheet. This decision emphasises the need to properly record all government's assets and liabilities through the adoption of a comprehensive accrual based set of reporting standards.

The National and Provincial Departments are the only entities in the South African public sector that have not yet migrated to accrual accounting by adopting the Standards of GRAP. This remains an area of concern for the Board looking forward. It hopes to engage with the National Treasury in the coming year on a clear strategy and timeframe for adopting these Standards.

The International Public Sector Accounting Standards Board (IPSASB) spent a large part of 2015 developing accounting guidance for one of government's highest value obligations – social benefits and social insurance. The finalisation of this guidance by the IPSASB and its implementation locally will

ensure that better, more complete information is available about government's obligations and its effect on the overall financial position. Developing accounting guidance for these obligations will remain a key project for the Board over the next few years.

The standard-setting landscape in the public sector, both internationally and locally, is demonstrating a greater level of maturity. Given the nature of the ASB's activities, there is an increased focus on local issues. Likewise, there is also an increasing focus on participating in and considering the effect of international developments. As a result, the Board created a Technical Committee during the year to ensure that there is increased debate and scrutiny on technical issues. This Committee has greatly assisted the Board in its work and has ensured that the ASB remains a world-class standard-setter.

The ASB's resources are increasingly under pressure. This meant that consultations with stakeholders in the provinces were restricted during 2015. Additional funding was made available late in 2015, which allowed us to increase our outreach activities in the first quarter of 2016. The relevance of the ASB's work is enhanced by regular engagements with stakeholders and without these engagements, the work of the ASB is compromised.

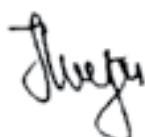
The increased pressure on our resources has meant partnering with organisations to assist us to

consult on our documents, and to ensure that we receive appropriate feedback on application and implementation issues related to the Standards. In particular, we partnered with professional bodies such as the South African Institute of Chartered Accountants (SAICA), which assisted us in establishing a web presence, and the Institute of Municipal Finance Officers (IMFO) which assisted us in interacting in face-to-face sessions with preparers in various provinces.

The additional funding made available in 2015 was also used to finalise the translation of the Standards, which have been published on our website. These translations will ensure better accessibility to the Standards and will hopefully improve their application.

I would like to take this opportunity to thank our stakeholders and partners, as well as the Standing Committee on Finance, the National Treasury and the Auditor-General, for their assistance and collaboration during the year and their role in contributing to our achievements.

I also express my sincere thanks to my fellow Board members who bring a wealth of knowledge and experience to the Board, and I look forward to working with all of you in the year ahead.



T Coetzer

Chairperson
29 July 2016



01

REVIEW OF THE OPERATIONS BY THE CHIEF EXECUTIVE

The looming local government elections in the second half of 2016, gives us pause to reflect on our role in a democratic government. As citizens prepare to exercise their vote, we are reminded that having relevant information to inform these decisions is crucial. The ASB has a key role to play in ensuring that citizens and others have appropriate information on which to base their decisions.

The need for this information is enshrined in the Constitution of the Republic of South African which outlines the requirement to develop uniform reporting for the public sector. This responsibility rests with the ASB, which develops Standards of GRAP for all entities in the public sector. The intended result is that, by applying these Standards, relevant, comparable financial information is available that promotes sound decision-making and ensures entities are held accountable.

In undertaking the responsibility of setting Standards of GRAP, the Board undertakes a number of activities.

These include:

- Developing Standards of GRAP.
- Promoting the adoption of the Standards of GRAP.
- Monitoring the implementation of the Standards.
- Influencing the development of international Standards.
- Developing our people.
- Communicating with our stakeholders.
- Ensuring that the ASB, as a public entity, is well governed.

Performance for the year under review

The ASB achieved all its performance targets for the activities outlined above, with the exception of communication with our stakeholders. Undertaking the desired level of activity in the provinces was not possible due to budgetary constraints and factors outside the Board's control.

The initial lack of sufficient funding, and the late receipt of the funding in January 2016, had an operational impact on the ASB's activities. In particular the ASB's outreach activities were affected, which is a key risk for the ASB. Sufficient funding has been made available by the National Treasury for the Medium Term Expenditure Framework (MTEF) period for it to fulfil its core activities, but funding is still insufficient to enable the ASB to perform post-implementation reviews. To enable the ASB to perform post-implementation reviews, it needs a sustainable increase in the baseline allocations.

A detailed analysis of the ASB's achievement of its targets for 2015/2016 is outlined in section 2 of the annual report.

The ASB reported a deficit of R74 460 (2015: 160 102) for the year, which includes non-cash items such as depreciation, provision for leave entitlements and the straight-lining of the lease of the premises. No funds need to be surrendered to the National Treasury for this reporting period.

Our financial results are outlined in section 5 of the annual report.

Notable events during the period

Developing Standards of GRAP

Internationally, there has been a focus on developing reporting requirements for both the financial statements and reports that complement and. There has been a broad acknowledgement that

financial statements alone cannot provide all the information needed for accountability and decision-making. As a result, organisations such as the IPSASB have started developing reporting for information published outside the financial statements that have linkages with the financial statements, such as information on service delivery achievements and reporting on financial sustainability.

The Board is mandated to set Standards of GRAP, and to undertake any activities that contribute to the enhancement of financial reporting. As such the Board is not directly mandated to develop reporting requirements that extend beyond financial statements. Questions were raised locally about whether the ASB's mandate should be expanded. Given the legal implications that such a change would require, coupled with the drive to reduce government expenditure, it was agreed that pursuing such a change in mandate is not feasible at present.

The Board's activities for the year focused primarily on responding to issues raised by its stakeholders on areas where there is divergence in practice. This included developing proposed guidance on accounting for land and housing arrangements in municipalities. Both of these issues were highlighted during the last post-implementation review.

Proposed guidance was also developed for living and non-living resources, which is an area where no guidance exists at present and has resulted in diverse accounting practices. The Board also issued a final Standard of GRAP on how to identify whether an entity is a principal or an agent in an arrangement. This is an area where limited guidance was available which resulted in a number of adverse audit findings.

With the withdrawal of Statements of Generally Accepted Accounting Practice (GAAP) in 2012, the Board also had to consider whether users of GBEs' financial statements would be better served by information produced applying Standards of GRAP or International Financial Reporting Standards (IFRSs). The Board completed this work during 2015, which resulted in the development of a set of criteria which are to be applied by affected entities. The criteria consider whether the nature of an entity's funding and operations is better suited to the application of Standards of GRAP or IFRSs. Each entity will make its own assessment. This means that the reporting framework selected will most

appropriately reflect the entity's operations and activities, and ultimately produce the most relevant information in the financial statements.

The Board has developed a core set of Accounting Standards, and the level of maturity in the application of the Standards is growing. As a result, the Board agreed that it should consult as to which projects it should be undertaking to ensure that its activities are relevant and respond to stakeholders' needs. The development of a work programme for the next three years will also assist stakeholders to understand the future accounting and reporting landscape, and will enable them to plan and resource their accounting functions accordingly. The first consultation was initiated in 2015. The analysis of the results of the consultation, and any decisions on the Board's work programme for 2017-2020, will be undertaken during June 2016.

The development of the Standards of GRAP is not possible without the continued involvement of our stakeholders in the development process. A list of the organisations that have provided technical assistance to the Board through participation in project groups is included in Annexure A to the financial statements.

Promoting the adoption of Standards of GRAP

The Secretariat completed the translation of the Standards of GRAP into three official languages – isiZulu, Sesotho and Afrikaans. The languages selected were based on the Board's language policy, which was approved in 2014. The translated Standards were made available on the ASB's website during the first quarter of 2016. The Secretariat will monitor the use of these translations in the new financial year.

The Board proposed to the Minister of Finance that the Standard of GRAP on *Accounting by Principals and Agents* be effective from 1 April 2017. Given the urgency to implement this guidance, no transitional relief period was proposed by the Board. The Minister is yet to gazette the final effective date.

The Minister of Finance is responsible for approving the implementation dates of the Standards. The promulgation of the effective dates of Standards of GRAP issued by the Board is a growing area of concern. At year end, there were at least four Standards for which no effective date had been gazetted, and another four where the effective

date had only been gazetted for some entities. The governance structures of the ASB are addressing this issue as a matter of urgency.

Monitoring the implementation of the Standards of GRAP

One of the key mechanisms used to monitor the application of the Standards of GRAP is to undertake post-implementation reviews. The Board adopted a policy of not reviewing each Standard of GRAP, but to focus on those areas where issues have been identified in practice and/or resulted in repeated audit findings.

No new post-implementation reviews have been undertaken since the review of the asset-related Standards in 2013/2014. Much of the focus has been on ensuring that the ASB, National Treasury and the Auditor-General have adequately responded to the issues raised during that review. By mid-2016, the ASB would have responded to all the issues raised by respondents. The next step will be to monitor whether the actions undertaken are achieving the desired results.

Influencing the development of international standards

As the Standards of GRAP are based on International Public Sector Accounting Standards (IPSASs), the Board continues its efforts to influence international standard-setting as much as possible. This is done through participation in the activities of the IPSASB and its task groups, as well as through commenting on any relevant pronouncements issued.

Jeanine Poggiolini, the Technical Director, was re-appointed as the Deputy Chair of the IPSASB in January 2016 for another year. Her term on the IPSASB ends on 31 December 2016. A suitable candidate has been nominated to replace her on the Board from 2017 onwards, but the success of this candidate will depend on the nomination and appointment process undertaken by International Federation of Accountants (IFAC).

Realising the potential of our people

One of the key risks of the ASB is that it may fail to attract and retain suitably qualified, competent staff. As standard-setting is a unique discipline, it is often difficult to ensure that staff are appropriately developed on an ongoing basis. As a result, the standard-setting staff is given access to an executive coach to assist with areas of development. This form of development has yielded positive results over the year.

Communicating with our stakeholders

The Secretariat managed to undertake a substantial number of consultations during the year, even though travel was limited. This was possible through holding many of the meetings in and around Gauteng, which meant that other organisations may have incurred expenses to travel. We are grateful for the ongoing co-operation we receive from our stakeholders and organisations such as SAICA and IMFO that assist in facilitating our communication activities.

The Secretariat has also secured the publication of a GRAP Handbook through Juta, which will be available in the new financial year. Royalties earned from the sale of the handbook will result in an additional source of revenue for the ASB.

Ensuring that the ASB is well governed

The Board was fully constituted on 1 March 2015. The new Board members have a wealth of experience in the public sector as well as financial reporting. This has contributed to the Board's ability to deal with complex issues in a meaningful way.

As of 1 April 2015, the Board has two sub-committees: the Operations Committee (formerly known as the Management Committee) and the newly established Technical Committee. The membership of the Technical Committee comprises Board members, the Chief Executive, and representatives from the National Treasury and Auditor-General. Members may be co-opted onto the Technical Committee should it feel that particular expertise is needed. The Technical Committee was constituted to ensure that an appropriate level of debate and scrutiny is exercised in developing pronouncements and dealing with technical matters. This allows the Board to focus on exercising oversight over the Standard-setting process and devoting more time to the governance of the ASB as an entity. All pronouncements are however still approved and issued by the Board.

