

## PRESENTATION BY THE CAMEROON DELEGATION TO THE IPSAS BOARD CONFERENCE

### ***TOPIC:***

### ***THE CAMEROONIAN EXPERIENCE IN IMPLEMENTING ACCRUAL ACCOUNTING***

### ***Presented by :***

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# ACCOUNTING REFORM IN CAMEROON

## OBJECTIVES

### Main objective

The goal of this topic is to share Cameroon's experience in implementing accrual accounting, including application of specific IPSAS, and key benefits and technical challenges for future consideration



Main objective



# ACCOUNTING REFORM IN CAMEROON



## INTRODUCTION

### Overview of Cameroon

#### Political trend

- German colony (1884-1918) ;
- French and British mandates: League of Nations 1919-1945 ;
- French and British trusteeships: UN 1945-1960;
- Independence and reunification 1960 and 1961;

#### Economic and social-cultural statistics

- GDP \$44.34B (\$1583,63 GDP/head )
- Inflation rate 7.8% (May 2023)
- Main employer: State
- Cultural organization: +250 ethnic groups
- Official languages: English and French

#### Sources of inspiration for accrual accounting

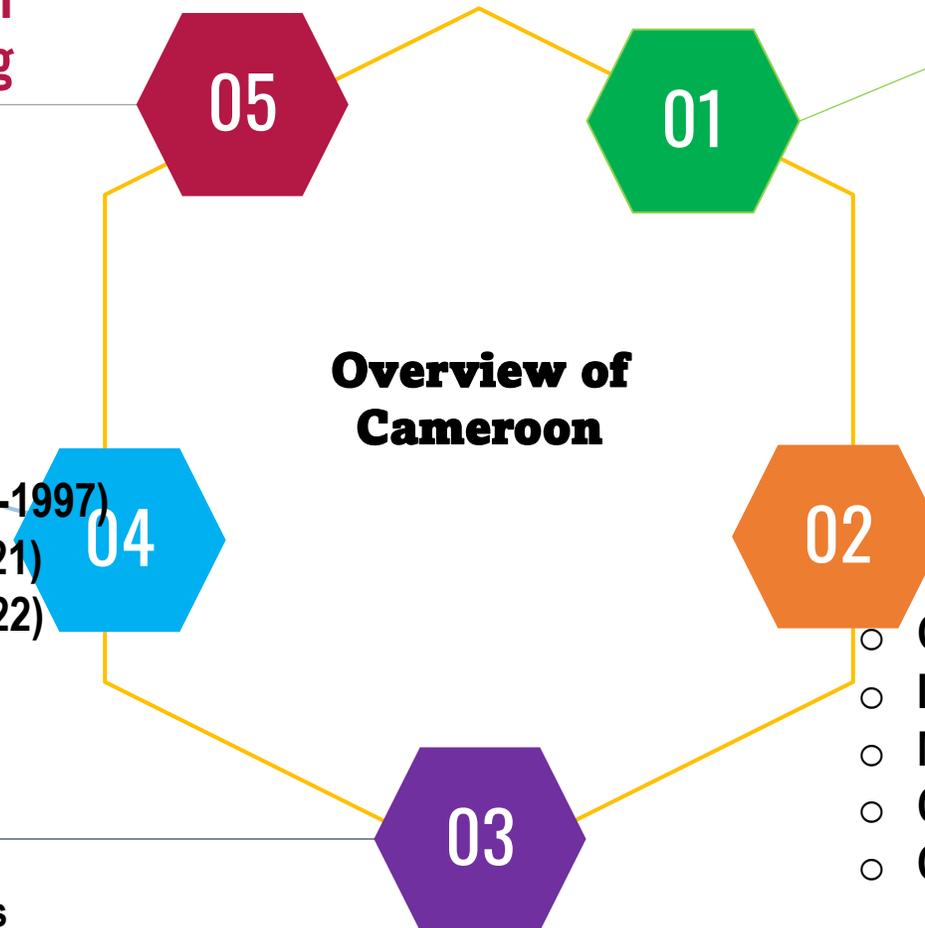
- IPSAS
- IFRS
- OHADA Accounting

#### Evolution of accounting systems

- Single-entry auxiliary accounting (1960 -1997)
- Double-entry cash accounting (1997-2021)
- Accrual accounting (As from 1<sup>st</sup> Jan 2022)

