**DANNHAUSER LOCAL MUNICIPALITY**



**SUBSEQUENT POLICY 2024/2025**

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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 an entity 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

 periods 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**).

1. **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.

1. **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. The Dannhauser

 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 The Dannhauser municipality must ensure that all disclosure requirements for

 events after the reporting period as listed in IAS 10 are met.

1. **RESPONSIBILTY AND ACCOUNTABILTY**

**4.1 Adjusting events after the reporting period**

 Dannhauser 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**

 Dannhauser 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 Payroll Controller 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.

**5. Commencement**

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

## POLICY ADOPTION

This policy has been considered and approved by the Council of **Dannhauser Municipality** on this day……… of …… 2024 and will be implemented as from 1 July 2024.