

November 30, 2021
Submission via website

IPSASB Mid-Period Work Program Consultation

Joint Submission by the Association of Chartered Certified Accountants and Pan African Federation of Accountants

This submission is made jointly by the Association of Chartered Certified Accountants (ACCA) and the Pan African Federation of Accountants (PAFA). More information about ACCA and PAFA is contained in Appendix A.

ACCA and PAFA share a commitment to supporting good practices in public financial management (PFM) across Africa and around the world. We recognise the contribution that IPSASB makes to improving PFM and we appreciate the opportunity to respond to IPSASB's Mid-Period Work Program consultation.

We have set out below our responses to each of the questions set out in the consultation paper. First, we would like to state that we understand that resource constraints limit IPSASB's scope for commencing new, major and minor, projects in 2022–2023

Question 1: *Do you agree with the major projects proposed by the IPSASB? If not, which major project(s) would you substitute for those proposed, and why?*

We support both of the proposed projects.

ACCA and PAFA share the view that the adoption and implementation of international accounting standards is a cornerstone of transparency and accountability in the public sector. In particular we want to see more jurisdictions adopting accrual-based accounting because it provides information that will improve decision-making and, ultimately, improve the value for money of public services.

Given the above, we suggest the *Differential Reporting* project as the higher priority of the two proposed major projects (that is, as resources become available it is the first to be started). Our reason for this suggestion is that this

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project offers the potential to make the adoption of IPSAS easier. In particular, it could help IPSAS adoption to penetrate further into a country's public sector. Indeed, it may permit a country to adopt IPSAS in a 'bottom-up' IPSAS implementation strategy where smaller, less complex public sector entities adopt IPSAS first, and the larger, more complex organisations adopt IPSAS later. However, IPSASB will need to consider the challenges in adopting differential reporting, in jurisdictions where the whole of government consolidation is required. Where there is no uniformity on how financial statements are prepared and presented it might be challenging to produce a set of consolidated financial statements for the whole government.

The second part of this question is difficult to answer because the consultation paper does not identify alternative major projects nor set out an assessment against the four evaluation criteria of prevalence, consequences, urgency and feasibility. We take on trust that IPSASB has identified the two highest priority major projects. If similar consultations are conducted in the future it would be helpful for respondents to have comprehensive information about all alternative projects as well as the recommended projects.

Question 2: *Do you agree with the minor projects proposed by the IPSASB? If not, which minor project(s) would you substitute for those proposed, and why?*

We agree with the four proposed minor projects. As for major projects, we would like to suggest a priority order for the implementation of the minor projects. Our support for the adoption of IPSAS leads us to suggest that the *IPSAS 33, First Time Adoption of Accrual Basis IPSASs* should be the first one of the minor projects to be undertaken.

Our second priority would be the Making Materiality Judgements project. Addressing the disclosure problem described in the consultation paper is both a helpful outcome on its own and potential a useful input to the Presentation of Financial Statements major project

Additional comments

The Board should perhaps go slow in introducing new projects within the current strategy period and focus more on promoting adoption and implementation. Referring to the 2021 International Public Sector Financial Accountability Index report, there are many jurisdictions that have not been covered and would be worthwhile to commit some resources in establishing their public sector financial reporting status.

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The expertise from our members, networks, and in-house technical experts allows ACCA and PAFA to provide informed opinion on a range of financial, regulatory, public sector and business areas. Further information about our comments on the matters discussed here can be requested from:

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Appendix A

About ACCA

ACCA supports its 233,000 members and over 536,000 future members in 178 countries, helping them to develop successful careers in accounting and business, with the skills required by employers.

We offer everyone everywhere the opportunity to experience a rewarding career in accountancy, finance and management. Our qualifications and learning opportunities develop strategic business leaders, forward-thinking professionals with the financial, business and digital expertise essential for the creation of sustainable organisations and flourishing societies.

Since 1904, being a force for public good has been embedded in our purpose. In December 2020, we made commitments to the UN Sustainable Development Goals which we are measuring and will report on in our annual integrated report. We believe that accountancy is a cornerstone profession of society and is vital in helping economies, organisations and individuals to grow and prosper. It does this by creating robust trusted financial and business management, combating corruption, ensuring organisations are managed ethically, driving sustainability, and providing rewarding career opportunities.

And through our cutting-edge research, we lead the profession by answering today's questions and preparing for the future. We're a not-for-profit organisation. Find out more at [accaglobal.com](https://www.accaglobal.com)

About PAFA

The Pan African Federation of Accountants (PAFA) is the continental body representing Africa's Professional Accountants. Established in May 2011, PAFA is a non-profit organisation currently with 55 Professional Accountancy Organisations (PAOs) from 44 countries. Our mission is to accelerate and strengthen the voice and capacity of the Accountancy profession to work in the public interest, facilitate trade, and enhance benefits and quality services to Africa's citizens.

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PAFA takes a multi-layered approach to engaging with stakeholders at continental, regional and national levels, and we aim to develop the profession and work collaboratively to drive Africa's agenda.

Our mandate is founded on the premise that national Professional Accounting Organisations (PAOs) have the capacity to drive good financial management practices, accountability, transparency and good governance across public and private entities. We, therefore, believe that our ability to develop institutional capability will enable the acceleration of economic growth and the reduction of poverty in Africa.

Our vision is to work in the public interest by leading and developing the accountancy profession in Africa, and delivering value to our members.

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