

All Accounting Authorities – Schedule 3B Water Boards

2019/20

YEAR-END INSTRUCTIONS FOR SUBMISSION PROCESS OF WATER BOARDS AFS TEMPLATE

INTRODUCTION

1. Section 55 of the Public Finance Management Act (PFMA) requires accounting authorities 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. 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 AFS template is also based on the standards of GRAP.
3. The AFS template for Water Boards should be completed for the period commencing 01 July 2019 and ending 30 June 2020.
4. All water boards are required to comply with the submission dates as prescribed by section 55 of the PFMA. 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 water boards for the period ending 30 June 2020 will be emailed to each entity separately and pre-populated with the 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.
7. Within the AFS template, water boards 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, 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

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.**

- 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.**

MANAGEMENT REMUNERATION – REMUNERATION OF EXECUTIVE AND NON-EXECUTIVE MANAGEMENT

8. Management remuneration (Previously Annexure 7) as per Treasury Regulation 28.1.1 – 28.1.4 and GRAP 20 paragraph 35. – All public entities are required to capture the current year remuneration of their executive and non-executive management as per this worksheet. Besides being a GRAP 20 requirement, the national treasury uses this schedule for remuneration research purposes.

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 cluster manager as per the **Communication** section below.
10. Water boards 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 of the water board 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). Water boards are to ensure that the correct template is used in this regard.

13. Statutory audit reports should also accompany this template. Water boards should ensure that these requirements are communicated to their auditors at the earliest convenience. The AGSA consolidation team will also communicate their instructions to water board 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 water board 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 August 2020
2.	Inter-entity worksheet	Printout signed by management	MS Excel (Part of AFS template)	31 August 2020
3.	Conversion journals worksheet	Printout signed by management	MS Excel (Part of AFS template)	31 August 2020
5.	Management Remuneration - Remuneration of executive and non-executive management	Printout signed by management	MS Excel (Part of AFS template)	31 August 2020
5.	Certified AFS submitted for external audit	Printout of complete document signed by management	MS Excel or PDF	31 August 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	31 October 2020
2.	FINAL Inter-entity worksheet	Printout signed by management	MS Excel (Part of AFS template)	31 October 2020
3.	FINAL Conversion journals worksheet	Printout signed by management	MS Excel (Part of AFS template)	31 October 2020
4.	FINAL Uncorrected misstatements worksheet	Printout signed by management	MS Excel (Part of AFS template)	31 October 2020
5.	FINAL Audited annual financial statements	Printout of complete document signed by management	MS Excel preferably	31 October 2020
6.	Annexure C – External auditor’s signoff template	Copy of signed original	Scanned document (PDF)	31 October 2020
7.	External auditor’s audit report on annual financial statements	Copy of signed original	Scanned document (PDF)	31 October 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	Cluster
Esther Magopa Andrea Wolfaardt Telephone: 012 315-5281/012 406-9091 Email: Esther.Magopa@treasury.gov.za Andrea.Wolfaardt@treasury.gov.za	Economic Services & Infrastructure Development



KAREN MAREE
ACTING ACCOUNTANT-GENERAL
DATE: 30 June 2020