The Audit and Risk Committee as well as the internal audit function, continues to be shared with the National Treasury.

Appreciation

I would like to express my thanks to the members of the Board for their leadership and guidance during the year, as well as to my staff for their hard work and dedication.



E Swart

Chief Executive

29 July 2016

02

REVIEW OF THE ASB'S PERFORMANCE FOR 2015/16

The ASB agrees its strategy and annual performance plan with the Minister of Finance, which is the Executive Authority of the ASB.

The assessment of the Board's performance against its strategic objectives and, specifically, its annual targets for 2015/16 is outlined below.

How well did the ASB perform in 2015/2016?

The ASB met, or exceeded, the performance targets set for the 2015/16 period for all its seven strategic objectives (which are outlined below) with the exception of communication with stakeholders which was not achieved in full.

The ASB exceeded the target of issuing 12 pronouncements in the year by issuing two additional

pronouncements, and developing another two for issue in the second quarter of 2016.

The performance target on communication with stakeholders requires that we undertake outreach in each of the nine provinces. As we did not undertake outreach in Northern Cape, Mpumalanga or Limpopo, we did not fully meet all the targets we set for the year as a result of budgetary constraints. As sufficient budgetary resources have been made available for the 2016/17 reporting period, we hope we will be in a position to reach the stakeholders in each province in the new year.

Diagram 1 – Snapshot of ASB's performance for 2015/16

Outcome (Goal)	Improve financial reporting						
	Enhance financial reporting in all spheres of government over the next 5-10 years to improve accountability and decision-making						
Outcome (Strategic objectives)	Set Standards of GRAP	Monitor the application of the Standards of GRAP	Promote the adoption of the Standards of GRAP	Influence the development of international standards	Realise the potential of our people	Communicate with our stakeholders	Promote good governance and financial management
	Achieved	Achieved	Achieved	Achieved	Achieved	Partially achieved	Achieved

Results of activities and achievements

Set Standards of GRAP

Develop Standards of GRAP based on an approved work programme on an ongoing basis

- which provide accounting requirements for all material transactions and events;
- are understandable; and
- that can be implemented by entities in all three spheres of government.

The Board issued 14 pronouncements for the year, and another two were developed to be issued. Most of the pronouncements issued for the year under review respond directly to issues raised by stakeholders, or consider the impact of international developments on the local environment. Most notably, the Board issued the following key documents.

As final pronouncements

- GRAP 109 *Accounting by Principals and Agents* and related transitional provisions.
- Directive 12 *Determining the Reporting Framework for Public Entities*.
- Amendments to GRAP 21 and 26 on impairment of assets.

Issued for comment

- Draft Guideline on *Accounting for Housing Arrangements Undertaken in Terms of the National Housing Programme*.
- Draft Interpretation on *Recognition and Derecognition of Land*.
- Proposed Standard of GRAP on *Living and Non-living Resources*.

Other

- Research Paper on *Analysis of the Impact of the IPSASB's Conceptual Framework*.

The Board started work on revising the Standards that deal with consolidated financial statements and related issues. This is to align them with the five newly issued IPSASs. The Board developed two of the five proposed Standards, but decided that it would wait until work on all five is completed and then issue these as a package for comment in 2016/2017.

The Board also issued pronouncements to maintain its current suite of Standards. Given the number of documents issued for comment during the year, the Board decided to postpone the Improvements Project to 2016.

For the first time, the Board initiated a consultation on its work programme. This was initiated in the last quarter of 2015, and the results will be analysed in the second quarter of 2016. The end result will be a work programme for three years, which will direct the ASB's activities over that period.

Promote the adoption of the Standards of GRAP

Monitor and facilitate the adoption of the Standards of GRAP by public sector entities through the development of transitional provisions and transitional arrangements when the Minister of Finance approves a new Standard.

Respond to issues identified by stakeholders by developing FAQs or adding projects to the work programme.

There was one new Standard of GRAP issued during the year, GRAP 109. The Board developed transitional provisions after undertaking the necessary consultations, and proposed an effective date of 1 April 2017 to the Minister of Finance.

The Secretariat facilitated regular trilateral meetings between the ASB, National Treasury and the AGSA. The purpose of these meetings is to facilitate strategic co-operation between the entities on financial management reforms, and to identify any emerging issues that require action by either party.

The translations of the Standards of GRAP were completed, and the translated Standards made available on the ASB's website.

Monitor the application of the Standards of GRAP

Monitor and evaluate the consistent application of the Standards of GRAP on an ongoing basis by considering whether or not the needs of users are met.

Respond to issues identified by stakeholders by developing FAQs or adding projects to the work programme.

One of the key mechanisms used to monitor the application of the Standards is undertaking post-implementation reviews of the Standards. This has proved to be a highly effective tool to identify whether the Standards are meeting their intended objectives, as well as identifying key practice issues that the Board may need to address.

The Board's policy does not require that a post-implementation review be undertaken for each Standard. Instead, reviews are focused on those Standards where issues have been highlighted, through audits and discussions with stakeholders. No new post-implementation reviews were undertaken for the year.

The Board focused its attention on ensuring that actions arising from the last post-implementation review on assets have been addressed. A joint communication was developed and issued, highlighting the results of the review. It also outlined the actions of the ASB, National Treasury and Auditor-General to address issues raised. The Board is in the process of consulting on the last of the proposed pronouncements issued to respond to the actions identified from the review.

Based on our ongoing engagement with stakeholders, we identified the need for clarity on three key issues. This resulted in the issue of FAQs on the following topics:

- An explanation of the phrase "effective for financial periods commencing on or after 1 April 201X", when referring to the applicability of the GRAP Reporting Framework.
- Applying the requirements in Directive 11 retrospectively in the absence of cost records for assets on the date of adoption of the Standards of GRAP.
- The interaction between GRAP 20 and GRAP 23 for services-in-kind.

The Secretariat works closely with the staff of the Audit Research Division at the Auditor-General as well as the staff of the Office of the Accountant-General to resolve issues that arise during the PFMA and MFMA audit cycles. A draft protocol was developed during the year to outline the process to be followed to resolve disputes between parties when they arise. The protocol will be finalised during 2016/17.

In anticipation of the upcoming piloting of the municipal Standard Chart of Accounts (mSCOA) from 1 July 2016, the Secretariat has facilitated discussions between the team at National Treasury and our stakeholders to ensure early identification of any inconsistencies with the Standards, or any application issues. The Secretariat received revised mSCOA documents for review from the

National Treasury in mid-March 2016. Comments on these documents will be provided in the coming financial year.

The Secretariat has also provided input on a number of guidance documents issued by the Office of the Accountant-General to ensure their consistency with the Standards.

Influence the development of international standards

Influence the development on an ongoing basis of:

- Private sector standards to minimise differences between the private and public sectors;
- IPSASs, as appropriate public sector standards, reduce the need for South African public sector amendments in the development of Standards of GRAP.

The ASB influences the development of public sector reporting internationally by ensuring that South Africa is represented on the IPSASB, by participating in the groups that assist in developing IPSASs, and by commenting on relevant documents issued for comment. As the ASB is one of the first adopters of IPSASs, we are able to make valuable inputs into key issues faced by governments in applying accrual accounting. Also, because we have developed our own standards in certain areas, are able to provide innovative thinking on new issues considered by the IPSASB.

The Secretariat issued concurrent Exposure Drafts locally for the following documents issued by the IPSASB:

- Consultation Paper on *Social Benefits: Recognition and Measurement*.
- Proposed *Improvements to the IPSASs*.
- Proposed amendments to *Impairment of Revalued Assets*.
- Proposed amendments related to *The Applicability of IPSASs*.
- Proposed amendments to IPSAS 25, *Employee Benefits*.
- Proposed IPSAS on *Public Sector Combinations*.

The issuing of the documents locally for comment allows the Secretariat to engage with the relevant stakeholders to identify issues that affect the local environment. These issues are communicated to the IPSASB in the comment letters submitted.

The Secretariat has commented on all of the proposed

pronouncements issued by the IPSASB during the year under review, most notably, proposals on how to recognise and measure social benefits. Extensive consultation was undertaken with affected parties in the local environment, which resulted in key issues being identified at an early stage of the project.

The Secretariat also participates in the task groups to develop or review the existing guidance on revenue, public sector specific financial instruments, and heritage assets. As South Africa is one of the few countries to have guidance in place on the recognition and measurement of heritage assets, we believe we have a substantial contribution to make to the project.

The Secretariat also actively monitors developments at the International Accounting Standards Board (IASB). In particular, the Secretariat participates in the sub-committees held by SAICA to discuss comments on proposed pronouncements and amendments to IFRSs. The Secretariat also participates in the Accounting Practices Committee (APC) of SAICA and the newly established Financial Reporting Technical Committee of the Financial Reporting Standards Council (FRSC), and sits as an observer at the FRSC meetings.

The Secretariat has provided feedback on an informal basis on a draft communication being developed by the International Integrated Reporting Council (IIRC), CIPFA and the World Bank on the role of integrated reporting in the public sector and on the appropriateness of governance proposals for the public sector incorporated into draft King IV.

Realise the potential of our people

Maintain the level of capability needed to deliver the outputs required and the strategic priorities outlined.

It is important that the ASB has a well-established, functioning Board and that its members have the necessary competencies to fulfil their responsibilities. The new Board members were appointed in March 2015 and their first official meeting was in July 2015. Board members received the necessary induction materials shortly after their appointment.

As the ASB is an organisation that aims to improve financial reporting, it is important that the technical

staff remain up-to-date with the latest developments, and that they are also able to execute key activities such as research and communication. The technical staff is required to undertake the requisite number of hours for Continuing Professional Development prescribed by SAICA, and also have access to an executive coach to assist with other areas of development. Other staff identify their individual training and development needs. W.Consulting has provided the opportunity for the technical staff to attend any of their training courses free of charge, and we are extremely grateful for this offer.

All the requisite training and development was undertaken during the year under review for all staff, and all necessary targets met.

No vacancies existed during the year.

Communicate with stakeholders

To increase our communication efforts so as to regularly reach all relevant stakeholders over the next five years.

As noted earlier, the Board did not fully achieve this objective as its stakeholder engagement did not reach all nine provinces. It is important that we reach all our stakeholders on a regular basis as this ensures that:

- a wide range of issues is identified both on proposed pronouncements, and on the application of existing Standards, which adds to the relevance and credibility of our work; and
- we keep both existing and new practitioners in the public sector informed of our activities. Comprehensive information on the engagements undertaken is included in section 3.

Although we did not physically reach all nine provinces during the year, two of the interventions during the year were webinars, which have a potentially wide reach.

Ensuring that stakeholders are informed of new developments at the ASB is always challenging. Our primary communication tool is the website.

The Secretariat also communicates with stakeholders through the publication of a Newsletter, and the newly launched "Meeting Highlights", which outline

the key decisions and deliberations of the Board on issues. These were issued after each Board meeting.

The Secretariat wrote five articles during the year and submitted them to SAICA and IMFO for publication.

Numerous requests have been received about the publication of a "GRAP Handbook". A contract has been negotiated with Juta to publish the Standards of GRAP as a book. The book will be available in the new financial year.

