

May 21, 2018

To: IPSASB Technical Director

Subject: Comment on IPSASB Strategy and Work Plan 2019 -2023

Many thanks for the progress that you (IPSASB) have made to date in developing standards and promoting their implementation. The increased level of implementation across the globe is enhancing transparency and the quality of financial information in public sector as evidenced by the recent PEFA reports.

I commend the thinking in the proposed strategy and work plan 2019 -2023. To further strengthen the strategy, please consider my comments below focused on strategic objectives - specific matter for comment 1.

Specific Matter 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.

Yes, I do agree with the proposed strategic objectives and the two main areas of activities: developing high quality standards and raising awareness. Please consider the following 3 comments.

1. **PFM Reform strategy:** I commend the Board for continuing to position the adoption of IPSAS (accrual based standards) on the broader public finance management agenda; as this is critical. The explanation that links IPSAS to the PFM agenda could be expanded to include an encouragement from the Board to the governments – encouraging the governments to include the adoption of the accrual based IPSAS in the PFM Reforms Strategy, and measure the impact of the implementation of the standards using PEFA assessments. Similarly, the explanation in this section should emphasis adoption of accrual based standards to achieve high quality financial reporting; a shift from the current practice of adopting cash based IPSAS standard in several countries.
2. **Implementation of the standards:** To achieve the objectives, there is need to add a third activity: support implementation of the standards. Based on my experience, gained by engaging with many governments in Africa region, majority of the stakeholders indicate that they now know the “why” of IPSAS, what they need is support and guidance on “how to” implement the standards. It is in this regard that I recommend that the Board consider including this activity in the 2019 -2023 strategy. The Board should engage in smart partnerships and innovative initiatives to implement this activity – to overcome the limited financial and human resources at the Board. This could include entering into partnerships with Universities, standard setters, Development partners etc. to develop implementation material that should be used as public good and support implementation process. It could include using the materials already developed by the partners. Examples of implementation materials that the Board could develop – *global public good* – include (a) IPSAS promotion advert that countries

can use to create awareness of the accrual based standards, (b) a 'layman policy paper' that the Ministries of Finance (or equivalent) can use to create awareness and seek cabinet approval to implement the standards – set out information on why IPSAS; what is IPSAS; policy and institutional requirements to implement IPSAS; likely implementation roadmap (c) template roadmap for implementing of accrual based standards (with guidance on how to develop the roadmap), (d) practical policy based papers on designing and implementing different IPSAS implementation pillars e.g. legal reforms; assets reform – identification, recording, valuing, reporting; liabilities reform; capacity building reforms etc. (e) Establishing and operating Regional Communities of Practices on IPSAS e.g. hosted by a regional bodies. (f) Develop IPSAS training material etc.

3. **Advocating awareness:** The Board should incrementally build strong relationships and partnerships with Regional Economic Groupings more especially to advocate adoption of the standards at the Heads of State level e.g. SADC, OHADA, EAC, ECOWAS level – Africa examples.

I have no comments on the other issues.

Please note that the above are personal comments and not of the organization that I serve.

Sincerely,
FCPA Patrick Kabuya, South Africa