Sensitisation and Training Workshop on International Public Sector Accounting Standards

December 2010
## Content List

**Abbreviations and Acronyms**

**Executive Summary**

**Section One**  
Background Information on the IPSAS Workshop ................................... 1
- Introduction .................................................................................................................. 1
- Objectives .................................................................................................................. 1
- Opening Ceremony ..................................................................................................... 1
- Workshop Time Table ................................................................................................. 2
- Attendance Monitoring ............................................................................................... 2
- Participation ............................................................................................................... 2
- Venue of the Workshop .............................................................................................. 2
- Closing ...................................................................................................................... 2

**Section Two**  
Major Issues Discussed at the Workshop Sessions ................................. 3
- Presentations and Discussions ........................................................................................ 3
- Presentations Made on the Core Issues Discussed ....................................................... 3
- Discussions at the Workshop ....................................................................................... 3
- Questions and Discussion Sessions .............................................................................. 4

**Section Three**  
Key Benefits of Implementing IPSAS in Enugu State Government 5
- Expected Results of Implementing IPSAS ................................................................. 5
- Benefits to be Expected by EnSG ............................................................................. 5
- Requirements for Implementing IPSAS in EnSG ......................................................... 6
- Steps that Should be Taken to Implement IPSAS in EnSG ........................................ 6

**Section Four**  
Recommendations, Conclusions and Lessons Learned ............................ 7
- Recommendations ......................................................................................................... 7
- Recommendations to the EnSG ................................................................................ 7
- Lessons Learnt from the Workshop ............................................................................ 7
- Conclusion ................................................................................................................. 8

**Appendix One**  
Training Slides ........................................................................................................... 9
- Presentation by the Consultant .................................................................................. 9
- Copy of the Training Slides ....................................................................................... 9

**Appendix Two**  
IPSAS Standards ........................................................................................................ 10
### Abbreviations and Acronyms

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>DAG</td>
<td>Deputy Accountant-General</td>
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<tr>
<td>EnSG</td>
<td>Enugu State Government</td>
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<tr>
<td>GRA</td>
<td>Government Reservation Area</td>
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<tr>
<td>IPSAS</td>
<td>International Public Sector Accounting Standards</td>
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<tr>
<td>MDA</td>
<td>Ministries, Departments and Agencies</td>
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<td>OAG</td>
<td>Office of the Accountant General</td>
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<td>PEFA</td>
<td>Public Expenditure and Financial Accountability</td>
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<td>PFM</td>
<td>Public Finance Management</td>
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<tr>
<td>PIB</td>
<td>Performance Improvement Bureau</td>
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<td>SPARC</td>
<td>State Partnership for Accountability Responsiveness and Capability</td>
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Executive Summary

The Workshop was organised to sensitise Account Officers of Enugu State Government on the provisions of International Public Sector Accounting Standards (IPSAS) and the benefits to the State Government of implementing the requirements of the Standards. The workshop held for two days from 10th – 11th December 2010 at Bridge Waters Hotel and Conference Centre, Government Reservation Area (GRA) Enugu. The opening ceremony was presided by Sir Paschal Okolie, Director, Revenue Monitoring and Expenditure in the Office of Accountant General on behalf of the Accountant-General of Enugu State, Mrs. Eunice Nwanneka Ugwu.

A total of 51 Account Officers from 40 Ministries, Departments and Agencies (MDAs) attended the Workshop out of the 54 officers invited by the Office of the Accountant General (OAG). The 94 percent attendance rate is significant and very impressive. It demonstrates a sense of interest by the Account Officers towards the subject matter of the workshop.

Major topics treated during the Workshop include: Introduction to IPSAS, Structure of IPSAS, Highlights of IPSAS Sections, Specific Standards for Public Sector (i.e. 21, 22, 23 and 24), Challenges of implementing IPSAS and Benefits of implementing IPSAS in Enugu State Government. All the 31 IPSAS (see Section Two) so far issued by the IPSAS Board were discussed in detail during the Workshop. There was a demo session where the Draft Enugu State Government Final Accounts for the year ended 31st December, 2007 were analysed using the IPSAS.