In the spirit of promoting sound public financial management, the Secretariat participated in a number of international speaking engagements, all of which were paid for by the respective organisations. Many of these related to the IFAC

initiative "Accountability. Now." which aims to promote the adoption of accrual based IPSASs.

As South Africa is one of the more advanced adopters of IPSASs, we have the ability to share lessons learnt with other jurisdictions.

Promote good governance and financial management
To ensure Standards' development is done in the most efficient, effective and economic way.

The ASB has received an unqualified audit opinion since its establishment, and complies with all regulatory requirements.

No adverse findings were reported by the internal auditors, and any recommendations for improvements in processes and policies have been implemented.

03

OUTREACH TO STAKEHOLDERS

Outreach to stakeholders is vital to the Board's work. It ensures that the Standards are relevant, credible, and address local issues, and also ensures that preparers and users are informed about the requirements of the Standards and their implications. Outreach primarily includes presentations, workshops, meetings and webcasts.

The Board's outreach activities for the year included the following key focus areas:

- Due process engagements – This outreach is aimed at receiving input from preparers, users and other interested parties on proposed pronouncements issued by the Board as part of its public comment process.
- Information sharing – These engagements aim to share information with stakeholders about the Standards of GRAP and their implications.
- Targeted engagements with users – These interventions are aimed at educating users on the role of financial statements and how the information could be used to make decisions and hold entities accountable.
- Building strategic relationships – Regular engagements with key stakeholders to ensure better co-operation and alignment of activities.
- Youth development – Sharing information with tertiary students about the activities of the ASB and careers in the public sector.
- Advancement of the profession – These discussions focus on key issues currently being debated about the structure and regulation of the accountancy profession.
- Engagement with oversight structures – The Board has engaged with both the Standing Committee on Finance (SCOF) and the Standing Committee on Public Accounts (SCOPA) about the work of the ASB.
- Promoting the adoption of accrual accounting – The Board frequently shares experiences on the adoption of IPSASs and accrual accounting with other countries.

A schedule of the engagements undertaken during the year is included on the ASB website. [Click here to download the pdf.](#)

The Board undertook 47 local engagements during the year under review (2015: 39) and 5 international engagements (mainly on behalf of IFAC). The increase of 57% is due to the fact that the Board issued more documents for comment than in the prior year (11 in 2016 and 7 in 2015). A list of the engagements undertaken is available on the ASB's website.

While there is an overall increase in the number of engagements, most of them (35 or 74%) were held in and around Gauteng. As different provinces experience different issues, it is critical that the Board undertakes outreach in each of the nine provinces. The Board did not manage to undertake specific engagements in Limpopo, Mpumalanga and Northern Cape during the year. The Board did however undertake other initiatives such as webinars to expand the potential reach of engagements to all provinces. This is however the second consecutive year that the Board has not visited these provinces. As the Board is dependent on organisations in the provinces to assist in making the necessary arrangements, our reach in each province is largely dependent on the ability of these entities to assist and therefore outside our control. The Secretariat has already reached out to organisations in these provinces to try and set up engagements in the new year.

The diagrams below outline the proportion of engagements in each of the provinces, as well as the level of engagement in the provinces in comparison to prior years.

Diagram 2 – Geographic distribution of engagements for 2016

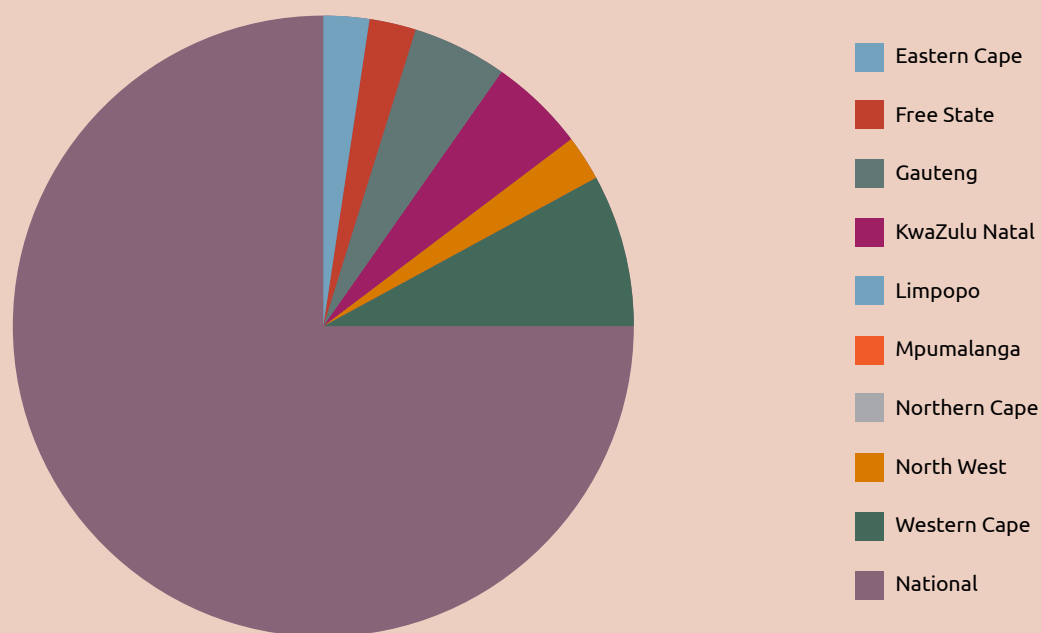
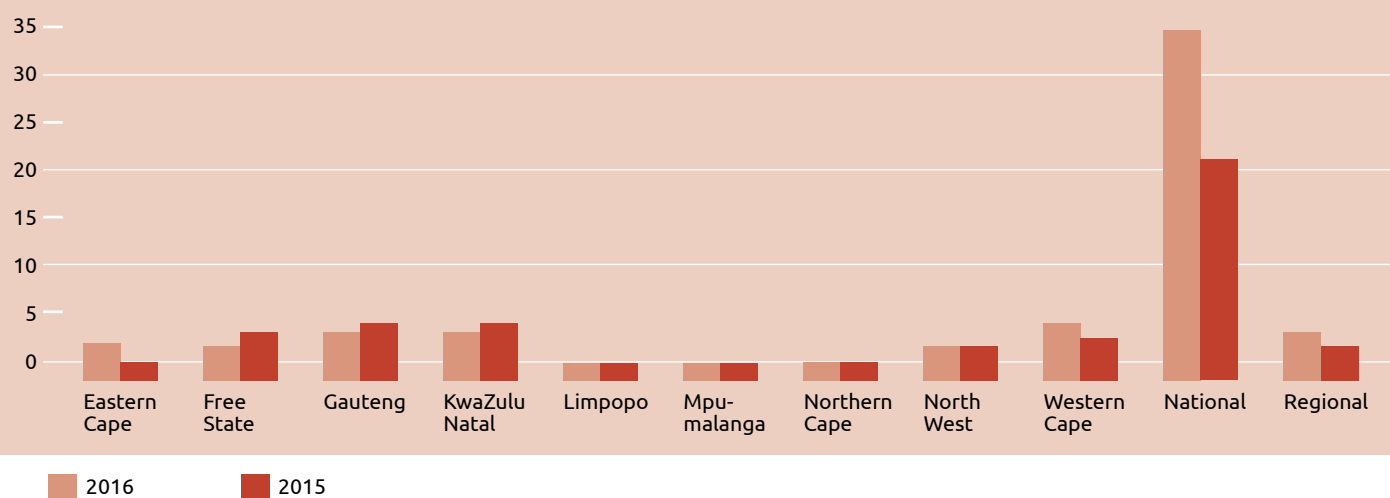


Diagram 3 – Number of engagements per province: 2016 versus 2015



04

SUSTAINABILITY OF THE ASB

The sustainability of organisations is generally assessed based on three aspects: financial viability, impact on the environment, and impact on communities.

Given the nature of the ASB's activities and its size, it is often difficult to assess sustainability using each of these elements. In particular, because the ASB is funded through National Treasury allocations, which are indirectly funded through taxpayer and other public contributions, there is insufficient funding available to undertake social responsibility initiatives.

As one of the ASB's core activities involves air travel, measuring sustainability at the ASB over the past years has focused on the impact on the environment. The restriction on travel for part of the year meant that the ASB has used technology more efficiently by partnering with organisations such as SAICA to establish a web presence. In particular, the Secretariat presented two webinars during 2015 facilitated by SAICA. These types of initiatives are not only more resource efficient, but they have a lower impact on the natural environment and enable the Secretariat to reach a wider audience in a single initiative. It is anticipated that the number of such initiatives will increase in 2016/17 and the aim is to ensure that all Exposure Drafts issued by the Board are presented via webcast.

Financial sustainability

The current allocations made over the MTEF period are sufficient to allow the ASB to undertake its core activities, but excluded post-implementation reviews of Standards of GRAP. Any reductions in these allocations would mean that the ASB would need to curtail its core activities.

Environmental sustainability

The Board manages the impact of its work on the environment by measuring the quantities of resources used such as water, electricity and paper. It also measures the distances travelled by air as this mode of travel results in a significant output of carbon emissions. The Board does not measure local kilometres travelled by car to attend meetings, workshops and other engagements, nor does it measure the resources consumed by our stakeholders to attend our meetings and project groups.

The Secretariat undertakes domestic air travel to ensure that adequate consultation with stakeholders takes place. One of our new Board members is based in Cape Town, which requires air travel to attend Board and Technical Committee meetings.

Domestic air travel has remained relatively constant since last year, with an increase of 2%.

International air travel is necessary for participation in the IPSASB meetings, almost all of which are held in North America each year. Wherever feasible, teleconferences are held to reduce the extent of international travel, but this is not always possible. The volume of air travel undertaken depends on specific projects and activities undertaken during the reporting period.

International air travel reduced by 28% compared to 2015. In the prior year, Amanda Botha, one of the standard setters assisted the IPSASB in developing IPSAS 33 on the *First Time Adoption of IPSASs*.

The negative effects that air travel has on the environment have not been offset in any way, as contributing to carbon offset programmes offered by airlines is often prohibitive in terms of cost, and the Board has insufficient resources to spend on such programmes.

The water usage for the year has decreased by 56%. This is largely due to a decrease in the water consumption for the building, of which the ASB pays half.

Both electricity and paper usage have remained fairly constant with a 4% reduction in both instances. Given the initiatives introduced in previous years, the current usage is likely to reflect the optimised usage.

The table below sets out the use of those key resources or activities undertaken to execute the ASB's day-to-day activities.

Table 1 - Consumption levels for the year under review, compared to those of the prior year

	2015/16	2014/15	Change
Water	39 kL	88 kL	-56%
Electricity	18 923 kW	19 784 kW	-4%
Paper	389 kg	407 kg	-4%
International air travel	129 677 km	181 184 km	-28%
Domestic air travel	42 048 km	41 324 km	2%

GOVERNANCE OF THE ASB

The implementation of effective governance processes and systems has ensured that the Board and its employees are directed, controlled and held to account.

These structures are supported by the Board's strategic and annual performance plan.

