

(NBAA)



THE NATIONAL BOARD OF ACCOUNTANTS AND AUDITORS
TANZANIA

TEL NOS: +255 26 2963318-9
E-MAIL: info@nbaa.go.tz
WEBSITE: www.nbaa.go.tz

NATIONAL AUDIT OFFICE "AUDIT HOUSE",
8TH FLOOR, 4 UKAGUZI ROAD,
P. O. BOX 1271,
41104 TAMBUKARELI,
DODOMA, TANZANIA

16th September, 2019

Chief Executive Officer,
International Federation of Accountants,
International Public Sector Accounting Standard Board,
529 5th Avenue
New York, New York 10017.

Dear Sir/Madam

RE: COMMENTS ON THE EXPOSURE DRAFT – IMPROVEMENT OF IPSAS 2021

Refer to the heading above.

In principle, we are supportive of all the proposed changes in the Exposure Draft. The following are our comments to each of the proposed changes in ED 80.

Part I: General Improvements to IPSASs

IPSAS	Summary of Proposed Change in ED 80	Our Comments
IPSAS 22, <i>Disclosure of Financial Information About the General Government Sector.</i>	Refer to the latest edition of the System of National Accounts, 2008 (2008 SNA)	<i>We do agree, since System of National Accounts of 1993 is replaced by the current one of 2003, then update is needed</i>
IPSAS 39, <i>Employee Benefits.</i>	Delete the word "composite" from the term "composite social security programs" 3 because it is no longer an IPSAS defined term.	<i>We do agree, since no jurisdiction is applying Composite Social Security Programs.</i>
RPG 1, <i>Reporting on the Long-Term Sustainability of an Entity's Finances.</i>	Add paragraph BC7A in the Basis for Conclusions (BCs) to indicate that the Conceptual Framework and Social Benefits projects were completed in October 2014 and January 2019, respectively, because the BCs mentioned these projects as ongoing when RPG 1 was issued in July 2013.	<i>We do agree, as far as RPG 1 referred these projects as ongoing and thus they are now completed.</i>

IPSAS 29, Financial Instruments: Recognition and Measurement (as applicable prior to the adoption of IPSAS 41, Financial Instruments).	Add in the currently effective IPSAS 29 (as applicable prior to the adoption of IPSAS 41), the hedging amendments proposed to IPSAS 29 (as amended by IPSAS 41) and changes in the contractual cash flows amendments proposed to IPSAS 41.	<i>We do agree with the proposed change.</i>
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Part II: IFRS alignment improvement to IPSAS

IPSAS	<i>Equivalent IPSAS</i>	<i>Summary of Proposed Change in ED 80</i>	<i>Our Comments</i>
<i>Interest Rate Benchmark Reform (Phase One and Phase Two)</i>			
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). (Issued in September 2019).	IPSAS 41, Financial Instruments; IPSAS 29, Financial Instruments: Recognition and Measurement (as amended by IPSAS 41 when it was first published in 2018); and IPSAS 30, Financial Instruments: Disclosures.	Amendments to provide: <ul style="list-style-type: none"> • Temporary relief not to discontinue hedge accounting in:- IPSAS 41, and IPSAS 29; and • Additional disclosure requirements in IPSAS 30 	<i>We do agree with the proposal,</i> <i>We as well recommend to include another disclosure to IPSAS 30 as to why an entity has adopted such kind of hedging instrument.</i>
Interest Rate Benchmark Reform—Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) (Issued in August 2020).	IPSAS 41, Financial Instruments; IPSAS 29, Financial Instruments: Recognition and Measurement (as amended by IPSAS 41 when it was first published in 2018); and IPSAS 30, Financial Instruments: Disclosure	Amendments to provide: <ul style="list-style-type: none"> • A practical expedient not to treat changes in the contractual cash flows of a financial asset or financial liability as a modification in IPSAS 41 (see Part II-2a); • Additional relief not to discontinue hedge accounting in in IPSAS 41 (see Part II-2a) and IPSAS 29 (see Part II-2b); and • Further disclosure requirements in IPSAS 30. 	<i>We do agree with the proposed change.</i>
<i>Annual Improvements to IFRS Standards 2018–2020 Cycle</i>			
Amendment to IFRS 1, First-time Adoption of International Financial Reporting Standards (Issued in May 2020).	IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs).	Amendments to extend the exemption in IPSAS 33 to include components of net assets/equity such as cumulative translation differences.	<i>We do agree with the proposed change.</i>

Amendment to IFRS 9, Financial Instruments (Issued in May 2020).	IPSAS 41, Financial Instruments.	Amendments to clarify the fees that an entity includes when it applies the '10 percent' test to derecognize a financial liability in IPSAS 41.	<i>We do agree with the proposed change.</i>
Other IFRS Alignment Improvements			
Classification of Liabilities as Current or Non-current (Amendments to IAS 1) (Issued in January 2020).	IPSAS 1, Presentation of Financial Statements.	Amendments to clarify the classification of liabilities as current or non-current in IPSAS 1	<i>We do agree with the proposed change.</i> <i>This is because likelihood of future cash inflow or outflow is comprehensively dealt with in IPSAS 19, therefore classification should not involve issues related to likelihood of an event.</i>
Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37) (Issued in May 2020)	IPSAS 19, Provisions, Contingent Liabilities and Contingent Assets.	Amendments to clarify the costs of fulfilling a contract that an entity includes when assessing whether a contract will be loss-making or onerous in IPSAS 19.	<i>We do agree with the proposed change, as those directly attributable cost should as well be considered for onerous contracts.</i>
Property, Plant and Equipment—Proceeds before Intended Use (Amendments to IAS 16) (Issued in May 2020).	IPSAS 17, Property, Plant, and Equipment.	Amendments to prohibit proceeds from selling items produced before that asset is available for use to be deducted from the cost of property, plant, and equipment	<i>We do agree with the proposed change since the asset is not yet ready for use.</i>

If you require any clarification on our comments, please contact the undersigned.

Thank you in advance for your cooperation.

Yours sincerely,



CPA Angyelile V. Tende
For: EXECUTIVE DIRECTOR



Member of International Federation of Accountants (IFAC) & Pan African Federation of Accountants (PAFA)



All communication to be addressed to the Executive Director NBAA

NBAA Dar es Salaam Branch: Mhasibu House, Bibi Titi Mohamed Street,
P. O. Box 5128, Dar Es Salaam, Tanzania Tel: +255 22 2211890-9