

JOINT COMMUNICATION BY THE ASB, OAG AND AGSA

RESPONDING TO TECHNICAL ACCOUNTING ISSUES DURING THE PFMA AND MFMA AUDIT CYCLE

Background

The Accounting Standards Board (ASB), Office of the Accountant-General (OAG), and the Auditor General of South Africa (AGSA), frequently receive requests to provide their views on accounting issues. These requests are often sought during the execution of the year-end audit cycles.

As each of the trilateral parties (ASB, OAG and AGSA) has a specific mandate, the level of assistance that can be provided in response to such requests is often limited, and/or the assistance can only be provided to specific individuals or groups of individuals.

In the interest of improving financial management in the public sector, it is important for the trilateral parties to be aware of accounting issues that exist in practice, and for holistic solutions to be developed based on all the relevant facts and circumstances.

It is for this reason that the trilateral parties have developed a process which outlines their co-operation on matters where requests for views on technical accounting issues are received. This process is outlined below.

Process to respond to technical accounting issues raised during the PFMA and MFMA audit cycles

The role of the ASB

The Secretariat of the ASB is only permitted to respond to technical enquiries that are high-level, principle-based questions regarding the Standards of GRAP. Technical opinions on specific transactions or accounting treatments cannot be provided.

When requests for technical assistance are however received during the PFMA and MFMA audit cycles, or are the subject of a disagreement between an auditor and an auditee, the process outlined below should be followed by the entity.

Auditors - PFMA and the MFMA audit cycles

Any queries from auditors, who are employed by the AGSA, should be directed to the Product Champions in each province or business unit. If necessary, these queries will be escalated to the Audit Research and Development (ARD) Business unit.

Queries from audit firms conducting audits in the public sector should be dealt with according to the technical consultation process set out in the following documents made available by the IRBA:

- Guide for registered auditors: Guidance on performing audits on behalf of the AGSA.
- Guide for registered auditors: Guidance on performing audits where the AGSA has opted not to perform the audit.

Auditees - MFMA audit cycles

In those provinces where the responsibility over municipalities has been delegated to the Provincial Treasury, any queries should be submitted to the Provincial Accountant-General. If necessary, these queries will be escalated to the Office of the Accountant-General.

Where responsibility over certain municipalities has been delegated to the National Treasury, any queries should be submitted to the responsible official within the Office of the Accountant-General (<http://oag.treasury.gov.za>).

Auditees - PFMA audit cycle

Any queries by provincial departments and public entities should be submitted to the Provincial Accountant-General. As mentioned above, these queries may be escalated to the Office of the Accountant-General.

All national departments and public entities should direct queries to the responsible official within the Office of the Accountant-General (<http://oag.treasury.gov.za>).

Role of the trilateral parties

Matters escalated to ARD at the Auditor-General or to the OAG that require further consultation between the trilateral parties are discussed at weekly Informal Technical Trilateral (ITT) meetings between ARD, OAG and ASB to resolve the issues.

Feedback from these meetings is provided to the auditor by the ARD, and/or by the OAG to the auditee or entity.

The Secretariat of the ASB monitors the nature and extent of accounting issues raised at the ITT meetings. If necessary, the Secretariat of the ASB will publish a Frequently Asked Question or note the issue as a potential area for the Board to consider in its future work. When appropriate, feedback on issues discussed at the ITT meetings may be provided at the Public Sector Accounting Forum meetings.

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