IPSAS Stakeholder Seminar

IPSAS: An enabler for better public financial management

11 June 2018
Agenda

1. Setting the stage
2. What is IPSAS?
3. State of IPSAS adoption in Africa
4. Potential challenges of IPSAS
5. Conclusion
Setting the stage...
The adoption of IPSAS by the Government of Namibia is a giant step towards achieving transparency and accountability in the Public sector. This requires the commitment and support of all key stakeholders.
If IPSAS is an Animal ............

"The state of government reporting is 'the elephant in the room.'" - World Bank Group CFO Vincenzo LaVia
What is IPSAS
The International Public Sector Accounting Standards (IPSAS) constitute the international accounting framework for public sector entities.

- Public and private companies carrying out commercial activities, including SOEs (State Owned Enterprises)
- Governments, public institutions and international organisations without commercial purposes

What is IPSAS?
Global Trends in Public Sector Accounting

IPSAS....

...Increasing stakeholders demand for transparency and accountability of public sector

... A global shift towards a more meaningful and a uniform financial reporting framework for public sector;

.... Adopted by many international and regional organisations – UN, EU, AU, ECOWAS...
Benefits of IPSAS

- Enhanced management information
- Enhanced information to the external world
- New information
- Enhanced consistency
- Increased transparency
- Increased accountability

Longer-term view and planning

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State of IPSAS adoption in Africa
There is still great diversity in the current government accounting landscape.
But the 5-year trend toward accrual accounting is clear.
The trend is visible across all continents, with the biggest shift expected in Africa, Latin America and Asia.

Source: PwC Survey, July 2015
Potential Challenges of IPSAS Adoption
# of times ranked in the top three challenges

- Lack of trained staff: 55%
- IT systems requirements: 49%

# of times ranked in the top three areas of impact

- Fixed assets accounting: 66%
- Application of accruals: 57%

Source: PwC Survey, July 2015
Potential challenges of accrual accounting conversion

- Lack of trained staff: 55%
- IT system requirements: 49%
- Lack of commitment from senior management: 27%
- Cost of conversion: 27%
- Expected impact on reported financial position: 18%

*Source: PwC Survey, July 2015*
IPSAS adoption is a change management process.

Implementing accrual accounting and making the change to IPSAS is much more than an accounting exercise. It will impact the whole organisation.

- Key accounting and reporting requirements, regulations
- Capacity of current IT systems to support the conversion
- Data collection needs, information flow, internal procedures
- Training needs, new skills, new culture, change management

Policies

Processes

Systems

People
Conclusion
IPSAS Conversion - Key success factors

Political Will/Management Commitment

Planning
- Governance
- Roles and responsibilities
- Implementation Roadmap
- Business transformation

Communication
- Awareness
- Stakeholders buy-in
- Key stakeholders
- Auditors

Execution
- Dedicated resources
- Training
- Coordination with other projects
- Issue ownership and resolution

Knowledge Transfer
PwC can support you in this journey..
We are the thought leaders in the market...
IPSAS is a catalyst to providing high-quality financial information and, even more importantly, improving public finance management.
Thank You