

Presentation by: Cpa Pg Kanene

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Required disclosures



- Public entities are required by law to make public their approved budgets while others freely opt to do so to enhance their public accountability and transparency.
- A public entity which makes public its approved budget is required by IPSAS 1 and 24 to present a comparison of (original or final) budget amount and actual amount in its primary financial statements
- Provide a note, an explanation of material differences between the budget and actual amounts, unless such explanation is included in other documents issued with the financial statements and a cross reference to those documents is made in the notes to the F/statements.

Required disclosures



- Fiscal Transparency is a major contributor to the cause of good governance. It leads to an informed public debate on the design and results of fiscal policy and makes governments more accountable for the implementation of fiscal policy
- Fiscal transparency requires disclosure of more than just budget (and actual) figures.
- It also requires disclosure of information on the macroeconomic assumptions behind budget figures F/statement

Required disclosures



The	IMF	Code	of	Good	Practices	on	Fiscal	Trar	nspare	ncy	reco	mme	ends	four	key
objectives:															

- ☐ The roles and responsibilities in government should be clear
- □The public should be provided with full information on past, current and projected fiscal activity of government in a timely manner □Budget preparation, execution and reporting should be undertaken in an open manner; and
- ☐ Fiscal information should attain widely acceptable standards of data quality and be subject to independent assurances of integrity

DEFINITIONS



- Annual Budget approved budget for one year. It does not include published forward estimates or projections for periods beyond the budget period
- Appropriation is an authorization granted by the National Assembly to allocate funds for purposes specified by the legislature or similar authority
- Approved budget the expenditure authority derived from laws, appropriation bills, government ordinances and other decisions related to the anticipated revenue or receipts for the budgetary period

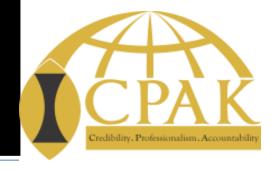
DEFINITIONS



- Original budget is the initial approved budget for the budget period
- □ Final Budget is the original budget adjusted for all reserves, carry over amounts, transfers, allocations, supplemental appropriations, and other authorized legislative or similar authority changes applicable to the budget period



- □ An entity shall present a comparison of the budget amounts either as a separate additional financial statement or as additional budget columns in the financial statements
- □ An entity shall present a comparison of budget and actual amounts as additional budget columns in the primary financial statements only where the financial statements and the budget are prepared on a comparable basis



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- A public entity which makes public its approved budget is required by IPSAS 1 and 24 to present a comparison of (original or final) budget amount and actual amount in its primary financial statements
- Provide a note, an explanation of material differences between the budget and actual amounts, unless such explanation is included in other documents issued with the financial statements and a cross reference to those documents is made in the notes to the F/statements.



- Reconciliation of actual amounts on comparative budget basis and actual amounts in the financial statements
- Where the financial statements and the budget are not prepared on a comparable basis, the actual amounts presented on a comparable basis to the budget shall be:
- □ If the accrual basis is adopted for the budget, reconciled to total revenues, total expenses and net operating, investing and financing cash flows in the financial statements, or



- If a basis other than the accrual basis is adopted for the budget, the major totals presented in the statement of budget and actual comparison will be reconciled to net operating, investing and financing cash flows in the financial statements operating, investing and financing cash flows in the financial statements
- □ The reconciliation shall be disclosed as part of the statement of comparison of budget and actual amounts or in the notes to the financial statements.



- All comparisons of budget and actual amounts shall be presented on comparable basis to the budget
- Disclosure of comparable information in respect of previous period in accordance with the requirements of the standard is not required

REQUIRED DISCLOSURES



- The use of a columnar format for the financial statements, with separate columns for budgeted amounts, actual amounts and for any variances from the budget or appropriation
- A statement by the responsible person for the preparation of the financial statements that the budgeted amounts have not been exceeded
- Where any budgeted amounts or appropriations have been exceeded, or expenses incurred without appropriation or authority, details may be disclosed by way of a note to the relevant item in the financial statements.

Reqiured Discloseures



- Disclosures of Budgetary Basis, Period and Scope
- Disclose in notes to the financial statements, information about the basis of preparation of the financial statements and the significant accounting policies adopted
- Disclose in notes to the financial statements the period of the approved budget. Entities may approve budgets for an annual period or for multi-year periods
 Identify in notes to the financial statements the entities included in the approved budget (controlled by Government)

PRACTICAL IMPLEMENTATION CHALLENGES



- Disclosures on differences between Original and Final Budget – reasons for policy shifts, natural disaster, other unforeseen events should be issued as notes before, with or at the same time with Financial Statements
- Link Budget information to service achievements in other documents and reference is required in the Financial statements

PRACTICAL IMPLEMENTATION CHALLENGES



- Aggregation of Budget Information in line with Chart of Accounts or legislative body approval for Comparison and oversight
- Dual Recording for Budget Basis and Financial Statements Basis if Similar Basis is not applied

PRACTICAL IMPLEMENTATION CHALLENGES



- Loans and Borrowings are only disclosed if they pass through National Treasury
- Grants given Directly to implementing Agencies are not disclosed in Financial Statements
- Assistance received in-kind should be valued and reflected in the Financial Statements

PRACTICAL IMPLEMENTATION CHALLENGES



- IT hardware and software Development to automate the process of including budget information
- Training and Retraining of Accounting Personnel
- Integrated Coordination for shared solutions across entities and locations
- Change Management during the transitional period of implementation

CONCLUSION

- Discussion
- Questions?

• BUDGET