



IPSAS NEWSLETTER

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H.E. Deputy Chairperson message

In his remarks, during the IPSAS Oversight Committee first meeting on the 21 October, 2013, the Deputy Chairperson stressed the importance of the IPSAS project in improving transparency, promoting efficiency and comparability of the AU financial information with similar organizations. Pointing out that IPSAS will positively impact on the way AU does business, the Deputy Chairperson called for commitment to its implementation in order for the AU to realize its benefits, that includes improved stewardship, transparency, quality and credibility of the financial statements and comprehensive and consistent information to the support the Results Based Management System.

African Union adopts IPSAS

In its continued effort to modernise its accounting and financial management policies and operational system and process, the African Union recently adopted accrual based International Public Sector Accounting Standard (IPSAS) effective January, 2013 as a basis of its accounting and financial reporting process.

Previously the organization was using International Financial Reporting Standards and other applicable International accounting standards which do not adequately accommodate and address the institutional needs and contextual issues of an inter-governmental organization.

What is IPSAS?

IPSAS are a set of accounting standards issued by the IPSAS Board for use by public sector entities around the world in the preparation of financial

statements. These standards are based on International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

IPSAS are independently-developed financial reporting standards and are widely considered best practice for public sector organizations, as they impose the most stringent requirements of clar-

ity and transparency.

IPSAS aims to improve the quality of general purpose financial reporting by public sector entities, leading to better informed assessments of the resource allocation decisions made by public entities, thereby increasing transparency and accountability.



IPSAS IMPLEMENTATION PROJECT GOVERNANCE STRUCTURE

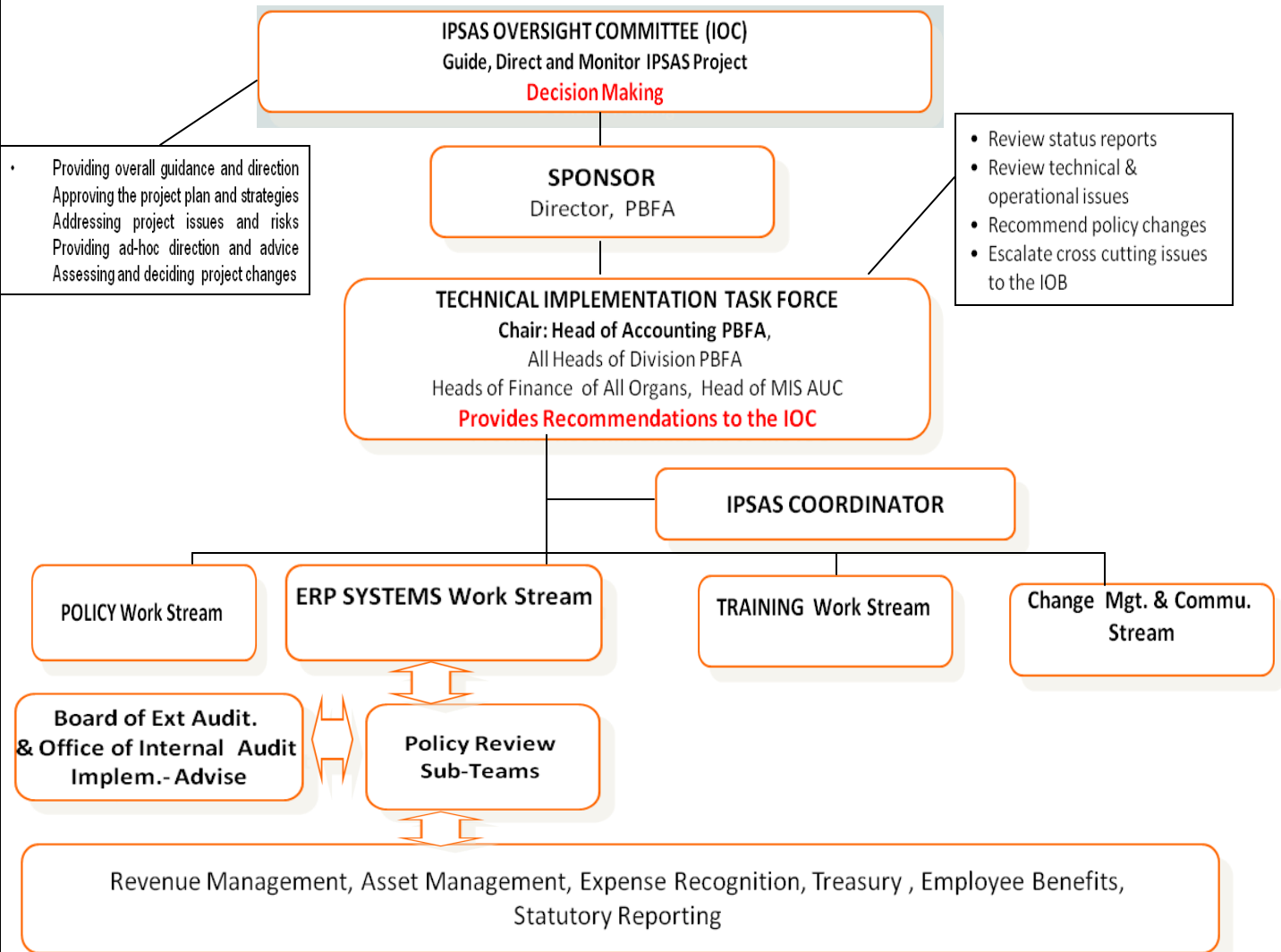
The African Union has initiated various actions to implement the Executive Council Decision with the establishment of IPSAS governance structures.