There were Questions and Discussion Sessions at intervals when participants were given the opportunity to contribute freely and get clarifications to issues raised during the presentations. Discussions also touched on the preparedness and expected impact of IPSAS in the ongoing public finance reforms programme in Enugu State Government.

Requirements for successful implementation of IPSAS in Enugu State Government include availability of Standard Chart of Accounts, practice of double-entry bookkeeping, supportive Accounting Policies and Procedures and political will. These requirements were explained in details to the Participants during the Workshop.

There are various benefits of implementing IPSAS in Enugu State Government; these include availability of comprehensive financial reports, improved liquidity management, ease of identification of liabilities, consistency in financial reports, comparability of performance and financial reports with other best practice jurisdiction, attractiveness of the State’s financial reports to international donors and investors, etc.

Recommendations made to Enugu State Government include automation of financial accounting processes and procedure, provision of laptops for Account Officers, maintaining of fixed assets register, incremental adaptation of some sections of IPSAS that may not radically change existing practices, etc.
Section One  

Information on the IPSAS Workshop

Introduction

Objectives

The Workshop was in furtherance to the Enugu State Government’s (EnSG) Public Finance Management (PFM) Reforms programme, and aims to bring the State’s PFM systems and processes up to international standards with the introduction of global public sector accounting standards. The first step towards achieving this objective is this Sensitisation Workshop, which is expected to introduce Account Officers to requirements and benefits to be derived from practising IPSAS in EnSG.

Opening Ceremony

A brief opening ceremony was organised to officially kick-off the Workshop. It was conducted by Sir Paschal Okolie, Director, Revenue Monitoring and Expenditure in the OAG, who represented the Accountant-General of Enugu State, Mrs. Eunice Nwanneka Ugwu. Other Officials that made remarks during the opening ceremonies were Mr. W. N. Njoku, Permanent Secretary Performance Improvement Bureau (PIB), and Mr. Martin Stewart, State Team Leader of State Partnership of Accountability Responsiveness and Capability (SPARC) in Enugu.

Sir Paschal Okolie remarked that OAG was involved in several ongoing public finance reform programmes in EnSG. He advised the participants to impart the knowledge gained on their colleagues when they return to their duty posts. He commended SPARC for organising the Workshop, pointing out that the partnership with SPARC has been very useful to the State Government.

Mr. W. N. Njoku noted that the Workshop was part of the capacity building programme of EnSG. He advised the participants to remain in class throughout the Workshop to maximize the opportunity given them. He remarked that Accountants are important partners in the State Government’s efforts to achieve service delivery for good governance.

Mr. Stewart of SPARC remarked that major achievements of the partnership between EnSG and SPARC in EnSG included the design and revision of the State’s Budget Codes and Chart of Accounts (which was expected to be used for 2012 Budget), introduction of a Budget Process Manual, Internal Controls Manual and Internal Audit Manual. He urged the Accounts Officers to utilise the skills that would be learnt in the workshop towards improving public financial management in Enugu State Government.
Workshop Time Table

The Workshop timetable was arranged to obtain maximum attention and comprehension from the participants.

On the first day, there was a 30-minute Opening Ceremony Thereafter, the technical sessions comprised three core training sessions, two tea breaks, and lunch which was served at departure time. This ensured that the trainees were active throughout the technical sessions.

Attendance Monitoring

To ensure that the Participants were fully committed during the Workshop, attendance was taken in the morning and afternoon sessions. The participants were advised that the award of the Course Certificates and other benefits would be based on full attendance, evidenced by signing the Register in the morning and afternoon sessions of the Workshop. The rule was strictly applied and encouraged full attendance and participation by participants.

Participation

The number of Officers trained during the Workshop was 51 out of the 54 originally enrolled for the Course. They were drawn from across 40 MDAs. The 94 per cent attendance rate is excellent and shows high interest of the accounting staff in learning about IPSAS and how it could improve their work. The quality of Officers trained was also high, as they were largely on Grade Levels 14 and above; indicating the high premium placed on the Workshop by the Accountant-General of the State.

Venue of the Workshop

The Workshop took place at Bridge Waters Hotel and Conference Centre, GRA Enugu, a centrally located and easily accessible venue. The environment and facilities were conducive for the training and impacted positively on the participants.