The Board is responsible for establishing its own operating procedures.

The Board, which is the accounting authority of the ASB, is responsible for corporate governance. The Board fulfils this responsibility by approving and implementing the necessary policies to ensure that the ASB adheres not only to the legislative requirements as set out in the Public Finance Management Act, but also to the principles in the Protocol on Corporate Governance encapsulating the principles of the King Report on Corporate Governance.

Application of KING III

The Board has benchmarked its governance policies and practices to the Recommended Practices set out in King III on Corporate Governance.

The Board applies the practices recommended in King III, except for the following:

- The Board has not appointed a board secretary as sufficient skills are vested in the board members and the Secretariat. Expert advice is contracted in as and when the need arises.
- The Board is held accountable by its stakeholders using the annual report, which incorporates all the principles of an integrated report and a full set of financial statements. Integrated reports should contain summarised financial statements, but the annual report, and in particular the annual financial statements are

the instruments used by the Standing Committee on Finance for oversight and accountability. Because of the nature of the ASB, and the fact that decisions on financial sustainability are made by the Executive Authority, there is limited reporting on sustainability.

- The Audit and Risk Committee is shared with the National Treasury. The National Treasury is responsible for the appointment of the members, the selection of the chairperson and remuneration of the members. Mechanisms are in place to ensure that there is adequate communication between the Board and the Audit and Risk Committee.
- The Board has not established a separate Risk Committee. The Operations Committee and the Audit and Risk Committee assist the Board in carrying out its risk responsibilities.

Portfolio committees

Parliament exercises its role through evaluating the performance of the ASB by considering its annual financial statements, which together with other documents, have to be tabled from time to time. SCOPA is required to review the ASB's annual financial statements and the audit reports of the external auditor on a periodic basis. The Standing Committee on Finance provides oversight over the ASB as an entity under the ownership control of the National Treasury.

Executive authority

The Minister of Finance is the executive authority responsible for the ASB. The Minister is responsible for appointing Board members and for ensuring

that those appointed have the necessary skills and expertise in accounting and public sector finance. Board members should also have the knowledge and understanding of financial reporting and governance to guide the ASB as a public entity.

Audit and Risk Committee

The Audit and Risk Committee is responsible for, among others, improving management reporting by overseeing the internal and external audit functions, ensuring the effectiveness of internal control systems and ensuring the adequacy, reliability and accuracy of financial and performance information provided by management to the users. Due to the size and nature of the ASB, it shares the National Treasury's Audit and Risk committee. National Treasury remunerates the members of the Audit and Risk Committee.

The National Treasury is responsible for the governance and accountability of the Audit and Risk Committee, while the link to the ASB's own governance is ensured by the attendance of the Chair of the Audit and Risk Committee at the Board meetings and the Chief Audit Executive attending the meetings of the Operations Committee. This way there is an unimpeded direct link to the Board and its committees.

Information on attendance of Audit and Risk Committee members at meetings and remuneration is included in the annual report of the National Treasury.

The Board

The Board consists of ten non-executive members. Board members have a dual function.

Firstly, they are responsible for governance and accountability, and as accounting authority ensuring that it meets the objectives set out in the strategic plan. This activity is executed through the Operations Committee and the Chief Executive.

Secondly, the Board is responsible for setting Standards of GRAP. This activity is executed through the Technical Committee and the Technical Director. In its capacity as Standard-setter, the Board develops and approves Standards of GRAP, Interpretations of Standards of GRAP, Directives, Discussion Papers, Exposure Drafts, and guidelines for those entities required to comply with the Standards. Once a Standard has been approved by the Board, an implementation date needs to be recommended

to the Minister of Finance. Such a recommendation follows consultation with the Auditor-General and National Treasury.

The Board is also broadly responsible for promoting transparency in, and effective financial management of revenue, expenditure, assets and liabilities in the public sector.

The Board has delegated the following to the Technical Committee:

- Develop policies and procedures for standard setting.
- Monitor implementation of the policies and compliance with the policies.
- Monitor the work programme and progress on projects.
- Review of technical documents and recommending them to the Board for approval.
- Monitor compliance with due process.
- Report to the Board on all aspects of Standard-setting.

To ensure that the Board maintains its integrity and fulfils its accountability responsibility, it has delegated some of its functions to the Operations Committee to assist with the effective performance of its functions.

The functions that have been delegated include:

- Formulate, monitor and review the strategic plan, major plans of action and risk policies for recommendation to the Board.
- Monitor the operations of the ASB, as delegated to the Chief Executive, to ensure that it complies with all applicable laws, regulations and other government policy.
- Monitor the implementation and ongoing compliance with approved policies and strategies.
- Monitor compliance with the delegation of authorities to the Chief Executive.
- Consider and recommend the budget to the Board for approval.
- Monitor the ASB's actual performance against the approved budget through the review of management reports.
- Ensure the timely preparation of annual financial statements and submission to the Board as required in legislation and through other prescripts.
- Consider and recommend action to the Board in resolving internal and external audit findings.

- Manage potential conflict of interest and report instances to the Board where appropriate.
- Review the materiality and significance framework annually and recommend amendments to the Board.
- Consider remuneration and incentive awards for employees, recommending their approval to the Board and overseeing compliance with human resource policies.

Composition and remuneration of Board members

Remuneration of Board members is determined by the Minister of Finance. Employees of National and

Provincial Government and any of their agencies, entities, Local Government or organs of State are not remunerated. Those members with an asterisk (*) next to their names are not remunerated.

Actual expenses incurred by Board members to attend meetings are refunded. The remuneration of Board members is lower than last year by 15%. In the past, Board members chaired project group meetings. During the current year this has changed with the introduction of the Technical Committee which has resulted in savings in fees.

Table 2 - Composition and attendance of Board meetings

Name of Board member	Designation in terms of Public Entity Board structure	Date appointed	Qualifications	Area of Expertise	No. of Board meetings attended
T Coetzer	Chairperson of the Board from 1 March 2015 Chairperson of the Operations Committee from 1 March 2015 Independent non-executive member	Re-appointed for a second term on 1 March 2015	CA(SA)	Public and private sector finance	4 of 4
B Colyvas	Independent non-executive member Member of the Operations Committee Chairperson of the Technical Committee	Re-appointed for a second term on 1 March 2015	CA(SA)	Technical accounting and auditing (public and private sector)	4 of 4
K Makwetu* (Auditor General)	Independent non-executive member	March 2015	CA(SA)	Public sector audit	1 of 4
S Badat* (Alternate: K Makwetu)	Independent non-executive member	Re-appointed for a second term on 1 March 2015	CA(SA)	Public sector audit	2 of 4

Table 2 - Composition and attendance of Board meetings

Name of Board member	Designation in terms of Public Entity Board structure	Date appointed	Qualifications	Area of Expertise	No. of Board meetings attended
M Sass* (Accountant-General)	Non-executive member	Resigned September 2015	CA(SA)	Public sector finance and consulting	0 of 2
J Nair* (Acting Accountant General)	Non-executive member	October 2015	B Com National Diploma: Government Finance	Public sector finance	0 of 2
L Bodewig* (Alternate: J Nair)	Non-executive member Member of the Technical Committee	Re-appointed for a second term on 1 March 2015	CA(SA)	Public sector finance	1 of 4
N Ranchod	Independent non-executive member Member of the Technical Committee	Re-appointed for a second term on 1 March 2015	CA(SA)	Technical accounting and auditing (public and private sector)	2 of 4
R Rasikhinya*	Independent non-executive member Member of the Operations Committee	Re-appointed for a second term on 1 March 2015	CA(SA)	Public sector finance	3 of 4
M Kunene*	Independent non-executive member Member of the Technical Committee	March 2015	CA(SA)	Public sector finance	3 of 4
V Ndzimande	Independent non-executive member Member of the Technical Committee	March 2015	CA(SA)	Public sector finance and consulting	4 of 4
I Lubbe	Independent non-executive member Member of the Technical Committee	March 2015	CA(SA)	Academic (public and private sector accounting)	3 of 4
C Wurayayi*	Independent non-executive member Member of the Operations Committee	March 2015	ACCA	Public sector accounting	3 of 4

Table 3 - Composition and attendance of Operations Committee meetings

Name of Board member	Date appointed	No. of meetings attended
T Coetzer	Re-appointed for a second term on 1 March 2015	3 of 3
B Colyvas	Re-appointed for a second term on 1 March 2015	3 of 3
R Rasikhinya*	Re-appointed for a second term on 1 March 2015	2 of 3
C Wurayayi*	Appointed 1 March 2015	1 of 3

Table 4 - Composition and attendance of Technical Committee meetings

Name of Board member	Date appointed	No. of meetings attended
B Colyvas	21 July 2015	3 of 3
N Ranchod	21 July 2015	2 of 3
M Kunene*	21 July 2015	1 of 3
V Ndzimande	21 July 2015	3 of 3
I Lubbe	21 July 2015	3 of 3
L Bodewig*	21 July 2015	2 of 3
M Mentz*	10 February 2016	1 of 1
F Omar*	21 July 2015	2 of 2
E Swart*	21 July 2015	3 of 3

Table 5 - Remuneration of Board members

Name of Board member	Board	Operations Committee	Technical Committee	Project and ad hoc	Fee for Chair	Total 2016	Total 2015
Paid to Members							
T Coetzer	49 432	17 368	-	-	110 573	177 373	115 624
B Colyvas	46 760	17 368	40 748	2 672	-	107 548	131 068
I Lubbe	30 728	-	36 740	-	-	67 468	-
V Ndzimande	49 432	-	36 740	-	-	86 172	-
Paid to Employer							
N Ranchod	42 645	-	33 507	10 661	-	86 813	87 039
Total	169 565	34 736	147 734	13 333	110 573	525 374	620 869

Internal control and risk management

The Board, with the assistance of the internal audit and the Audit and Risk Committee, needs to ensure that an effective, efficient and transparent system of internal control is implemented and maintained so that the ASB can meet its strategic objectives and goals. This is done through the establishment of an appropriate control environment.

Due to the size and the nature of the ASB's operations, a comprehensive system of internal control and risk management is not feasible. The Chief Executive is responsible for supervising the day-to-day operations of the ASB while the Operations Committee monitors compliance with

applicable laws and regulations against the Board's approved operating and policy procedures to ensure that goals and objective are achieved.

Reliance is also placed on the internal and external audit, as these functions play an important role in providing assurance that the effective internal control systems are maintained.

The Board has ensured that the necessary policies, procedures and practices are in place to identify and respond to all risks faced by the ASB in a timely and adequate manner. This includes an annual assessment of risks associated with the functions and operations of the ASB, and frequently updating its risk management strategy in response to these risks.

Internal audit

Internal audit provides assurance that the Board maintains an effective and efficient internal control environment. Internal audit is responsible for evaluating the Board's controls in determining its effectiveness, efficiency and economy. Internal audit is also responsible for improving and enhancing existing control and, where appropriate, developing new recommendations.

As with the Audit and Risk Committee, the ASB shares its internal audit function with the National Treasury. During the period under review, the internal audit conducted various reviews and assessments of the ASB's control environment. The results were directly reported to the Audit and Risk Committee.

