



# **PUBLIC SECTOR ACCOUNTING STANDARDS BOARD (PSASB)**

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**Round Table Adoption and Implementation of  
IPSAS**

**Accra Ghana**



# STRUCTURE OF PRESENTATION

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- Membership of Board
- Operations of the Board
- Achievement so far
- Current activities being undertaken
- Strategy for the future
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# Introduction

## Setting up the BOARD

- The Public Finance Management Act, 2012 (PFM) section 192, 193(1), 193(5) provides for the establishment of PSASB, appointment of its Board Members and the Secretariat respectively.





# The Board's Mandate

## Section 194 (1),(2),(3),(4) & (5)

- (1) The Accounting Standards Board shall provide frameworks and set generally accepted standards for the development and management of accounting and financial systems by all State organs and public entities, and shall in particular perform the following functions-
- set general accepted accounting and financial standards;
- prescribe the minimum standards of maintenance of proper books of accounts for all levels of Government;



## The Board's Mandate Cont...

- prescribe internal audit procedures which comply with this Act;
- prescribe formats for financial statements and reporting by all state organs and public entities;
- publish and publicize the accounting and financial standards and any directives and guidelines prescribed by the Board;





## The Board's Mandate Cont....

- Perform any other functions related to advancing financial and accounting systems management and reporting in the public sector.
- (2) In setting the standards under subsection (1), the Board shall take into account any relevant factors including-
- *best international accounting practices; and*
- *the capacity of the relevant entity to comply with the standards.*



## The Board's Mandate Cont....

- (3) The Board may set different standards for different categories of entities to which these standards apply including to develop content, structure and format of county frameworks and accounting and financial guidelines which are in line with the setting of county standards.
- (4) The Board shall monitor the adherence to the standards by all State organs and public entities.





## The Board's Mandate Cont....

- (5) The standards set by the Board shall promote transparency and other Constitutional values and principles in effective, prudence and efficient management of revenue, expenditure, assets and liabilities of the institutions to which these standards apply.





# Membership of the BOARD

The Board is composed of nine members consisting of representatives from the following bodies:-

- The National Treasury
- The Controller of Budget
- The Intergovernmental Budget & Economic Council
- The Auditor General
- The Institute of Certified Public Accountants of Kenya
- The Association of Professional Societies of East Africa
- The Capital Markets Authority
- The Institute of Internal Auditors
- The Institute of Certified Public Secretaries of Kenya



# Operations of the BOARD

The Board has set up 4 committees to assist in the Execution of the mandate

- Government Owned Enterprises Committee
- National and County Government Committee
- Internal Audit Committee
- Governance and Strategy Committee

The committee assist in fast tracking the implementation of the new reporting framework.





## Operations of the BOARD Cont...

The National Treasury supports the Board through the secretariat. National Treasury appointed officers to form the Secretariat to support the work of the committees and the Board

These officers are drawn from various National Treasury departments. The secretariat is responsible for implementation of the standards as approved by the Board.



## Achievement so far

- The Board in its 4<sup>th</sup> meeting approved the adoption of the International Financial Reporting Standards (IFRS), the International Public Sector Accounting Standards (IPSAS) and International Professional Practice Framework (IPPF) for Internal Auditing Standards by all State organs and Public Sector Entities.
- The Board adopted the effective date as 1<sup>st</sup> July, 2014 through a Treasury circular. The standards were subsequently gazetted on the 8<sup>th</sup> August, 2014. The Board contracted Consultants to provide technical support to National, County and SAGA's.





# Achievement so far Cont..

## Adoption of Standards and Guidelines

The Board has developed a model financial reporting templates which were applied in the preparation of the financial statements for the years ending 30<sup>th</sup> June, 2013/14. The Board approved application of these standards as follows:-

- The National and County government and their respective entities to apply IPSAS cash based.
- The Regulatory and other non-commercial entities shall apply IPSAS Accrual based standards.
- The state and County Corporations carrying out commercial activities shall apply IFRS.



# Achievement so far Cont..

## Training

The National Treasury in collaboration with the Public Sector Accounting Standards Board (PSASB), carried out training programmes on the accounting and reporting frameworks, specifically on the preparation of financial statements for state organs and public entities based on the standards adopted by the PSASB.

The trainings were conducted to officers based on the entities .

- County Governments
- National Government – Ministries, Departments and Agencies
- State Corporations & SAGAs and
- External Auditors (KENAO)





# Current activities being undertaken

## Capacity Building through Technical Assistance

- In order to fulfill the requirements with the set standards and guidelines as pronounced by the Board, The National Treasury in collaboration with other stakeholder's procured technical assistance in preparation of financial statement for state organs and public entities. The TOR for the consultancy services included among others;
- to provide hands on technical support and guidance to accounting personnel
- conduct training and capacity building activities
- prepare training manuals.



# Current activities being undertaken

## Curriculum Development

- The National Treasury, the Board and Kenya Accountants and Secretaries Examination Board (KASNEB) and ICPAK have gone further and included Public Finance and Taxation papers in both professional and Technician level of Accountant courses. This is aimed at ensuring uniformity of training of all Accountants irrespective of their sector of operation as opposed to traditional training where Public and private sector Accountants were differentiated as Public and Commercial oriented. This is to ensure that there is adequate supply of personnel with adequate Public Financial management background.





# Current activities being undertaken

## Developing Internal Audit and Risk Guidelines

- Besides developing the financial standards and guidelines the Board has responsibility of developing guidelines for performing Internal Auditing in the public sector in line with section 73 of the PFM Act 2012.
- The guideline will be geared towards customizing the International Professional Practice Framework (IPPF) to the PFM Act 2012 following the adoption of the Framework by the Board.
- The Board in consultation with the Internal Auditor General Department have been working together towards accomplishing these tasks.



# Strategy for the future

## Capacity Building

- The Board in collaboration with National Treasury has planned to continue carrying out capacity building to the technical staff on the current standard as well as those standards that will come on board.
- The Board will continue to capacity build its Board members and the Secretariat by engaging other institutions carrying out similar functions through benchmarking visits, attending seminars, workshops and regular training programmes in region and other parts of the world.





# Strategy for the future

## Financial Reporting Excellence Award for Public Sector

- The Board in consultation with ICPAK council has made decision to engage the reporting entities to participate in the Financial Reporting Excellence Award for Public Sector entities from next year once the initial financial statements have been audited. Participation by entities shall be mandatory and not optional as is the case with Fireward for private sector entities.



# Challenges in Implementation

- A budgetary allocation – Board has no separate budget line and is currently incubated at the National Treasury. To be seen to be independent the Board should have its own budget.
- Lean team through the Secretariat – The Secretariat staff are seconded from the National Treasury, this hinders the Board's activities such as capacity building to its stakeholders. This has forced the Board and National Treasury to request for support from external consultants.
- Training and Capacity Building of the Stakeholders.
- Change management – Resistance by entities who want status quo to remain.





# Further Achievements

- Consolidation of the Financial Statements for the first time. The report provided a broad picture of the National Government Financial position.
- Training for the lessons learnt in the preparation of the 2013/14 F.S for all clusters is currently ongoing.



# Next steps

- Gap analysis on the current status of IPSAS compliance
- Improvements to the reporting templates and in building them in the IFMIS
- Intensified trainings to enhance compliance
- Emphasis is now on comprehensive disclosures in readiness for adoption of IPSAS Accrual.
- Drawing of a roadmap towards a progressive adoption of IPSAS Accrual for MDAs
- Quarterly Government consolidation as per the requirement of the PFM Act.





# THANK YOU