The IPSAS Implementation Task Force held its inaugural meeting from 26-27 September, 2013 where action plans for the implementation were reviewed and concretized. It is the desire of the African Union to apply first time adoption of some of the standards in the 2013 year-end financial statements.

The IPSAS Oversight Committee had its first meeting on the 21 October, 2013. The committee is chaired by HE Deputy Chairperson .



AU IPSAS GOVERNANCE STRUCTURE

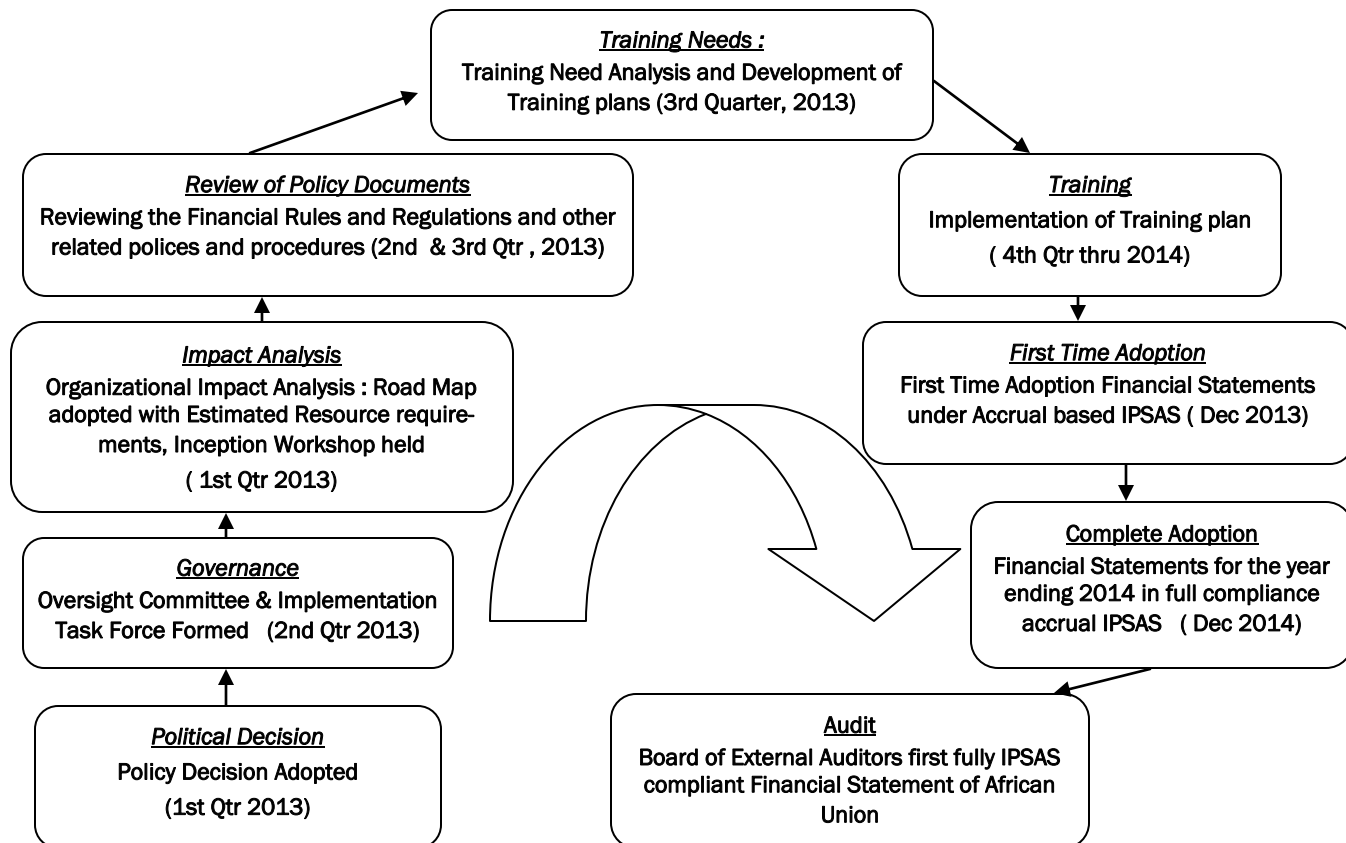


• Providing overall guidance and direction
Approving the project plan and strategies
Addressing project issues and risks
Providing ad-hoc direction and advice
Assessing and deciding project changes

- Review status reports
- Review technical & operational issues
- Recommend policy changes
- Escalate cross cutting issues to the IOB

IPSAS IMPLEMENTATION ROAD MAP

A road map has been prepared for transition from the current system to International Public Sector Accounting Standards (IPSAS) and an operational framework for its implementation. The transition has been planned incrementally and in phases as below.