No significant deviations from internal audit were reported during these assessments.

External audit

Nexia SAB&T were appointed as external auditors of the ASB. No non-audit services were provided by the external auditors. Their report is set out on pages 30 to 31.

Compliance with laws and regulations

The Board has established and implemented various policies to consider compliance with the applicable laws and regulations on a regular basis.

Fraud and corruption

The Board has developed and implemented a fraud prevention plan to address the risk of fraud and corruption.

Minimising conflicts of interest

In order to minimise conflicts of interest, the Board has developed and implemented appropriate procedures to deal with this matter. All Board

members and the Secretariat are required to complete an annual declaration of interests.

At each Board meeting, the declarations of Board members are updated. Newly appointed employees are required to declare all actual or perceived conflicts of interest on appointment. When new conflicts of interest arise, employees are required to declare such interest in the appropriate register, after which it is reported to the Board.

Code of conduct

The Board has approved and implemented a Code of Conduct that requires all Board members and the Secretariat to conduct the ASB's operations fairly, impartially, in an ethical and proper manner, and in full compliance with all known and applicable laws and regulations. The Board expects all employees to share its commitment to high moral, ethical and legal Standards. Any violations of the Code are reported to the Chief Executive, the chairperson of the Board and to internal audit and external audit, where applicable.

Health, safety and environmental issues

The Board has approved an occupational health and safety policy aimed at providing and maintaining a safe and healthy working environment for all its employees. This policy is regularly reviewed.

During the period under review no breakdowns in the ASB's policy concerning health, safety and other environmental issues were noted.

Social responsibility

As the ASB is financed indirectly by taxes, through a transfer payment from the National Treasury, its policy is not to make donations or contributions for social responsibility. Employees may from time to time make voluntary contributions in their personal capacity.

06

MANAGING AND DEVELOPING THE PEOPLE OF THE ASB

During the reporting period, the staff complement remained unchanged from the previous period.

The ASB team has remained stable since its inception which is evident by several long-serving team members. This has enabled the ASB to ensure that institutional knowledge has been retained. Retaining those skills, knowledge and capabilities is the cornerstone of the success and sustainability of the ASB.

Overview of human resources

The status of human resources at the ASB

On 1 April 2015 the new structure approved by the Board was implemented. This entailed the promotion of one of our Senior Standard Setters to the position of Technical Director and the establishment of the Technical Committee. This change allowed for the separation of certain technical activities from the Chief Executive's role. The new organisational structure has not resulted in any changes to staff complement or changes in conditions of employment of any staff members.

The Chief Executive and the Technical Director are not members of the Accounting Authority.

Human resources priorities and key strategies to attract and retain capable workforce

The main priorities for 2015/16 were to implement the new organisational structure and to retain our talented staff, in an increasingly mobile market environment with a shortage of skilled and experienced staff. The implementation of the new structure was successful, with priority given

to change management initiatives to sensitise and assist employees with the change in reporting lines.

In its bid to retain staff, the Board has a suite of policies that sets out a well-developed, articulated and compelling 'people promise' to attract and retain the best people. This value proposition is designed to appeal to existing employees and convince potential employees to join the ASB. The 'people promise' also intends to differentiate the ASB from other employers and position the organisation as an employer of choice.

Policy development and challenges faced by the ASB

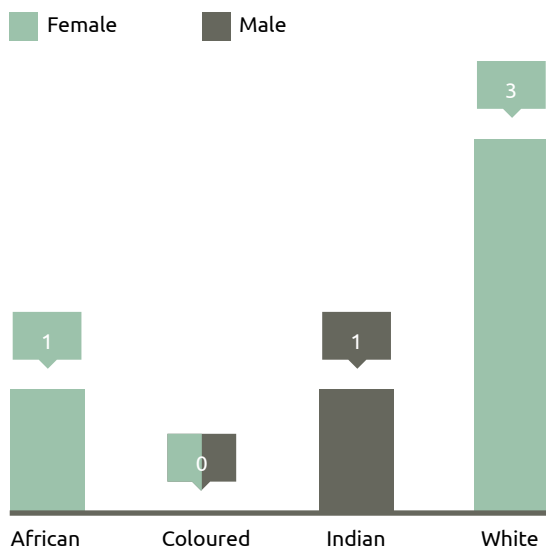
The Board, through the Operations Committee, regularly reviews existing policies and procedures in addressing all human resource related matters and any challenges faced by the ASB. One of the biggest challenges remains the recruitment and retention of skilled technical employees in order to meet the Board's objectives as set out in its strategic plan.

The ASB has a staff complement of seven which includes five qualified chartered accountants who specialise in technical accounting research and development. Potential candidates are scarce.

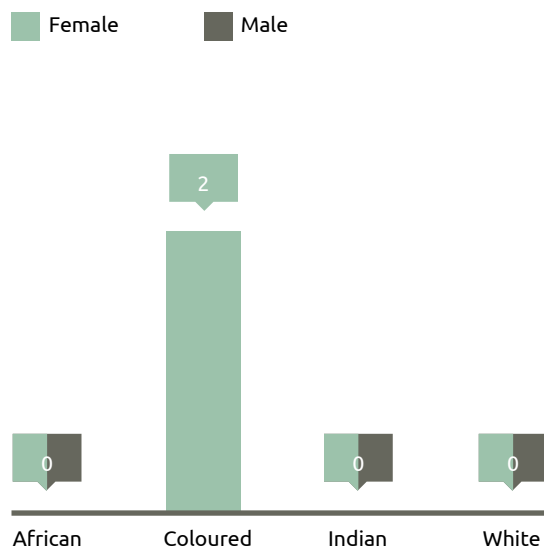
Employment equity

The ASB supports employment equity in the workplace. The demographic composition of the ASB at reporting date was as follows.

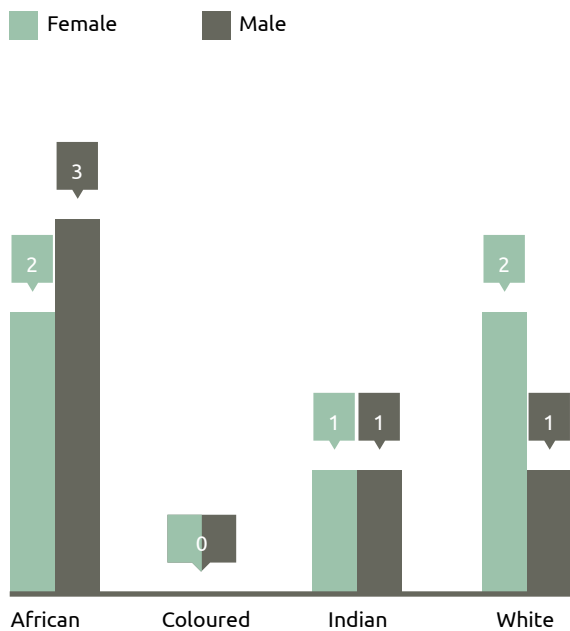
Secretariat Technical Staff



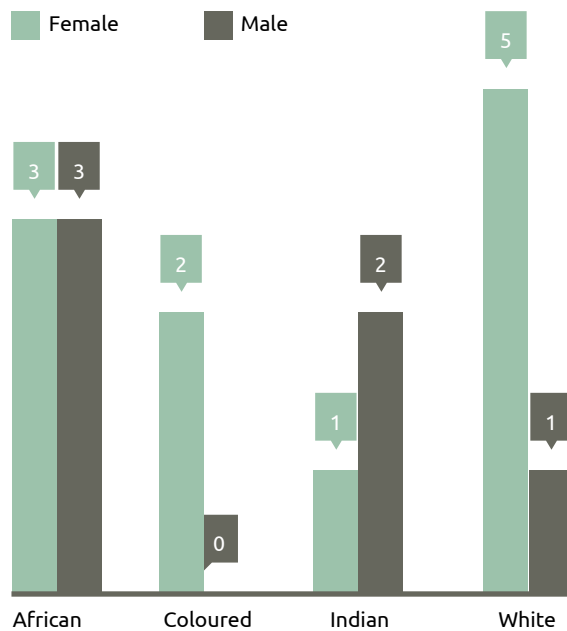
Secretariat Support Staff



Board



Total



Human resource oversight statistics*Remuneration of employees*

The ASB has a remuneration policy to establish and maintain competitive, fair, equitable and market-related compensation to attract, motivate and retain employees. Employees are recognised in accordance with their current skills and competency levels while giving them the opportunity to develop. Details of the Chief Executive's and Technical Director's remuneration are provided in the notes to the financial statements.

All the positions in the ASB have been graded using the Patterson scale of grading as this grading scale is sufficiently flexible to determine pay scales for each employee.

Remuneration is based on the total cost to the ASB, which includes contributions to medical aids, and retirement annuity funds. Salary increases are determined by work performance, growth in the job profile and an annual cost of living adjustment.

Table 6 - Personnel cost by salary band

Level	Personnel Expenditure	% of Personnel exp. to total Personnel Cost	No. of Employees	Average Personnel Cost per Employee
	(R'000)			(R'000)
Management	4 366	49.4%	2	2 183
Professional qualified	5 879	65.7%	4	1 270
Skilled	485	5.5%	1	483
Semi-skilled	178	2.0%	1	178
SUB-TOTAL	8 950			
Movement in Leave Provision	-112			
TOTAL	8 838			

Performance Rewards

Enabling our employees to perform to their fullest potential ensures the Board delivers on its mandate. The Board uses staff performance appraisals and development plans to manage its talented workforce and ensure that employees contribute effectively.

The Board acknowledges the need for an effective incentive scheme and policy that allows for the recognition and reward of both organisational and individual performance. This is part of the development and implementation of a performance management process within the ASB.

The Board has therefore implemented an incentive scheme of which a variable component is allocated based on 40% in favour of organisational performance and 60% in favour of individual performance. Incentives to a maximum of 30% of guaranteed remuneration are paid, at the discretion of the Board, when funds are available.

The Chairperson evaluates the Chief Executive's performance and the Operations Committee oversees the performance reviews and remuneration of the Secretariat.

Table 7 – Percentage performance rewards versus salary cost

	Performance Rewards	Personnel Expenditure	% of Performance Rewards to Personnel Expenditure
	(R'000)	(R'000)	
Management	726	4 366	16.6%
Professional qualified	644	3 809	16.9%
Skilled	82	485	16.9%
Semi-skilled	28	178	15.7%
TOTAL	1 480	8 950	16.5%

Table 8 - Employment and vacancies

	2014/2015 No. of Employees	2015/2016 Approved Posts	2015/2016 No. of Employees	2015/2016 Vacancies	2015/2016 % of Vacancies
Management	1	2	2	0	0
Professional qualified	4	3	3	0	0
Skilled	1	1	1	0	0
Semi-skilled	1	1	1	0	0
TOTAL	7	7	7	0	0

Development of employees

The Board is committed to delivering quality services through its employees. It thus ensures that all employees receive up-to-date, relevant and effective training and development so that the Board can fulfil its mission and vision. Various

policies and procedures concerning the training and development of employees have therefore been developed and approved by the Board. These policies and procedures are aimed at ensuring employees develop at both a personal and a career level.

