UNCTAD-Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting

Workshop on the practical implementation of International Public Sector Accounting Standards

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Country-level practical implementation experiences

Presented by

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UNCTAD-ISAR Workshop on IPSAS and Nigeria's Practical Implementation Experiences Presented by

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Brief Data on Nigeria



- Nigeria is a Federation the Federal/Central, 36 States and 774 Local Governments operate autonomously;
- Country data:
 - Population over 178 million people;
 - GDP \$568.5 billion;
 - Growth rate 4.2%;
 - Biggest economy in Africa;
- Between 2001 and 2014, Nigeria's aggregate budgeted government expenditure totaled US\$ 266 billion; aggregate oil revenues during the same period came to US\$397 billion;
- Nigeria's economy is the 22nd largest economy in the World.
- Despite this apparent prosperity, the country is embroiled in huge domestic and foreign debts.





Benefits of IPSAS to Nigeria

- A better evaluation of the Nigerian Debt profile. For instance, Japonica partners (2015) in analyzing Greece's Debt to GDP profile found that the local public accounting practice did not convey a fair view of Greece's financial state. Greece's net Debt-GDP ratio went down from 175% to 18% with IPSAS driven verification done in 2013; [Ireland 124% to 76%; Portugal 129% to 70%; Spain 94% to 63%; and Italy 133% to 112%]
- Transparency associated with IPSAS based financial statements lead to better informed electorates and a more accountable government (Ian Ball, 2015);
- High quality public financial management enables tighter fiscal control;
- Better performance evaluation of governments activities.



Need for change



- With the return of Nigeria to democratic governance in 1999, the country had initiated various reforms aimed at strengthening transparency and accountability.
- This led to the various Public Financial Management initiatives being implemented by Government since then.
- In 2010, the FRN took another bold decision in respect of public sector entities accounting and reporting to migrate to the International Public Sector Accounting Standards (IPSAS).
- This decision was taken by the Federal Executive Council at its meeting held on the 28th July, 2010.
- In order to implement this decision, the Federation Account Allocation Committee (FAAC) set up a Technical Sub-Committee to draw up the Roadmap for IPSAS Implementation.

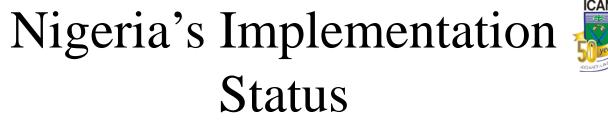


Setting Time-Line for Transition to IPSAS



- "Nigerian Federal Executive Council at 28th July 2010 decided to adopt IPSAS as standards of accounting";
- To implement the decision, the Federal Accounts Allocations Committee, set up a technical subcommittee to draw up the Roadmap for IPSAS Implementation in Nigeria:
 - Initial timeline
 - Adoption of Cash basis IPSAS January 2013
 - Migration to accrual basis IPSAS January 2015
 - Present timeline
 - Adoption of cash basis IPSAS January 2014
 - Migration to accrual basis IPSAS January 2016







- With effect from January 2014, the Federal Government had implemented cash basis IPSAS;
- The Nigerian government is committed to migrate to Accrual basis IPSAS come January 2016;
- PPE Valuation
 - Register of assets presently being compiled for all government assets;
 - Classification of assets on-going for valuation purposes;



Nigeria's IPSAS



Implementation Challenges

Challenges	How it was tackled
Resistance to change	Sensitization of the National assembly – Legislative arm of the Nigerian government on the need for the transition;
Legislation	Bill awaiting legislative amendment of the 1958 Finance and Control Management Act to recognize IPSAS and accrual basis of accounting;
	Harmonization of the Financial Regulations (Federal), Financial Instructions (State governments) and Financial Memoranda (local governments) which were divergent to financial management;
Skill availability	Sensitization (for top government officials) and several trainings for all relevant staff of the Federal, States and Local governments;
Technology	An evaluation of the needs of the various levels of government and the arrangement of trainings for all relevant staff
Conversion Costs 03/11/2015	These have been huge. But the Federal Government is fully committed to the process.



IS Related



Implementation Issues

- Federal system:
 - At the Federal Level, public sector accounting system computerized;
 - At the states level, most states have moved form manual to computer assisted accounting
 - At the Local government level, most are manual;
- Software challenges it is still unclear what software will be utilized
- Training It will be crucial to train relevant personnel on the use of the new information system



Conclusion



- Nigeria was the first in Africa to move to IPSAS;
- Nigeria came up with a road-map for transitioning from cash accounting basis to Cash Basis IPSAS and subsequent migration to Accrual Basis IPSAS;
- Gap analysis conducted by the implementation committee revealed necessary milestones for successful transition;
- The transition timeline had to be adjusted by one year in line with revelations from the Gap Analysis;
- Nigeria did not ask for and consequently did not received any assistance from IPSASB, IFAC on its transition initiative.



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