
IPSAS Adoption and Implementation in Kenya

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The BIG Journey!



PFM Act, 2012

The Public Sector Accounting Standards Board

Adoption of IPSAS

Implementation



The PFM Act, 2012

- ❖ **Section 192** – Establishment of the Public Sector Accounting Standards Board
- ❖ **Section 193** – Composition of the Board
- ❖ **Section 194** – Functions of the Board

Adoption of IPSAS & IPPF

- ❖ The PSASB adopted the financial reporting standards applicable to public sector entities as follows:
 - ▶ National Government and County Governments – IPSAS Cash basis of accounting;
 - ▶ Semi Autonomous Government Agencies – IPSAS accrual; and
 - ▶ State Corporations (GBEs) – IFRS.
- ❖ The PSASB (K) adopted 1st July 2014 as the effective date
- ❖ The PSASB adopted International Professional Practice Framework (IPPF) for Internal Auditing Standards

Implementation of IPSAS

- ❖ Identified the appropriate accounting basis for the existing entities
- ❖ Issued Implementation Guidelines
- ❖ Training programs on the preparation of financial statements for public entities and state organs were carried out
- ❖ Hands on Training was carried out
- ❖ Financial Reporting Excellence Awards for the Public Sector – mandatory – encourage compliance and quality reporting

Obstacles in Adoption and Implementation

- Lack of legislation had hampered previous attempts to adopt IPSAS
 - Now PFM Act 2012 in place
- Skills in IPSAS implementation
 - Engaged two professional accountancy firms to provide the necessary skills
- Financial capacity
 - National Government support
 - World Bank
 - Support from the Public Financial Management Reforms program in Kenya – donor funded

Obstacles in Adoption and Implementation

- New form of governance recruited some accounting staff without previous public sector experience
 - Secondment of staff from National government
 - Training
 - Targeted training by the national accountancy examination body KASNEB
- Resistance to change
 - Existence of legislation
 - Training.
- Suspense accounts, misstated and unsupported balances in previous financial statements
 - Taskforce to look into clearing the outstanding balances

THANK YOU