

AFRICAN UNION

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## CONCEPT NOTE

### JOINT MEETING OF AFRICAN UNION AND INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS BOARD ON IPSAS

**Addis Ababa, Ethiopia**

**May 2018**

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## **I. BACKGROUND**

The financial and sovereign debt crises emphasized the need for better financial reporting by governments worldwide, and the need for improvements in the management of public sector resources. The continuing aftermath of these crises has reinforced these needs and has increased the pressure on governments and public sector organizations to better manage public resources.

International organizations have been at the forefront of the move towards IPSAS, but the trend is also clear for governments, with an increasing number of them adopting accrual accounting practices. Strong and transparent financial reporting has the potential to improve public sector decision making and make governments more accountable to their constituents.

The International Public Sector Accounting Standards Board (IPSASB) plays a significant role by developing International Public Sector Accounting Standards (IPSAS) resulting in strengthening the public financial management, enhancing the quality and transparency of the financial reporting of public sector.

## **II. AFRICAN UNION (AU) AND IPSAS**

The African Union's adoption of the International Public Sector Accounting Standards (IPSAS) was mandated by the Assembly of Heads of State and Government of the African Union in January 2013.

In accordance with the decision, African Union implemented accrual-based IPSAS in 2014, largely supported by a grant from the World Bank under its support to the Capacity Development of the African Union.

The implementation of IPSAS has resulted in the following key benefits for the African Union:

- Alignment with best practices in financial reporting and management
- Improve transparency, accountability and promote corporate governance;
- comparability of financial statements

All the above has resulted in a significant improvement in performance and has enhanced the credibility of the Institution towards its stakeholders.

## **III. DESCRIPTION OF THE EVENT**

As a result of its pioneering role in IPSAS implementation, AU is positioned as a leader to drive the implementation of IPSAS across the continent.

In this regard, AU has established close relationship with continental and international professional Accounting bodies such as Pan African Federation of Accountants (PAFA), Chartered Institute of Public Finance and Accountancy (CIPFA-UK) and recently with IPSASB following an introduction from World Bank (largely engaged in supporting projects in the field of public finance and member of several committees within international professional bodies).

As part of its objective to promote a sound public finance management at continental level and strengthen the capacities of the policy makers, Africa Union plans to hold a High level meeting on Public Finance Management and propose to have it back to back with IPSASB Regional 'Round Table on its 2019-2023 Strategy.

The meeting will be held in 2 sessions:

- **Session 1 (Day1):** Attended by representatives of Ministers of Finance, World Bank senior officials, AU Board of Auditors, members of the PRC, African Accountant Generals, IPSAB and PAFA delegations and distinguished guests;
- **Session 2 (Day 2):** Technical session in the form of round tables chaired by the chairman of IPSAB and attended by the African Accountant Generals, and representatives of the professional accounting bodies.

**a. RATIONALE FOR A JOINT MEETING:**

- Importance to raise awareness of the of IPSAS at the highest level
- Recognition of the increasing role of the continent in public finance management (African IPSASB members, Africa is one of the only 3 regional locations selected to host the round tables , )
  - Brussels for Europe & America participants (date confirmed for 28 March 2018).
  - Manila, Philippine for Asia participants (TBC).
  - Addis Ababa for Africa participants \*(TBC – expected in May 2018 )
- Leverage on a common audience
- Alignment with the objective of the phase II of the Capacity Development Project Phase II ( AU / World bank) focusing on the dissemination of the acquired knowledge & skills by AU to other structures (Institutions , Organs and Member States )

**b. EXPECTED OUTCOMES**

- Identify the challenges and provide the inputs to a roadmap towards an effective implementation of a sound Public Finance Management system across Africa's members states and Institutions
- Provide AU PRC with a clear understanding of IPSAS
- Provide the inputs of African countries to IPSASB 2019-2013 Strategy and Work plan

#### **IV. WORKING LANGUAGES**

The working languages of the meetings will be Arabic, English, French and Portuguese.

## **V. BUDGET AND FUNDING**

Representatives of IPSASB will travel at their own costs.

African Union will meet the costs of travel and accommodation, conference package and miscellaneous charges for the Accountants Generals and the guests.

PBFA Directorate has engaged in discussion with the World Bank on funding the event due to its strong convergence with their strategic objectives to promote sustainable development in financial management and contribute to capacity building across the continent.

## **VI. COORDINATION**

Under the supervision of the Bureau of Deputy Chairperson (BDCP), the event will be coordinated by the PBFA Directorate in close collaboration with the Office of Internal Audit (OIA).