Table 9 – Expenditure on training and development

Personnel Expenditure	Training Expenditure	Training Expenditure	No. of employees trained	Average Training Cost per Employee
(R'000)	(R'000)	% of Personnel Cost		(R'000)
8 950	263	2.9%	7	36

07

REPORT OF THE AUDIT AND RISK COMMITTEE FOR THE YEAR ENDED MARCH 2016

We are pleased to present our report for the financial year ended 31 March 2016

Background

- The Audit and Risk Committee (the Committee) is established as a statutory committee in terms of section 51 (1) (a) of the Public Finance Management Act and Treasury Regulation 27.1.
- The Committee has adopted a formal terms of reference as its audit committee charter and has fulfilled its responsibilities for the year, in compliance with its terms of reference.

Membership and Attendance

- The Committee consists solely of independent members who are financially literate and also have appropriate experience.
- The Committee met 6 times during the year.
- The following is a list of its members, qualifications and a record of their attendance:

Name of Board member	Qualifications	Appointement Date	No. of meetings attended
Mr Joe Lesejane (Chairperson)	Chartered Accountant (SA), Fellow Chartered Management Accountant (UK), B.Com, B.Compt (Hons) and Certificate in Control Self-Assessment (CCSA), Chartered Director (SA)	1 February 2013	5 of 6
Ms Octavia Matloa*	Chartered Accountant (SA), B.Com (Hons) and CTA	1 July 2013	6 of 6
Mr Ameen Amod	Master in Business Administration, Bachelor of Commerce, Certificate in Internal Audit (CIA), Certified Government Auditing Professional Auditor and Certification in Risk Management Assurance, Chartered Director (SA)	1 July 2015	6 of 6
Mr Luyanda Mangquku	Chartered Accountant (SA), Masters in Business Leadership, Honours Bachelor of Accounting and Honours Bachelor of Commerce, Advanced Company Law I & II	1 July 2015	5 of 6
Ms Anna Badimo	B.Sc Computer Science B.Sc Hons Computer Science MBA, MSC, CISM, CGEIT, M. InstD, Cobol Programming Diploma, Project Management Diploma	1 July 2015	4 of 6
Ms Berenice Francis	Certification in Control Self-Assessment (CCSA), Certified Internal Auditor (CIA), B.Compt (Hons) and B.Com Accounting	1 August 2013	4 of 6

*Ms Octavia Matloa was the Acting Chairperson from 1 February 2016 to 31 March 2016. Mr. Joe Lesejane's term of office expired on 31 January 2016; and Ms. Berenice Francis' term ends on 31 July 2016.

The Audit Committee's Responsibilities

The Committee in conjunction with the Risk Management Committee is satisfied that it has discharged its responsibilities in assisting the Accounting Authority with the following activities:

- The safeguarding of assets, the operation of adequate systems, control and reporting processes, and the preparation of accurate reporting and financial statements in compliance with the applicable legal requirements and accounting standards;
- Overseeing the activities of, and ensuring coordination between, the activities of internal and external audit;
- Providing a forum for discussing financial, enterprise-wide risks relating to financial and regulatory exposures; and monitoring controls designed to minimise these risks;
- Reviewing the entity's quarterly performance information, annual report, including annual performance information and annual financial statements, and any other public reports or announcements containing financial & non-financial information;
- Receiving and dealing with any complaints concerning the accounting practices, internal and external audit or the content and audit of its financial statements or related matters; and
- Annually reviewing the Committee's work and charter making recommendations to the Accounting Authority to ensure the Committee's effectiveness.

Risk Management

- Management is responsible for the establishment and maintenance of an effective system of governance, risk management, the prevention and detection of fraud and internal controls.
- Internal Audit was guided by the consolidated risk profile, provided by the Enterprise Risk Management unit, critical audit areas and managements inputs in the formulation of its 3 year strategic and annual plans.
- The entity has a Risk Management Committee which is chaired by an independent member who reports directly to the Audit Committee.
- Due to a number of internal challenges which are in the process of being addressed the Risk Management Committee met 3 times during the year under review.
- A risk register is updated annually to ensure that all the major risks including emerging risks facing the organisation are effectively managed.

Internal Audit

The Committee approved a risk based 3 year rolling Strategic Plan and an Annual Internal Audit Coverage Plan for periods 1 April 2015 to 31 March 2018 covering the following key audit activities for the 2015/2016 financial year:

Type	Total Planned Audits	% Completed
Regularity Audit	3	100%
Compliance Audit	0	N/A
Performance Audit	1	100%
Information Technology Audit	1	100%
Ad-hoc Audits	0	N/A
Total	5	

The Committee reviewed all the internal audit reports; and is satisfied:

- With the activities of the internal audit function, including its annual work program, co-ordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations.
- That internal audit is conducted in accordance with the standards set by the Institute of Internal Auditors.
- With the implementation of improvement actions that were recommended during the external quality assurance review that the internal audit function underwent in the 2014/2015 financial year, which gave them the general conformance rating in terms of their operations in compliance with the definition of Internal Auditing, International Standards for the Professional Practice of Internal Audit (ISPPA) and the Code of Ethics.

Accounting and Auditing Concerns' Identified by Internal Audit

There are no accounting and auditing concerns that has been noted and brought to our attention.

Other Identified Concerns

The Committee noted the following areas of concern:

- Delays in the finalization of the new accounting standards;
- Financial constraints limiting the organization's ability to deliver on its mandate; and
- Challenges in recruiting specialized skills.

Other than these matters, nothing significant has come to our attention to indicate any material breakdown in the functioning of controls, procedures and systems.

The Committee is therefore of the opinion that Internal Audit is independent, has provided objective assurance and consulting activities that were designed to add value and improve the organisation's operations.

The Adequacy, Reliability and Accuracy of the Financial Information

The Committee is of the opinion, based on the information and explanations provided by management as well as the results of audits performed by the internal auditors, and the Auditor-General, that the financial information provided by management to users of such information is adequate, reliable and accurate.

External Audit

- The Committee has reviewed the independence and objectivity of the external auditors.
- The external auditors attended 6 meetings of the Committee
- The Committee also had 2 in-camera meetings with the external auditors and we are satisfied that there are no unresolved issues of concern.
- The Committee reviewed and approved the external audit report and no accounting and auditing concerns were noted.

The Effectiveness of Internal Controls

- The Committee considered all the reports issued by the various assurance providers e.g. Internal and External auditors, Risk Management Committee, etc.
- Noted managements' actions in addressing identified control weaknesses and is satisfied with the following achievements reported during the year:

Assurance Provider	Total Findings	Resolved Findings	Unresolved Findings
Internal Audit	24	23	1
External Audit	0	0	0

- We also noted findings raised by both Internal and External Auditors in the area of Performance Information which management has addressed and will be effected in the new strategic plans.

In light of the above we report that the system of internal control for the period under review is considered to have been adequate.

Compliance with Legal and Regulatory Provisions

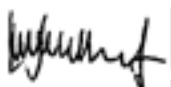
- The Committee has reviewed the in-year management and quarterly reports submitted in terms of the Public Finance Management Act and the Division of Revenue Act and are satisfied that no material deviations were noted.
- The Committee also noted managements' policies and procedures to ensure compliance with applicable laws and regulations.

Evaluation of Financial Statements and Annual Report

The Committee has evaluated the annual financial statements and performance information for the year ended 31 March 2016 and duly recommended for the Accounting Authority's approval prior to being submitted to the external auditors for audit.

The Committee reviewed the Auditors' Management and Audit reports; and concurs with their conclusions. The Committee therefore accepts the audit opinion expressed by the external auditors on the annual financial statements, and annual report.

We would like to express our appreciation to the Board for their leadership and support; Chief Executive Officer, Internal Audit and management for their commitment and achievement of an unqualified audit opinion.



Ms O Matloa

Chairman of the Audit and
Risk Committee
28 July 2016

Independent auditor's report to Parliament on the Accounting Standards Board

Report on the financial statements

Introduction

We have audited the financial statements of the Accounting Standards Board set out on pages 34 to 46, which comprise the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in equity, and the statement of cash flows and the statement of comparison of budget amounts with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting Authority's responsibility for the financial statements

The board which constitute the accounting authority, are responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, and for such internal control as the accounting authority determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments,

the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Accounting Standards Board as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with the South African Standards of Generally Recognised Accounting Practice and the requirements of the Public Finance Management Act of South Africa.

Report on other legal and regulatory requirements

In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, we have a responsibility to report findings on the reported performance information against predetermined objectives of selected objectives presented in the annual report, compliance with legislation and internal control. We performed tests to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, we do not express an opinion or conclusion on these matters.

Predetermined objectives

We performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected objectives presented in the annual performance report of the public entity for the year ended 31 March 2016:

- Objective 1:
Set Standards of GRAP on page 7
- Objective 2:
Influence development of international standards on pages 8 to 9
- Objective 3:
Promote the adoption of the Standards of GRAP on page 7
- Objective 4:
Monitor the application of the Standards of GRAP on pages 7 to 8
- Objective 6:
Communicate with stakeholders on pages 9 to 10.

We evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. We further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPi).

We assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

Usefulness and Reliability of reported performance information

We did not identify any material findings on the usefulness and reliability of the reported performance information for the following objectives:

- Objective 1:
Set Standards of GRAP

- Objective 2:
Influence development of international standards
- Objective 3 :
Promote the adoption of the Standards of GRAP
- Objective 4:
Monitor the application of the Standards of GRAP
- Objective 6:
Communicate with stakeholders

Additional matters

Although we identified no material findings on the usefulness and reliability of the reported performance information for the selected objectives, we draw attention to the following matters:

Achievement of planned targets

Refer to the annual performance report on pages 6 to 10 for information on the achievement of the planned targets for the year.

Compliance with legislation

We performed procedures to obtain evidence that public entity had complied with legislation regarding financial matters, financial management and other related matters. We did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

We considered internal control relevant to our audit of the financial statements, report on performance information and compliance with legislation. We did not identify any significant deficiencies in internal control.

Audit tenure

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 04 December 2015, we report that Nexia SAB&T has been the auditor of the Accounting Standards Board for six years.

Nexia SAB&T

Nexia SAB&T

Registered Auditors

Per: Aneel Darmalingam

31 July 2016

08

STATEMENT OF RESPONSIBILITY

The Board, as the accounting authority in terms of the PFMA, is responsible for preparing and presenting financial statements that fairly present the financial position, performance and cash flows for the period in accordance with the applicable laws and regulations.

The Board maintained adequate accounting records and an effective system of internal controls and risk management and complied, in all material respects, with applicable laws and regulations.

The Board prepared the annual financial statements, presented on pages 34 to 46, using Standards of GRAP, and in the manner prescribed by the PFMA. Appropriate accounting policies, supported by reasonable and prudent judgements and estimates, have been consistently used. The information has been presented in a manner that provides relevant, reliable, comparable and understandable information.

The Board acknowledges that it is ultimately responsible for the systems of internal financial controls established by the ASB and places considerable importance on the maintenance of a strong control environment.