Closing

The Workshop ended with a brief closing ceremony conducted by the Deputy Accountant General (DAG), Mr. G. N. Agu on behalf of the Accountant-General of Enugu State. He was supported by Mr. W. N. Njoku of PIB and Mr. Martin Stewart of SPARC.

Participants who met attendance and other requirements were awarded certificates of participation by OAG/SPARC. This recognition was applauded by the participants as one that would enable them to update their training profiles.
Section Two

Major Issues Discussed at the Workshop Sessions

Presentations and Discussions

Presentations Made on the Core Issues Discussed

The presentation slides on IPSAS were divided into seven Sections to cover the following topics:

- Background;
- Section 1: Introduction to IPSAS;
- Section 2: Structure of IPSAS;
- Section 3: Highlights of IPSAS Sections;
- Section 4: Specific Standards for Public Sector (21, 22, 23 and 24);
- Section 5: Challenges of Implementing IPSAS;
- Section 6: Benefits of Implementing IPSAS.

Provisions of IPSAS were applied to analyse the Draft Enugu State Financial Statement for the year ended 31st December 2007. The exercise was very interesting and rewarding as the gaps in the information presented were explained to the participants.

Discussions at the Workshop

There were lively and very informing discussions on the 31 IPSAS so far published by the IPSAS Board. The outline of the IPSAS discussed is as follows:

- IPSAS 1: Presentation of Financial Statements;
- IPSAS 2: Cash Flow Statements;
- IPSAS 3: Fundamental Errors and Changes in Accounting Policies;
- IPSAS 4: The Effects of Changes in Foreign Currency Exchange Rates;
- IPSAS 5: Borrowing Costs;
- IPSAS 6: Consolidated Financial Statements and Accounting for Controlled Entities;
- IPSAS 7: Investments in Associates;
- IPSAS 8: Interest in Joint Ventures;
- IPSAS 9: Revenue from Exchange Transactions;
- IPSAS 10: Financial Reporting in Hyperinflationary Economies;
- IPSAS 11: Construction Contracts;
- IPSAS 12: Inventories;
- IPSAS 13: Leases;
- IPSAS 14: Events After the Reporting Date;
- IPSAS 15: Financial Instruments;
- IPSAS 16: Investment Property;
- IPSAS 17: Property, Plant and Equipment;
- IPSAS 18: Segment Reporting;
- IPSAS 19: Provisions, Contingent Liabilities and Contingent Assets;
- IPSAS 20: Related Party Disclosures;
- IPSAS 21: Impairment of Non-Cash Generating Assets;
- IPSAS 22: Disclosures about General Government Sector;
- IPSAS 23: Revenue from Non-Exchange Transactions (Taxes and Transfers);
- IPSAS 24: Budget Information;
- IPSAS 25: Employees Benefits;
- IPSAS 26: Impairment of Cash-Generating Assets;
- IPSAS 27: Agriculture;
- IPSAS 28: Financial Instruments – Presentation;
- IPSAS 29: Financial Instruments – Recognition of Measurement;
- IPSAS 30: Financial Instruments – Disclosure;
- IPSAS 31: Intangible Assets.

**Questions and Discussion Sessions**

Every Section had a Questions and Discussions segment, when participants were given the opportunity to react to the issues presented. Relevant questions were asked and answers relating to the current practices and local experiences were explored to enhance participants’ understanding and appreciation of the issues. Participants freely shared ideas on their experiences and feelings on the topics that were discussed.
Section Three Key Benefits of Implementing IPSAS in Enugu State Government

Expected Results of Implementing IPSAS
Benefits to be Expected by EnSG

The key benefits that would accrue to EnSG by implementing IPSAS in the public finance reform programme are summarised as follows.