#### Demography

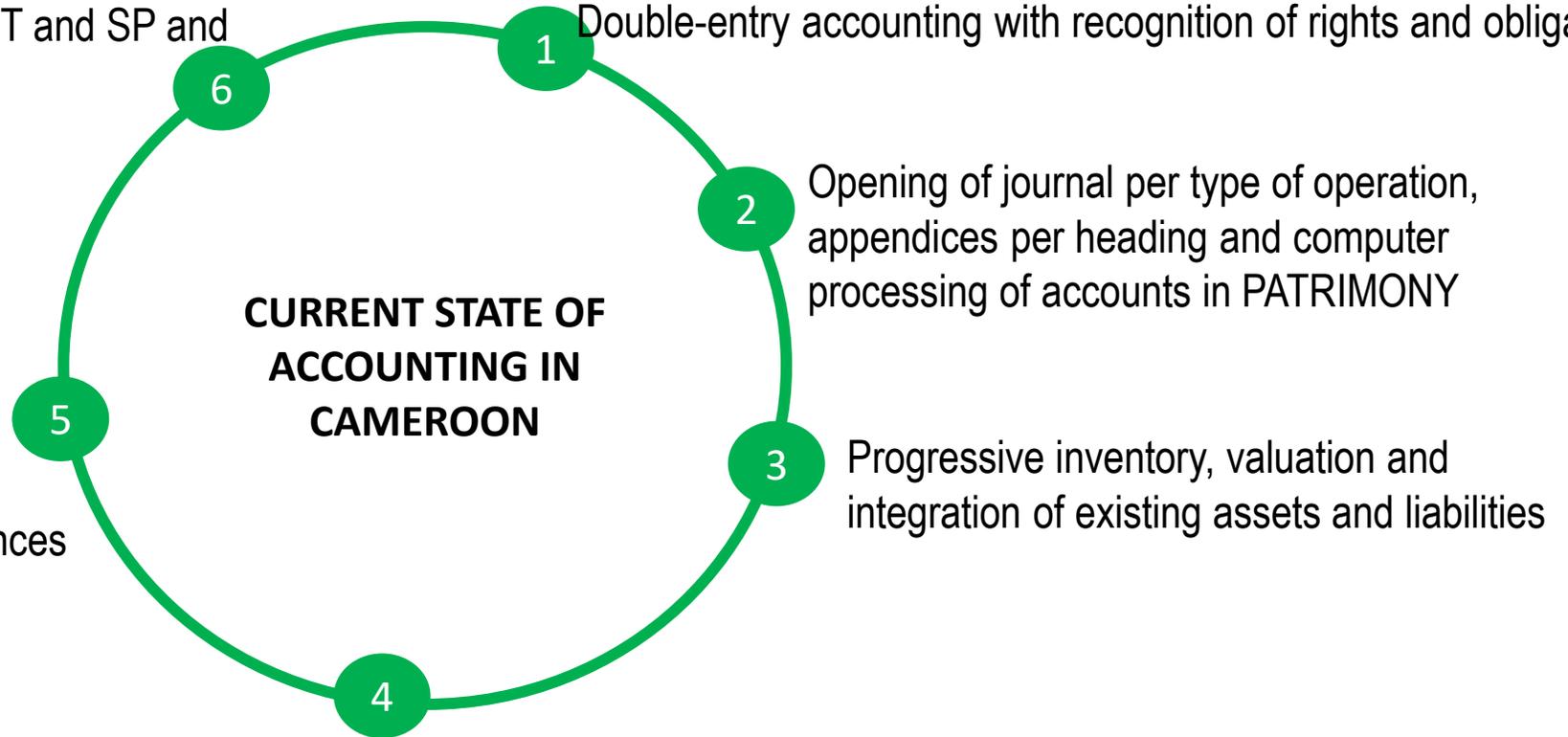
- Population : 28.8 millions
- Gender ratio: 48/52 (male/female)
- Age median: 17



# ACCOUNTING REFORM IN CAMEROON

1. Centralization of accounts at TPG, PGT and SP and thereafter consolidation at ACCT
2. Production of State General Accounts

Implementation of end of year adjustment operations and carryforward of closing balances into opening balances



## Key elements that contributed to attain the current state

- ❖ Legal framework (CEMAC Directives, transposition) ;
- ❖ Training (AFD, Expertise France, PSSFP)
- ❖ Setting up internal accounting controls;
- ❖ Reconfiguration of accounting network
- ❖ Update and adaptation of accounting application
- ❖ Setting up of Single Treasury Account
- ❖ Modernization of cash management



# ACCOUNTING REFORM IN CAMEROON

## I. IMPLEMENTATION OF ACCRUAL ACCOUNTING IN CAMEROON

### I.1. Setting up a structure for standardizing public accounts and publishing standards (coherent with IPSAS)

STANDARDS	NAME
Standard n°1	Financial statements
Standard n°2	Consolidated financial statements
Standard n°3	Intangible assets
Standard n°4	Tangible assets
Standard n°5	Financial assets
Standard n°6	Stocks
Standard n°7	Claims on current assets
Standard n°8	Components of State cash
Standard n°9	Financial debt
Standard n°10	Provisions for risks and charges and non-financial debts
Standard n°11	Charges
Standard n°12	Tax proceeds
Standard n°13	Other proceeds
Standard n°14	Off-balance sheet commitments

