



REPUBLIC OF KENYA
PUBLIC SECTOR ACCOUNTING STANDARDS BOARD

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IPSASB 'S STRATEGY AND WORK PLAN FOR 2019-2023

The Public Sector Accounting Standards Board (PSASB), Kenya was established by the Public Finance Management Act (PFM) No.18 of 24th July 2012. The Board was gazetted by the Cabinet Secretary, National Treasury on 28th February, 2014 and has been in operation since.

The Board is mandated to provide frameworks and set generally accepted standards for the development and management of accounting and financial systems by all state organs and Public entities in Kenya and to prescribe internal audit procedures which comply with the Public Finance Management Act, 2012.

The Public Sector Accounting Standards Board, Kenya participated in a forum to discuss IPSASB's Work Plan for 2019- 2023 at the sidelines of the African Union (AU) in Ethiopia in May 2018. Based on the interactions PSASB (K) is pleased to submit its comments on the work plan to IPSASB.

PSASB Kenya responses on Specific Matters for Comment are documented in the attachment for your consideration.

With kind regards,

BERNARD NDUNGU, MBS
CHAIRMAN, PUBLIC SECTOR ACCOUNTING STANDARDS BOARD



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PSASB's Responses to IPSASB's Work- Plan 2019-2023

Specific Matters for Comment 1

Do you agree with the IPSASB's proposed Strategic Objective 2019-2023? If you agree please provide any additional reasoning not already discussed in the document. If you do not agree please explain your reasoning and your proposed alternative?

PSASB Kenya agrees with the strategic objective of IPSASB of strengthening public financial management and knowledge globally through increasing adoption of accrual based IPSAS. Kenya has been undertaking PFM reforms for a number of years now. Key among these reforms is the adoption of accrual based IPSAS before year 2020. PSASB therefore welcomes this strategic objective and considers it very timely.

Specific Matter for Comment 2

Do you agree with the IPSASB's five proposed Strategic Themes for the 2019-2023 period? If you agree please provide any additional reasoning not already discussed in the document. If you do not agree please explain your reasoning, including any proposed alternatives?

PSASB agrees with the five Proposed Strategic Themes for the work-plan period. Under Theme E, on advocating for the benefits of accrual in strengthening PFM, PSASB opines that engagement with regional bodies and legislature and assisting them to understand the benefits of accrual based IPSAS on PFM will go a long way in meeting the IPSASB's broad objective within its work plan.

Specific Matter for Comment 3

Do you agree with the criteria the IPSASB has used in deciding the proposed issues to add to its Work Plan 2019-2023? If you agree please provide any additional reasoning not already discussed in the document. If you do not agree please explain why, including any proposed alternatives.

PSASB agrees with the criteria for project prioritisation proposed by IPSASB. PSASB proposes that complexity of a project should also be included in the criteria to cater for projects that may require a longer time frame to complete.

Specific Matter for Comment 4

Do you agree with the projects that the IPSASB proposes to prioritize for addition to the Work Plan 2019-2023 on Theme A: *Setting standards on public sector specific issues (Natural Resources, Discount Rates, Differential Reporting and Conceptual Framework limited-scope Review)*? If not please explain your reasoning, and any proposed alternatives.

PSASB's Responses to IPSASB's Work- Plan 2019-2023

PSASB agrees with the projects that IPSASB proposes to prioritize for addition to the work plan 2019- 2023. Specifically, PSASB views differential reporting which may reduce complexities and encourage small and medium sized public sector entities to adopt accrual based IPSAS timely as it draws its roadmap to accrual accounting.

Specific Matter for Comment 5

Do you agree with the project that the IPSASB proposes to prioritize for addition to the Work Plan 2019-2023 on Theme B: *Maintaining IFRS convergence (IPSAS 18, Segment Reporting)*? If not please explain your reasoning and any proposed alternatives.

PSASB agrees with IPSASB's proposal towards convergence with IFRS as proposed in the 2019-2023's work plan.

Specific Matter for Comment -6

Are there any projects in Appendix A that you believe should be added to the Work Plan 2019-2023 in place of a currently proposed project? If you believe that any Appendix A projects should be added, please explain your views on why the project should be included, which proposed project should not then be started and your reasoning.

Projects included under theme A, are comprehensive and well covered the work plan period. However, during the medium term review of the work plan, PSASB would advise IPSASB to consider commencing a project on IPSAS 20: Related Parties to ensure convergence with IAS 24.

Specific Matter for Comment -7

Are The IPSASB views building relationships with those working in the PFM space and engaging in their work as critical to furthering the use of IPSAS in PFM reform projects. Therefore, under Themes D and E, the IPSASB will actively monitor the work of others and look for appropriate opportunities to engage and support that work.

ó Do you agree with the IPSASB's proposed approach under these Themes? If so, are you aware of any ongoing initiatives which the IPSASB should monitor and look to engage with (please provide details).

ó If you do not agree, please explain your reasoning along with any proposed alternatives, and how those might be resourced.

PSASB agrees with IPSASB's r proposed strategies for themes D and E. In Africa, there is a forum for East and South Africa Accountant General's (ESAAG). This could be a good forum for IPSASB to engage on adoption of IPSAS accrual for strengthening PFM.