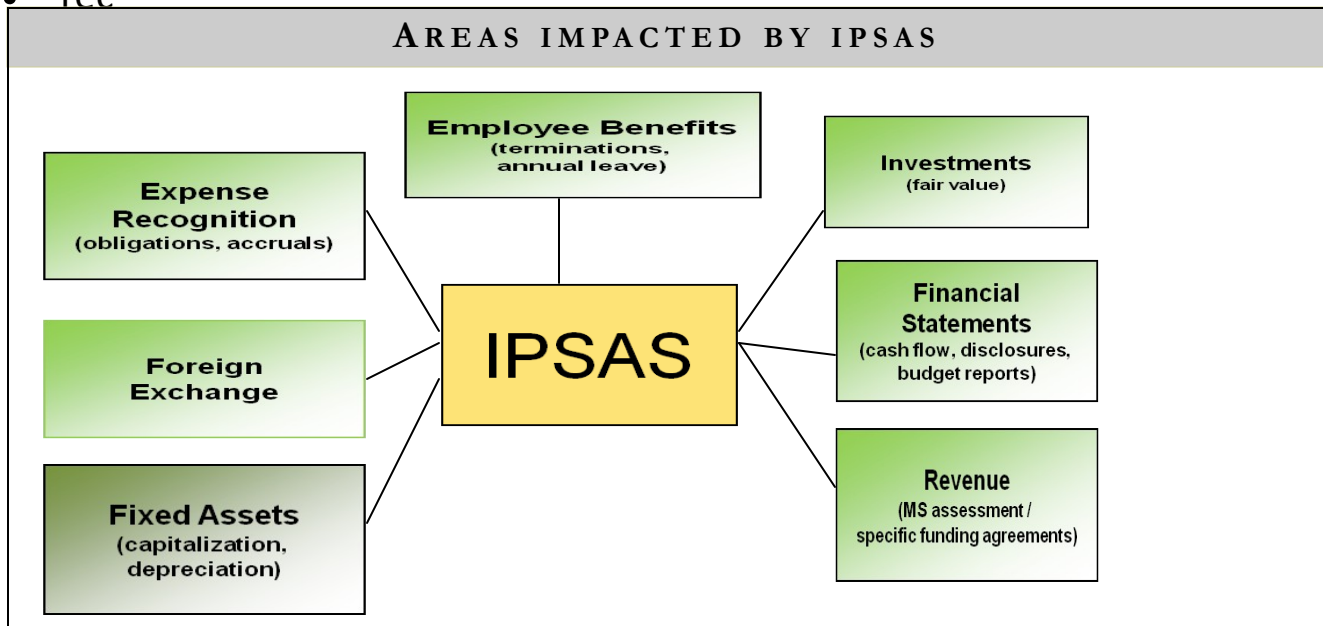


THE BENEFITS OF ADOPTING IPSAS

- **Improved accountability**, as we will be providing a complete and accurate view of AU’s business and performance
- **Greater transparency** over the use of resources given to us by donors and liabilities
- **Greater credibility**, as we will using the same accounting standards as many governments
- **Improved overall management and planning** as a result of more precise estimates of income and expenditure
- **Improved programme management**, as IPSAS supports the results based management approach
- **Harmonization of reports and statements across the AU System**. This will enhance AU’s ability to act in unison towards key regional and global objectives, including the Millennium Development goals

WHAT CHANGE WILL IPSAS BRING TO AU ?

- The financial reports and statements, as well as a number of financial policies and procedures need to be changed.
- That in turn means changing the work methods of some staff and modifying our information system.
- Managers in all departments will have to change the way they plan and record their spending.
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IPSAS TRAINING BEGINS

AU has announced the first in a series of training courses for its adoption of International Public Sector Accounting Standards (IPSAS) in the year end of 2013.

The IPSAS orientation Course offers essential knowledge about basic IPSAS concepts, the differences between IPSAS and the IFRS, and the benefits and challenges of IPSAS adoption. Different levels of staff will undertake the course as well as participate in any future IPSAS related learning events.



IPSAS TRAINING SCHEDULE - 4TH QUARTER 2013

CLUSTER	TIMELINE	AUDIENCE
Mombasa - Kenya	5th to 9th November 2013 (5 days)	Senior Officers and Management Staff
Cape Town - South Africa	12th - 16th November 2013(5 days)	Senior Officers and Management Staff
Nazareth - Ethiopia	25th - 29th November 2013(5 days)	Directors, Senior Officers and Management Staff