



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

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**All Accounting Officers / Accounting Authorities – Constitutional Institutions,
Schedule 2, 3A and 3B Public entities and Trading Accounts**

All Heads of Provincial Treasuries

All Provincial Accountants - General

2019/20

YEAR-END INSTRUCTIONS FOR SUBMISSION PROCESS OF NATIONAL AND PROVINCIAL PUBLIC ENTITIES AFS TEMPLATE

INTRODUCTION

1. Section 55 of the Public Finance Management Act (PFMA) requires accounting officers for public entities to prepare and submit Annual Financial Statements (AFS) and Annual Reports (AR) to the National Treasury, the Auditor General of South Africa (AGSA) and the Executive Authority.
2. Due to a COVID-19 pandemic and a declaration of a lockdown by the President, the Minister of Finance has through a Government Gazette, exempted the affected institutions from the provisions of PFMA as stipulated, relating to the reporting deadlines of financial statements and annual reports. The ultimate deadlines have been extended by two months of the applicable provisions of the PFMA. The schedule in paragraph 14 of this document under “Timelines and submissions” (on page 6), has therefore been adjusted accordingly with the new deadlines.
3. Consequently, the National Treasury annually issues a GRAP based AFS template that will be used in the preparation of a GRAP based consolidation of national and provincial public entities AFS. These consolidated financial statements are prepared on an accrual basis in accordance with the South African Standards of Generally Recognised Accounting Practices (GRAP 6) and as such the public entities AFS template is also based on the

standards of GRAP. This AFS template should be completed for the period commencing 1 April 2019 and ending 31 March 2020.

4. All national and provincial public entities are required to comply with the submission dates as prescribed by section 55 of the PFMA and/or Treasury Regulations. These have been summarized in detail under the '**Submissions and Timelines**' paragraph below.

AFS TEMPLATE

5. The AFS template that needs to be completed by public entities for the period ending 31 March 2020 will be emailed to each entity separately and pre-populated with the public entities name and an entity specific code. **No AFS template will be placed on the National Treasury website for download.**
6. All public entities listed in the **PFMA Public Entity Listing 2020**, which details all Public Institutions Listed in PFMA Schedule 1, 2, 3A, 3B, 3C AND 3D as well as all unlisted entities accountable to Parliament or Provincial Legislatures, are required to complete the GRAP AFS template. Further instructions will be issued to Provincial Public Entities by the respective Provincial Treasury.
7. Within the AFS template, public entities will need to complete all tabs as per the instructions therein. The following additional requirements pertaining to Inter-entity Transactions, Conversion Journals and Uncorrected Misstatements need to be adhered to as follows:

a) Inter-entity Transactions and Balances

- In terms of GRAP 6.41, the framework for consolidated financial statements, all inter-entity transactions and balances within the group need to be eliminated on consolidation. This entails all transactions and balances with public entities as listed in the worksheet called **INTER-ENTITY** within the AFS template.
- In order to enable the National Treasury to eliminate these inter-entity transactions on final consolidation, each entity will be required to complete the inter-entity worksheet in this regard for both current year 2019/20 amounts and prior year 2018/19 amounts (rounded off to the nearest R1 and not R1 000). Entities should

ensure that they have no differences between each other to allow for accurate elimination and may share their amounts with other entities to achieve this.

- Furthermore, public entities are to ensure that all amounts captured on both these **INTER-ENTITY** worksheets are tested by the entities' external auditors as part of their audit of the AFS template.

b) Conversion Journals

- In terms of GRAP 6.45, uniform accounting policies must be used for like transactions and other events in similar circumstances. The National Treasury has therefore adopted accounting policies which are GRAP compliant; refer to **Group Accounting Policies** posted on our website for these adopted policies.

i. Entities using GRAP

Where a GRAP accounting policy applied by an entity differs from the accounting policy applied by National Treasury (as per the Group Accounting Policies), the entity must identify any such differences and record the required adjusting journal entries (current and prior year) that would be needed to conform to the National Treasury GRAP accounting policy.

These journal entries should not be passed when completing the AFS template but only recorded in the CONVERSION worksheet in the AFS template. NT will pass the journal entries in the AFS upon final consolidation.

ii. Entities using IFRS or SA GAAP

All Schedule 2 and 3B Government Business Enterprises (GBE's) and other entities applying Statements of SA GAAP or IFRS in preparing their financial statements must identify all differences between their accounting policies and the NT policies. These differences are to be adjusted for through journal entries (current and prior year) in order to conform to the National Treasury GRAP accounting policies.

These journal entries should also not be passed when completing the AFS template but only recorded in the CONVERSION worksheet in the

AFS template. NT will pass the journal entries in the AFS upon final consolidation.

iii. Entities with different financial year ends and using IFRS or SA GAAP

Similar to Schedule 2 and 3B GBE's, all differences in policies identified are to be adjusted for accordingly by such entities. All other additional requirements will be separately communicated to the affected entities upon consultation with the Auditor-General and the external auditors of the entities.

- Please also note that all journal entries captured on the **CONVERSION** worksheet must be tested by the entities' external auditors as part of their audit of the AFS template.

c) Uncorrected misstatements

- Entities should **adjust** for **all audit misstatements**, including immaterial misstatements prior to sign off of the audit report on the annual financial statements. However, in the event that there remain any unadjusted audit misstatements, these must be detailed in the **UNCORRECTED MISSTATEMENTS** worksheet in the AFS template. Please supply us with all the unadjusted errors your auditors have identified, irrespective of the nature thereof. **Again these misstatements should NOT be adjusted for in the AFS template you submit.**

ANNEXURE 7 – REMUNERATION OF EXECUTIVE AND NON-EXECUTIVE MANAGEMENT

8. Annexure 7 – All public entities are required to capture the current year remuneration of their executive and non-executive management as per this worksheet. The national treasury uses Annexure 7 for remuneration research purposes. Although the remuneration of executive and non-executive management (Annexure 7) is included within the AFS template, the worksheet does not form part of the annual financial statements to be consolidated and thus does not have to be subjected to an external audit.