To enable the Board to meet these responsibilities, it sets internal controls aimed at reducing the risk of error or deficit in a cost effective manner appropriate to the organisation. The controls include the effective delegation of responsibilities within a clearly defined framework, appropriate accounting procedures and adequate segregation of duties to ensure risk is reduced to an acceptable level. These controls are monitored and all employees are required to maintain the highest ethical standards to ensure that the ASB delivers in accordance with its mandate.

While risk management is focused on the identification, assessment, management and monitoring of the identified risks, it is recognised that all operational

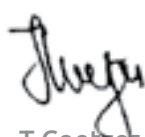
and strategic risks cannot be eliminated. The Board strives to minimise the remaining risk by ensuring that appropriate infrastructure, controls and systems are in operation and through ethical behaviour manages the risks within predetermined levels and constraints.

The Board is of the opinion, based on the information and explanations obtained from management, that the systems of internal control provides reasonable assurance that the accounting records may be relied on for the preparation of financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Board is financially dependent on a transfer payment from the National Treasury. On the basis that the transfer payment has been listed in the Estimates of National Expenditure, the Board is satisfied that the ASB has access to adequate resources to continue in operational existence for the foreseeable future. For this reason, the Board prepared the annual financial statements on a going concern basis.

The external auditors, Nexia SAB&T, are responsible for independently reviewing and reporting on whether the financial statements are fairly presented. Their report is presented on pages 31 to 32.

The annual financial statements for the year ended 31 March 2016 set out on pages 34 to 46 were approved by the Board on 15 June 2016 and are signed on its behalf by the undersigned.



T Coetzer
Chairperson
29 July 2016

ANNUAL FINANCIAL STATEMENTS

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STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2016

Figures in Rand	Note	2016	2015
Revenue			
Non-exchange revenue			
Transfer	1	11 274 000	11 499 514
Exchange revenue			
Interest		127 615	182 507
Other revenue	2	203 100	150 300
		330 715	332 807
		11 604 715	11 832 321
Expenditure			
Depreciation	8	(13 727)	(84 262)
Employee benefits	3	(8 838 359)	(7 650 460)
Operating expenditure	4	(2 827 089)	(4 257 701)
		(11 679 175)	(11 992 423)
Deficit for the year		(74 460)	(160 102)

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

Figures in Rand	Note	2016	2015
Assets			
Non-current assets			
Property, plant and equipment	8	184 151	197 878
Current assets			
Receivables from exchange transactions	9	55 308	89 876
Cash and cash equivalents	10	441 257	907 997
		496 565	997 873
Total assets		680 716	1 195 751
Net assets and liabilities			
Liabilities			
Current liabilities			
Employee benefit provisions	11	207 652	319 051
Payables from exchange transactions	12	349 646	678 823
		557 298	997 874
Net Assets			
Accumulated surplus	13	123 418	197 877
Total net assets and liabilities		680 716	1 195 751

STATEMENT OF CHANGES IN NET ASSETS AS AT 31 MARCH 2016

Figures in Rand	Note	Accumulated surplus	Total net assets
Balance at 01 April 2014		357 979	357 979
Deficit for the year		(160 102)	(160 102)
Balance at 01 April 2015		197 877	197 877
Deficit for the year		(74 460)	(74 460)
Balance at 31 March 2016	13	123 418	123 418

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

Figures in Rand	Note	2016	2015
Cash flow from operating activities			
Cash receipts			
Transfer	1	11 274 000	10 250 000
Other revenue	2	203 100	150 300
		11 477 100	10 400 300
Cash payments			
Employees		(8 951 162)	(8 577 454)
Suppliers and other service providers		(3 120 294)	(3 833 761)
		(12 071 456)	(12 411 215)
Net cash flows from operating activities	14	(594 356)	(2 010 915)
Cash flows from investing activities			
Interest		127 615	182 507
Net cash flows from investing activities		127 615	182 507
Net decrease in cash and cash equivalents		(466 741)	(1 828 408)
Cash and cash equivalents at the beginning of the year		907 997	2 736 405
Cash and cash equivalents at end of the year	10	441 257	907 997

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED

31 MARCH 2016

Figures in Rand	Note	Actual	Last Publicly Available Budget	Additional Allocation after AENE	Adjustment Budget	Variance
Revenue						
Transfer		11 274 000	10 174 000	1 100 000	11 274 000	-
Interest	19(a)	127 615	35 000		35 000	92 615
Other revenue	19(b)	203 100	80 000		80 000	123 100
		11 604 715	10 289 000	1 100 000	11 389 000	215 715
Less: operating expenditure						
		11 679 175	10 425 611	1 100 000	11 525 611	153 564
Employee benefits		8 838 359	8 688 504	150 000	8 838 504	(145)
Board remuneration		525 374	273 833	250 000	523 833	1 541
Domestic travel		120 627	76 180	45 000	121 180	(553)
Foreign travel	19(c)	270 560	0	193 000	193 000	77 560
Training and refreshments		269 221	0	270 000	270 000	(779)
Communication and marketing		451 934	233 428	218 000	451 428	506
Printing and publications	19(d)	44 979	71 136	(26 000)	45 136	(157)
Administration	19(e)	1 158 121	1 082 530	0	1 082 530	75 591
Deficit for the year	19(f)	(74 460)	(136 611)	0	(136 611)	62 151

Summary of significant accounting policies

General information

The Accounting Standards Board is a juristic person established in accordance with the Public Finance Management Act, Act No 1 of 1999, as amended (PFMA), and specified in Schedule A of that Act. The principal activity of the ASB is the setting of Standards of Generally Recognised Accounting Practice (GRAP).

Significant accounting policies

The significant accounting policies applied in the preparation and presentation of these financial statements are set out below. These policies were consistently applied for the years presented, unless otherwise stated. A statement of accounting policies used by the ASB is published on the ASB's website. [Click here to view pdf.](#)

Basis of preparation

The annual financial statements have been prepared in accordance with Standards of GRAP. They are presented in South African Rand, which is the functional currency of the Republic of South Africa.

The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation. The financial statements have been prepared on a going concern basis.

These financial statements are prepared using the going-concern principle and, on an accrual basis, in line with the measurement base applied which is historical cost unless stated otherwise.

Employee benefits

Short term employee benefits

The cost of short term employee benefits is recognised in the period in which the service is rendered.

Provision for employee benefits

Provision for employee entitlement to annual leave represents the present obligation that the ASB has to pay as a result of employees' services provided to the reporting date. The provision has been calculated at undiscounted amounts based on salary rates effective at the reporting date.

Post retirement employee benefits

The ASB contributes to a retirement annuity fund on behalf of its employees and is not liable for any actuarial loss sustained by the fund. Accordingly, no provision has been made for any such losses. As the contributions made are those of the employees from guaranteed remuneration, the contributions paid are expensed as remuneration.

Transfer from the National Treasury

The transfer from the National Treasury is recognised when it is probable that future economic benefits will flow to the ASB and when the amount can be reliably measured. Revenue is recognised to the extent that there is no further obligation arising from the receipt of the transfer payment.

The amount of the transfer payment received not used, is recognised as a liability. Application is made in the new financial year to retain the unused amount. When consent is obtained to use the funds, it is derecognised as a liability and recognised as revenue.

Services received in kind

The ASB receives services in kind from:

- The National Treasury for the shared internal audit function and remuneration paid to the members of the Audit and Risk Committee.
- Technical assistance from members of project groups who are not remunerated by the ASB for their contributions to Standard-setting.
- Board members who are employees of organs of state who are not remunerated.
- W.Consulting for allowing the Standard-setters employed by the ASB to attend training courses free of charge.

The ASB cannot reliably determine a fair value for the services it received in kind, other than the training courses provided by W.Consulting. Accordingly no amount is recognised in the Statement of Financial Performance for the value of these services received. The nature of any technical assistance received is included in Annexure A to the financial statements.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The depreciable amounts of property, plant and equipment are allocated on systematic bases

over their useful lives. Management expects to abandon the assets at the end of their useful lives and therefore the residual values are estimated to be negligible. Useful lives and residual values are assessed on an annual basis.

The estimated useful lives of property, plant and equipment are currently as follows:

Item	Average useful life
Furniture and fittings	12 - 20 years
Office equipment	3 - 10 years

Impairment losses are determined as the excess of the carrying amount of items of property, plant and equipment over the recoverable service amount and are charged to surplus or deficit.

Subsequent expenditure incurred on items of property, plant and equipment is only capitalised to the extent that such expenditure meets the definition of an asset and the recognition criteria. Repairs and maintenance not deemed to enhance the economic benefits or service potential of items of property, plant and equipment are expensed as incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in surplus or deficit in the period.

Comparative information

No reclassification of comparative figures has been made.

Budget information

The financial statements and the budget are prepared on the same basis of accounting.

Critical accounting judgements

Aspects where judgement has been exercised that may have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial period are discussed below.

Determination of useful lives for property, plant and equipment:

The nature of the ASB's operations results in difficulties in determining the useful lives of items of property, plant and equipment. The asset lives exceed industry norms for similar assets. In re-assessing useful lives, the depreciation charge in the Statement of Performance is adjusted.

Assessing the adequacy of the leave pay provision:

The leave pay provision is based on actual days accrued at the rate of remuneration at the reporting date. Changes in the rate of remuneration are determined annually and are effective from the first date of the financial year.

Standards and amendments to Standards issued but not effective

The following Standards of GRAP and amendments to Standards of GRAP have been issued, but are not yet effective:

Standard	Summary and impact	Effective date
GRAP 20 – Related Party Disclosures	<p>This Standard establishes principles on related party disclosure.</p> <p>The impact on the financial results and disclosure is considered to be minimal when the Standard is adopted as it has been used to inform current disclosures.</p>	<p>Issued by the ASB in June 2011.</p> <p>No effective date has been determined by the Minister of Finance.</p>
Amendments to the Standards of GRAP on <i>Investment Property</i> (GRAP 16) and <i>Property, Plant and Equipment</i> (GRAP 17)	<p>The objective of these amendments is to clarify certain principles in GRAP 16 and GRAP 17.</p> <p>The impact on the financial results and disclosure is considered to be minimal.</p>	<p>Issued by ASB in March 2015.</p> <p>Effective date is 1 April 2016</p>

Those Standards of GRAP and Amendments to Standards of GRAP that have been issued, but are not yet effective that are not relevant to the ASB, are not included in the list above.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Figures in Rand	2016 R	2015 R
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1. Transfer

Operating expenses	11 679 175	11 992 423
Depreciation	(13 727)	(84 262)
Straight-lining of operating lease	(60 733)	(75 840)
Interest	(127 615)	(182 507)
Other revenue	(203 100)	(150 300)
Amount recognised as revenue	11 274 000	11 499 514

2. Other revenue

Audit committee fees	203 100	150 300
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3. Employee benefit costs

Salaries	8 826 146	7 639 348
Contribution to the UIF	12 213	11 112
	8 838 359	7 650 460

4. Operating expenses has been arrived at after charging

Auditors' remuneration - Fees	105 222	98 872
Depreciation	13 727	84 262
Legal advice	30 838	118 238
Operating lease expense	522 578	543 098
Fees paid to consultants	1 539	183 835

5. Change in accounting estimate

The useful lives of furniture and fittings has been extended from 12 to 20 years resulting in a decrease in depreciation for the current year of R42 702 and an increase of R2 653 per annum in future reporting periods.

