



**THEMBELIHLE**

LOCAL MUNICIPALITY  
PLAASLIKE MUNISIPALITEIT  
U-MASIPALA WASEKUHLENI

# **SUBSEQUENT EVENTS POLICY**

**THEMBELIHLE LOCAL MUNICIPALITY**  
**SUBSEQUENT EVENTS POLICY – Approved by Council on 30 May 2018**

## **1. INTRODUCTION / BACKGROUND**

The objective of Subsequent events (GRAP 14) is to prescribe when the municipality should adjust its financial statements for events after the reporting period, and the disclosures that a municipality should give about events after the reporting period.

GRAP 14 also requires that the Municipality should not prepare its financial statements on a going concern basis if events after the reporting period indicate that the *going concern* assumption is not appropriate.

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

- those that provide evidence of conditions that existed at the end of the reporting period (**adjusting events after the reporting period**); and
- those that are indicative of conditions that arose after the reporting period (**non-adjusting events after the reporting period**).

## **2. DEFINITIONS**

**‘Adjusting events after the reporting period’**- are those events that provide evidence of conditions that existed at the reporting date. A municipality should adjust the amounts recognised in its annual financial statements to reflect adjusting events after the reporting period.

**‘Non-adjusting events after the reporting period’**- are those that are indicative of conditions that arose after the reporting date. A municipality shall not adjust the amounts recognised in its financial statements to reflect non-adjusting events after the reporting period but may need to disclose these events in the notes to the AFS.

**‘Management’** comprises those persons responsible for planning, directing and controlling the activities of the entity, including those charged for governance of the municipality in accordance with the legislation, in instances where they are required to perform such functions.

**‘Reporting date’** means the date of the last day of the reporting period to which the financial statements relate.

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**3. OBJECTIVES OF THE POLICY**

3.1 Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Thembelihle municipality must ensure that all adjusting and non-adjusting events after the reporting period are identified.

3.2 Ensure Additional procedures should be performed to identify events after the reporting period.

3.3 Thembelihle municipality must ensure that all disclosure requirements for events after the reporting period as listed in GRAP 14 met.

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**4. RESPONSIBILITY AND ACCOUNTABILITY**

**4.1 Adjusting events after the reporting period**

Thembelihle Municipality shall adjust the amounts recognised in its financial statements to reflect adjusting events after the reporting date.

**4.2 Non-adjusting events after the reporting period**

Thembelihle Municipality shall not adjust the amounts recognised in its financial statements to reflect non-adjusting events after the reporting date.

**4.3 Additional procedures to identify events after the reporting period**

Additional procedures to identify events after the reporting date could include:

- A. Legal Services should list all material contracts that the municipality has entered into after 30 June and before 31 January. In addition, the municipality's legal council should be contacted to identify and list all current, pending and outstanding legal cases. These cases could indicate provisions that should be raised and contingent liabilities or contingent assets that should be disclosed.
- B. The minutes of management meetings should be reviewed for evidence of discussion of possible after- reporting-period events.
- C. The terms and conditions of contracts entered into by the municipality and third parties during the after reporting date period should be inspected.
- D. The Manager: Asset Management could also compile a list of all Insurance Claims submitted by the municipality to its Insurer between 1 July and 31 January (period after the reporting date). This could give an indication of Assets that were stolen or damaged during the after reporting date period.
- E. Scrutinising daily newspapers from 1 July to 31 January (period after the reporting date) for articles that may involve the municipality could ensure identification of events which need to be recorded or disclosed. A list should be compiled and the list as well as copies of the articles submitted to the CFO for evaluation.
- F. The Head of Salaries (Expenditure Manger) should list all performance bonuses or backdated increases that were paid in the period after the reporting date and that pertains to the previous financial year. These events would indicate that the accounting records and AFS of the municipality should be adjusted to include these expenses.

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**5. COMMENCEMENT**

This policy will come to effect on the adoption by Council.