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Department:
Environment & Nature Conservation
NORTHERN CAPE PROVINCE
REPUBLIC OF SOUTH AFRICA

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DEPARTMENT OF ENVIRONMENT AND NATURE CONSERVATION

SUBSEQUENT EVENTS POLICY

SUSTAINABLE NATURAL RESOURCE MANAGEMENT FOR A BETTER LIFE

1. CONCEPTUAL BACKGROUND

1.1 Introduction

This document provides the policies and procedures related to the allocation and use of telephones and cellular phones. This document outlines the procedures to be followed when dealing with subsequent events. This document deals exclusively with subsequent events.

1.1 Events after the reporting date

a) Definition

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- (a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- (b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The reporting date is the last day of the reporting period to which the financial statements relate.

Guidance

It would be difficult to assess the overall performance of an entity without considering the impact of events taking place after the 31 March. These events may have an impact on the financial position and performance of the financial year that passed. Therefore in order to ensure that the financial statements present an accurate and complete picture the entity cannot ignore information arising after the reporting date that may shed light on uncertainties that existed before year end or that may affect the decisions made by the users of the financial statements.

Regulatory Deadlines - PFMA

31 March Reporting Date
Legislature 31 May Approval of AO to submit AFS to the AG for auditing
31 August Submission of annual report & AG report to executive authority
30 September Submission of annual report & AG report to Legislature

EVENTS AFTER THE REPORTING DATE

The financial statements are either adjusted or updated with disclosures depending on the nature of the event and the facts that existed at the reporting date.

It is important to understand the scope of "events after the reporting date" i.e. when should the entity start considering adjusting and non-adjusting events and when the entity should

stop. The figure below illustrates the deadlines in terms of the PFMA and the period over which the department should consider events after the reporting date.

According to the PFMA a department must, by the 31 August, submit its annual report to the executive authority. The Accounting Officer may submit the annual report at an earlier date e.g. on the 5 August. This earlier date will then be the cut-off point for events after the reporting date. At this point the financial statements are "authorised for issue".

The date of authorisation for issue is the date on which the financial statements have received approval from management to be issued to the executive authority (the final and signed audit report has been provided,).

31 March Reporting Date 31 August Submission of annual report & AG report to executive authority 30 September Submission of annual report & AG report to Parliament/Legislature 31 May Approval of AO to submit AFS to the AG for auditing EVENTS AFTER REPORTING DATE PFMA deadlines

Care should be taken to ensure that the date of submission to the executive authority is as close as possible to the date of the audit report (to avoid the audit implications of events impacting the financial statements that arise after the signing of the audit report and submission of the annual report to the executive authority.

Examples of adjusting events after the reporting date that require an entity to adjust the amounts recognised/disclosed in its financial statements, or to recognise/disclose items that were not previously recognised:

- the settlement after the reporting date of a court case that confirms that the entity had a present obligation at the reporting date.
- (the receipt of information after the reporting date indicating that an investment was impaired at the reporting date;
- the determination after the reporting date of the cost of assets purchased, or the proceeds from assets sold, before the reporting date;
- the determination after the reporting date of the amount of performance bonus payments to be made to staff if the entity had a present legal or constructive obligation at the reporting date to make such payments as a result of events before that date.
- the discovery of fraud or errors that show that the financial statements are incorrect.

Although the annual report may be authorised for issue when it is presented to the Executive Authority it is only publicly available when it is tabled in the Provincial Legislature.

By implication, the audit report is also only a public document when it is presented within the annual report to the Provincial Legislature.

The date of the accounting officer's report may not be later than the date of the audit report.

Departments must submit the printers proof to the auditors for sign-off prior to submission of the document to the printers. The audit report, annual financial statements, performance

information and annual report may not be amended except for the matters highlighted by the auditors after review of the printer's proof.

Non-adjusting events are only disclosed when the outcome would influence the users' assessment of the performance of the department. Examples of non-adjusting events that normally require disclosure are:

- a major disposal of a capital asset or where an asset was destroyed due to unforeseen or unavoidable circumstances;
- the announcement of a major restructuring plan such as a function/programme shift;
- a breach in a major contract

The table below provides guidance on the difference between adjusting and non-adjusting events.

	Summarised Definition	Disclosure	Example
Payables	<ul style="list-style-type: none"> • Owed by entity 	Position	Owed to SARS for PAYE
Accruals	<ul style="list-style-type: none"> • Goods/service delivered • invoice received or not received • no payment made 	Disclosure Note	Invoice received for construction work done in line with tender awarded
Provision	<ul style="list-style-type: none"> • highly probable outflow • reliable estimate • uncertain timing 	Disclosure Note	Damage to a building caused by floods
Contingent liability	<ul style="list-style-type: none"> • Possible/remote outflow • No reliable estimate • Dependant on uncertain future event 	Disclosure Note	Claim against the department awaiting the outcome of a court case
Commitment	<ul style="list-style-type: none"> • Goods/service approved and/or contracted • Not delivered 	Disclosure Note	Tender awarded but construction has not yet begun
Adjusting event	<ul style="list-style-type: none"> • Conditions existed at reporting date • Reliably measured 	Performance, Position or Disclosure Note – depends on Adjusting Event	Discovery of fraud that took place before reporting date

Adjusting event	<ul style="list-style-type: none"> • Conditions existed at reporting date • No reliable measure 	Accounting officer's report	<i>Highly unlikely event</i>
Non-adjusting event	<ul style="list-style-type: none"> • Conditions arose after the reporting date 	Accounting officer's report	Major disposal of a capital asset

2. FINANCIAL IMPLICATIONS

This policy does not have any additional financial implications, except for the fact that all relevant Officials of the Department must adhere to the processes.

3. COMMUNICATION


This document has been communicated to all affected parties.

4. POLICY REVIEW

The policy will be reviewed when the need arises or in case of the introduction of new or additional treatment of the subsequent events.

5. ADOPTION OF POLICY

Approved/ Not Approved



HEAD OF DEPARTMENT

27.02.2013.
DATE