The useful lives of Office Equipment has been extended from 5 to 10 years resulting in a decrease in depreciation for the current year of R28 470 and an increase of R10 927 per annum in future reporting periods.

6. Services received in kind

W.Consulting provided training courses to technical staff free of charge to a fair value of R3 602 (2015: R0).

7. Taxation

The ASB is exempt from income tax in accordance with Section 10(1)(cA)(i) as more than 80% of its expenditure is defrayed from funds voted by Parliament. The ASB is exempt from the payment of Value Added Tax (VAT) on the transfer received. As a result, any VAT paid by the ASB is also not refundable by SARS. Accordingly, some of the items of revenue and expenditure and assets and liabilities include VAT.

8. Property, plant and equipment

	2016 R			2015 R		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fittings	390 618	(254 334)	136 284	390 618	(269 140)	121 478
Office equipment	223 161	(175 294)	47 867	226 991	(150 591)	76 400
Total	613 779	(429 628)	184 151	617 609	(419 731)	197 878

Reconciliation of property, plant and equipment

	Furniture and fittings	Office equipment	Total
Balance 1 April 2014	153 998	128 142	282 140
Additions	-	-	-
Disposals at cost	(3 363)	(11 212)	(14 575)
Depreciation on disposals	3 365	11 210	14 575
Depreciation	(32 522)	(51 740)	(84 262)
Balance 1 April 2015	121 478	76 400	197 878
Additions	-	-	-
Disposals at cost	-	(3 830)	(3 830)
Depreciation on disposals	-	3 830	3 830
Depreciation	14 806	(28 533)	(13 727)
Balance 31 March 2016	136 284	47 867	184 151

	2016 R	2015 R
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9. Receivables from exchange transactions

Prepayments	-	34 669
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Financial assets at amortised cost

Deposits	55 308	55 207
	55 308	89 876

Refer to note 16 on financial instruments on how risk is managed in relation to the financial assets listed above.

10. Cash and cash equivalents

Cash and cash equivalents consist of the following:

Financial assets

Cash on hand	528	213
Cash at bank	424 567	74 637
Deposits held in investment accounts	16 162	833 147
	441 257	907 997

Refer to note 16 on financial instruments on how risk is managed in relation to the financial assets listed above.

11. Employee benefit provision

Opening balance	319 051	250 059
Increase in provision	649 961	549 671
Change in estimate	36 210	22 301
Amounts utilised during the year	(797 570)	(502 980)
Closing balance	207 652	319 051

In terms of the ASB's leave pay policy, employees are entitled to accumulated vested leave pay benefits not taken within a leave cycle. They remain entitled to that leave for one year after the end of a leave cycle, before the leave is forfeited.

	2016 R	2015 R
12. Payables from exchange transactions		
Payables at amortised cost	105 299	83 216
Accruals for goods and services	179 588	590 177
Payroll related accruals	4 026	5 430
	288 913	678 823
Straight-lining of operating lease	60 733	-
	349 646	678 823
13. Accumulated surplus		
Opening balance	197 878	357 980
(Deficit)/surplus for the year	(74 460)	(160 102)
Closing balance	123 418	197 878
Made up as follows:		
Net book value of non-current assets	184 151	197 878
Straight-lining of operating lease	(60 733)	-
	123 418	197 878
14. Net cash from operating activities		
(Deficit) for the year	(74 460)	(160 102)
Adjustments for:		
Depreciation	13 727	84 262
(Decrease)/Increase in provisions	(111 399)	68 992
Interest	(127 615)	(182 507)
Changes in working capital:		
Receivables from exchange transactions	34 568	8 457
Payables from exchange transactions	(329 177)	(580 503)
Unused funds to be surrendered to the National Revenue Fund	-	(1 249 514)
	(594 356)	(2 010 915)

		2016 R	2015 R
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15. Financial instruments

Financial assets

Receivables from exchange transactions	8	55 308	55 207
Cash and cash equivalents	9	441 257	907 997
		496 565	963 204

Financial liabilities

Payables from exchange transactions	11	288 913	678 823
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16. Financial risk management

Credit risk

Financial assets at amortised cost

The receivables are exposed to a low credit risk and no amounts are overdue.

Cash and cash equivalents

Cash and deposits are held with an AA rated registered banking institution and are regarded as having insignificant credit risk. The balance is held at the Corporation for Public Deposits (CPD), which has the same rating as the South African Reserve Bank.

Cash in investment accounts are kept at a maximum in order to maximise interest earned.

The ASB has invested any cash needed in approximately one month in a short term money market account, and the balance in the CPD. The interest rates on these accounts fluctuate in line with movements in current money market rates. Rates earned on funds deposited with the CPD are higher than those earned on funds in the short-term money market account.

Liquidity risk

Payables from exchange transactions

The Board is only exposed to liquidity risk with regard to the payment of its payables. These payables are all due within the short-term. The ASB manages its liquidity risk by holding sufficient cash in its bank account, supplemented by cash available in investment accounts.

		2016 R	2015 R
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17. Related parties

Compensation of key management

Chief Executive Officer's remuneration

Salary	2 006 000	1 900 000
Performance bonus	405 000	371 868
UIF contributions	1 785	1 785
	2 412 785	2 273 653

	2016 R	2015 R
Technical Director		
Salary	1 630 000	N/A
Performance bonus	321 000	N/A
UIF contributions	1 785	N/A
	1 952 785	N/A

The Chief Executive and the Technical Director are not members of the Accounting Authority.
The performance bonuses are determined in accordance with the performance bonus policy.

	2016 R	2015 R
Chairperson's fee		
Fee	110 573	118 259
Board meetings	49 432	71 807
Management Committee meetings	17 368	17 408
Other	-	14 507
	177 373	221 981

Other Board members' fees

Board meetings	169 565	317 189
Management Committee meetings	17 368	41 933
Project group meetings	13 333	3 627
Technical Committee meetings	147 735	-
Other	-	36 139
	348 001	398 888
	525 374	620 869

Those Board members employed by national, provincial or local government, and other organs of state, are not remunerated.

Average number of members

Board	10	10
Technical Committee	4	0
Operations Committee	4	4

The Technical Committee was established on 1 April 2015.

Average number of employees

Secretariat	7	7
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The National Treasury acts on behalf of the Minister of Finance as Executive Authority and has the responsibility to make provision for funding the activities of the ASB by way of a grant listed in the Estimates of National Expenditure.

The ASB also receives Audit and Risk Committee and internal audit services that are paid for by the National Treasury.

By virtue of the fact that the ASB is a national public entity and controlled by the national government, any other controlled entity of the national government is a related party. All transactions with such entities are at arm's length and on normal commercial terms, except where employees of national departments or national public entities participate in the ASB's processes and do not receive any remuneration.

The ASB does not compensate the members of the Board, the Technical Committee or the Operations Committee for the preparation required for meetings.

18. Commitments

At the reporting date, the ASB had commitments outstanding under a non cancellable operating lease, which fall due as follows:

	2016 R	2015 R
Office building and parking		
Due within one year	551 319	522 578
Due within 2-5 years	1 842 656	2 393 975
	2 393 975	2 916 553

The ASB renewed its lease. The new lease commenced on 1 April 2015 and will terminate on 31 March 2020. The lease has a 5 year term, with no increase in the rental in the first year and an escalation of rental of 5.5% per annum thereafter. The cost of the lease is straight lined over the period of the lease.

19. Budget variances

The budget was approved by the Board and submitted to the Executive Authority in terms of section 53(1) of the PFMA.

Explanations for other significant variances are:

- Surplus funds available for investment with the CPD earned higher interest than expected.
- Three of the employees of the ASB serve on audit committees as part of their staff development. Fees received were higher than budgeted, mainly due to the appointment of one of the employees as the chair of an audit committee.
- The ASB did not budget to participate in the IPSASB Board meetings in response to the cost containment measures, but funds were made available during the tabling of the Medium Terms Expenditure Framework in October 2015 when the Adjustments to Estimates of National Expenditure (AENE) was tabled by the Minister of Finance. The Other Revenue was also used to offset the cost of attendance at international meetings.

- d. The saving by not printing the annual report, but making it available electronically instead, was used to fund outreach to local stakeholders.
- e. The budget for professional fees, i.e. legal fees or use of consultants, was eliminated in line with the cost containment measures. However, we incurred legal fees for the review of contractual agreements entered into with service providers, and the cost of copyright on IPSASs increased significantly as a result of the change in the exchange rate.
- f. The net deficit is a non cash deficit attributable to depreciation, straight-lining of the operating lease and changes in the provision for leave pay.

20. Cost containment

In accordance with the Cost Containment Measures issued by the National Treasury, the cost of domestic hotel accommodation, including tourism levies, VAT, parking and breakfast should not exceed R1 300 per person per night.

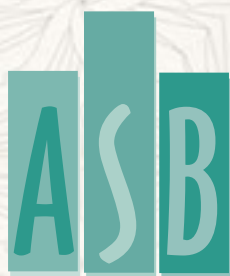
The cost incurred exceeded the approved rate on the following occasions, and the excess was recovered from the traveller.

Date	Place	Amount paid R	Amount recovered R
22 Feb 2016	Caledon	1 336	36
22 Feb 2016	Caledon	1 308	8
29 Mar 2016	Midrand	1 465	165

Annexure A - Technical assistance received at project groups to develop Standards of GRAP

Organisation	Living and non-living resources	Interests in other entities	Housing arrangements	Impairment of assets	Principals and agents	Land
Users						
National Treasury	X	X	X		X	X
Preparers and consultants						
City of Joburg	X	X	X	X	X	
Ekurhuleni Municipality			X		X	X
Drakenstein Municipality			X		X	X
City of Tshwane	X		X			X
Nelson Mandela Bay Municipality					X	
Midvaal Municipality			X			X
Bloemwater	X					
Randwater	X					
Magalies Water	X					
SANPARKS	X					

Organisation	Living and non-living resources	Interests in other entities	Housing arrangements	Impairment of assets	Principals and agents	Land
Preparers and consultants						
Gautrain Management Agency					X	
South African Revenue Service					X	X
Independent Communications Authority of South Africa					X	
W.Consulting					X	
Metis Consulting					X	
Ducharme Consulting	X	X	X	X		X
Public Works Trading Entity						X
Agricultural Research Council						X
National Research Foundation	X					X
Provincial Treasury – North West						X
Provincial Treasury – Gauteng						X
Provincial Treasury – Mpumalanga						X
Provincial Treasury - Limpopo						X
Department of Human Settlements			X			X
Auditors						
Deloitte	X	X	X		X	X
EY	X	X	X		X	X
PWC	X	X	X		X	X
KPMG	X	X	X		X	X
Altimax	X	X	X		X	X
AGSA	X	X	X		X	X
SizweNtsalubaGobodo				X		
Engineers						
Aurecon				X		
SMEC				X		
Other organisations						
SALGA					X	
SAICA	X	X			X	
IMFO	X	X	X			X



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