- The Financial Reports would provide comprehensive information for users.
- There would be better estimates of macroeconomic impact of government fiscal policies on the economy.
- Information on outstanding payments or liabilities would be readily available for evaluation and planning purposes.
- Liquidity management would improve in the State’s financial management.
- Management of non-financial assets would improve significantly.
- There would be improvement in the accounting for non-financial assets.
- There would be consistency and congruency with other macroeconomic statistical information.
- Opportunities for manipulation of financial records and public funds would be reduced.
- Financial reports prepared by the State could be compared between one period and another, and with performance of other States in Nigeria and internationally.
- Information on the macroeconomic impact of capital flows would be available.
- There would be improvement in the management of resources by MDAs.
- Information on future commitments would be supplied for monitoring purposes.
- There would be adequate information for the determination of appropriate pricing of government goods and services.
- Access to public sector financial information would be enhanced.
- The financial reports produced by EnSG would be recognised by World Bank and other international agencies.
Requirements for Implementing IPSAS in EnSG

The following requirements for successful implementation of IPSAS in Enugu State were explained in detail to the participants.

- Adoption of detailed and accurate Budget Codes and Chart of Accounts for all the elements of the accounting equation, revenue and expenditure line items.
- Double-entry accounting recording system should be operational in all the MDAs.
- Each IPSAS (Standard) should be accurately translated into specific policies and procedures.
- Above all, there should be high-level government support for the implementation of IPSAS in the State Government.

Steps that Should be Taken to Implement IPSAS in EnSG

The following steps should be taken to successfully implement IPSAS in EnSG.

- The present accounting system should be adjusted as outlined above. Some old practices should be discontinued, while new ones introduced.
- Supportive accounting policies should be developed to guide accounting practices in the State.
- New processes and procedures should be introduced in line with IPSAS requirements.
- The Account Officers should be further trained in depth on the IPSAS, especially when the State adopts the Standards; and other top government officials should be sensitised on the usefulness of the IPSAS for the State Government.
Section Four

Recommendations, Conclusions and Lessons Learned

Recommendations

Recommendations to the EnSG

The following recommendations are made to government for possible consideration.

- The government should make a definite statement on the commencement date for implementing the provisions of IPSAS in the State. This will show commitment and political will of the government to embark on fundamental reforms of the State’s PFM systems.

- A Working Team should be constituted and a Consultant engaged to coordinate the review process of the present accounting policies and procedures, to comply with provisions of IPSAS; subsequently in-depth trainings on IPSAS will be provided to the Accounts and Audit staff of the state.

- The Budget Codes and Chart of Accounts recently developed for the State Government should be implemented forthwith.

- The government should acquire suitable Computer Application Software to start automating its accounting system.

- Desktop and Laptop Computers should be supplied to Account Officers in EnSG to enable them use basic tools to automate their daily operations and communications. This would result to efficiency and improved productivity.

- Subsidiary accounting records, such as Fixed Assets Register, Accrual Schedules, Prepayment Schedules, Debtors, Creditors, etc. should be introduced immediately in the EnSG Public Finance System.

Lessons Learnt from the Workshop

Important lessons learnt from the Workshop are as follows.

- There is need to organise regular Workshops for Account Officers in EnSG. This would sharpen their skills and keep them abreast with current developments in Public Sector Accounting. It would also create the forum for the Account Officers to work together, thereby promoting team building within the EnSG.

- Most of the Account Officers need to be trained in Computer and Information Technology to prepare them to contribute adequately in the public sector finance reforms programme. Modern financial management is driven by IT, hence there is need to upgrade their knowledge.
- Workshops and training programmes should be planned ahead to give adequate time for preparation.
- There should be post training reviews of performance of the Account Officers to assess the impact of training.

**Conclusion**

The Account Officers were given insight into the provisions of IPSAS and how it would affect the current accounting processes and procedures of the State Government. The training offered participants the opportunity to appraise the State’s accounting practices against IPSAS requirements, and the possibility of adopting and complying substantially with the relevant Standards.

Comments made by most of the Participants indicated that they benefited from the Workshop, in terms of updating their knowledge on the provisions of IPSAS. They are also aware of steps required to implement IPSAS in the State financial system.
Appendix One  Training Slides

Presentation by the Consultant

Copy of the Training Slides

The Training Slides presented by the Consultant are available in PFM Programme File in SPARC’s Office at Coal City Garden Estate, G.R.A. Enugu. Each of the participants also was given copies of the slides.
Appendix Two IPSAS Standards

The complete IPSAS Standards could be downloaded from the internet. The website is www.ipsas.org/ipsas_standards
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