PROCESS FOR COMPLETING THE AFS TEMPLATE

9. The process of completing the 2020 AFS template has been detailed in the AFS template for the current year. For any queries related to the completion of the AFS template, please read the instructions in the AFS template or contact the relevant cluster manager as per the **Communication** section below.
10. Entities should ensure that all discrepancies in the AFS template have been cleared before submission to Treasury and external auditors. The AFS template will highlight in red any discrepancies between the notes and the face of the financial statements as well as in instances where the financial statements do not balance.
11. The completed AFS template should be signed on the cover page by the Accounting Authority / Accounting Officer of the entity as confirmation that they are satisfied that the amounts and information reported in the AFS template are **complete, accurate and valid**.

EXTERNAL AUDITORS' SIGNOFF

12. Following the authorisation of the AFS by the Accounting Authority, the AFS are to be submitted to the external auditors. Upon finalisation of the audit, the **External Auditors' Sign Off Template (Annexure C** as posted on the OAG website) is to be completed and signed off for all entities (GRAP, IFRS and SA GAAP). There are two Annexure C templates, being; 1) the Regular Version – it is for public entities audited by the Auditor General and 2) the Alternative Version for use by Section 4(3) Auditors – it is for public entities audited by the accounting firms under section 4(3). Entities are to ensure that the correct template is used in this regard.
13. Statutory audit reports should also accompany this template. Public entities should ensure that these requirements are communicated to their auditors at the earliest convenience. The AGSA consolidation team will also communicate their instructions to public entity auditors in terms of the requirements of International Standards on Auditing, i.e. ISA 600.

TIMELINES AND SUBMISSIONS

14. The below table shows which documents must be submitted and when by the management of the entity to National Treasury:

No.	Document name	Hard Copy	Soft Copy (CD or memory stick)	Due Date
1.	GRAP AFS template	Printout of the following: <ul style="list-style-type: none"> • Cover Sheet (signed) • Statement of Financial Position • Statement of Financial Performance • Statement of Cash Flows • Statement of Changes in Net Assets 	MS Excel	31 July 2020
2.	Inter-entity worksheet	Printout signed by management	MS Excel (Part of AFS template)	31 July 2020
3.	Conversion journals worksheet	Printout signed by management	MS Excel (Part of AFS template)	31 July 2020
5.	Annexure 7 - Remuneration of executive and non-executive management	Printout signed by management	MS Excel (Part of AFS template)	31 July 2020
5.	Certified AFS submitted for external audit	Printout of complete document signed by management	MS Excel or PDF	31 July 2020
(EXTERNAL AUDIT PROCESS)				
1.	FINAL GRAP AFS template	Printout of the following: <ul style="list-style-type: none"> • Cover Sheet (signed) • Statement of Financial Position • Statement of Financial Performance • Statement of Cash Flows • Statement of Changes in Net Assets 	MS Excel	30 September 2020
2.	FINAL Inter-entity worksheet	Printout signed by management	MS Excel (Part of AFS template)	30 September 2020
3.	FINAL Conversion journals worksheet	Printout signed by management	MS Excel (Part of AFS template)	30 September 2020
4.	FINAL Uncorrected misstatements worksheet	Printout signed by management	MS Excel (Part of AFS template)	30 September 2020
5.	FINAL Audited annual financial statements	Printout of complete document signed by management	MS Excel preferably	30 September 2020
6.	Annexure C – External auditor’s signoff template	Copy of signed original	Scanned document (PDF)	30 September 2020
7.	External auditor’s audit report on annual financial statements	Copy of signed original	Scanned document (PDF)	30 September 2020

15. The above submissions should be sent to the representatives below:

COMMUNICATION

Should you require assistance in this regard, please contact your representative below:

Name of OAG representative/s within NT	Province	Cluster
Star Ngozi Musa Ndlovu Telephone: 012 315 5794/5741 Email: Star.Ngozi@treasury.gov.za Musa.Ndlovu@treasury.gov.za	KZN & NW	Justice & Protection Services
Esther Magopa Andrea Wolfaardt Telephone: 012 315-5281/012 406-9091 Email: Esther.Magopa@treasury.gov.za Andrea.Wolfaardt@treasury.gov.za	NC & FS	Economic Services & Infrastructure Development
Keitumetse Malebye Gomotsegang Tsatsimpe Telephone: 012 315 5989/012 395-6542 Email: Keitumetse.Malebye@treasury.gov.za Gomotsegang.Tsatsimpe@treasury.gov.za	EC & MP	Finance & Admin Services
Thokozile Motsweni Telephone : 012 315 5233 Email: Thokozile.Motsweni@treasury.gov.za	WC	Central Government & Admin
Thomas Matjeni Nthua Motlhala Telephone : 012 315 5792/5244 Email: Thomas.Matjeni@treasury.gov.za Nthua.Motlhala@treasury.gov.za	GP	Social Services
Lizette Labuschagne Telephone : 012 315 5781 Email: Lizette.Labuschagne@treasury.gov.za	LP	NRF



KAREN MAREE
ACTING ACCOUNTANT-GENERAL
DATE: 27 May 2020