**1** enshrines accounting principles (including recognition of rights and obligations)

**2** The format and method of preparing financial statements and consolidated financial statements

**3** For each item in the balance sheet, income statement and off-balance sheet commitments, the following are set out:

- initial and subsequent valuation methods (during the financial year and at the end of the financial year);
- recording criteria and methods

**4** enshrine the concept of control of assets and set a materiality threshold of CFAF 500,000 (\$800) for the inclusion of an asset in the State's assets

# ACCOUNTING REFORM IN CAMEROON

## I. IMPLEMENTATION OF ACCRUAL ACCOUNTING IN CAMEROUN

### I.1. Setting up a structure for standardizing public accounts and publishing standards (coherent with IPSAS)

NATIONAL STANDARDS	CORRESPONDING IPSAS	COMMENTS
<b>Standard #1:</b> Financial statements	<b>IPSAS #1:</b> Presentation of financial Statements ( <b>Modified</b> )	SFOT added among financial statements. Considerations in Para 83 to 85 regarding reclassification of financial liabilities not considered
	<b>IPSAS #2:</b> Cash flow Statements ( <b>Not modified</b> )	
<b>Standard #2:</b> Consolidated financial statements	<b>IPSAS #35:</b> Consolidated Financial Statements ( <b>modified</b> )	Only public establishments are considered, controlled public enterprises, Regional and Local Authorities are excluded (P 13)
<b>Standard #3:</b> Intangible assets	<b>IPSAS #31:</b> Intangible assets ( <b>Not modified</b> )	
<b>Standard #4:</b> Tangible assets	<b>IPSAS #45:</b> Property; plan and equipment ( <b>Not modified</b> )	However, Para14.C (initial estimates of the dismantling and restoring site not included in item of cost)
<b>Standard #5:</b> Financial assets	<b>IPSAS #36:</b> Investment in associates and joint ventures ( <b>Not modified</b> )	However, significance influence (20%) not taken into consideration (P11), but clear cut between controlled and not controlled (40%)
<b>Standard #6:</b> Inventories	<b>IPSAS #12:</b> Inventories ( <b>Not modified</b> )	



# ACCOUNTING REFORM IN CAMEROON



## I. IMPLEMENTATION OF ACCRUAL ACCOUNTING IN CAMEROUN

### I.1. Setting up a structure for standardizing public accounts and publishing standards (coherent with IPSAS)

NATIONAL STANDARDS	CORRESPONDING IPSAS	COMMENTS
Standard #8: Cash and cash equivalents	IPSAS #28: Financial instruments: presentation ( <b>Not modified</b> )	
Standard #9: Financial debt		
Standard #10: Provisions for risks and charges and non-financial debts	IPSAS # 19 Provisions, contingent liabilities, and contingent assets (Not modified)	
Standard #11: expenses	IPSAS #48: Transfer expenses ( <b>Not modified</b> )	
Standard #12: Tax revenues	IPSAS # 9 Revenue from exchange transaction ( <b>Not modified</b> )	
Standard #13: Other revenues	IPSAS #47: Revenues ( <b>Not modified</b> )	
Standard #14: Off-balance sheet commitments	IPSAS # 19 Provisions, contingent liabilities, and contingent assets ( <b>Not modified</b> )	





**QUESTIONS**



## Use of IPSAS 33

1

### Preparatory phase

Preparation and presentation of legal framework, accounting standards, procedure manuals and training of stakeholders and definition of deadlines

2

### At Adoption date (1st January 2022)

Preparation and presentation of assets and liabilities (opening Statement of financial position at adoption date (P15)

3

### Constitution of opening balance sheet

In the absence of information on value of assets/liabilities acquired prior to the adoption date We used deemed cost (P 64) while respecting, where possible, the measurement criteria set out in different IPSASs

4

### Accounting procedures and rules a posteriori to 1st January 2022

Measurement and recognition compliance with Local standards on accrual accounting that are consistent with IPSAS





**Implementation of IPSAS 33 by other jurisdictions**



**Did other jurisdictions who have implemented IPSAS 33 find the three year timeline challenging? IF YES, How did they proceed?**



**What are the other challenges that these jurisdictions faced and how did they manage these challenges?**





## I.3. Recognition, measurement and recording of property, plant, equipment and infrastructure

**Recording criteria** : control by the State (future economic benefits/service potential) and viability of cost (CMR Standard 3 and 4 coherent with IPSAS 17 paragraph 14)

### **Tangible assets acquired prior to adoption date**

Inventory and valuation carried out in the two largest Divisions (MFOUNDI and WOURI), work in 11 Divisions planned for December 2023.

**Method used** : Administrative method (used by the tax authorities to register property transactions) in the absence of market-based value, significant reference assets and other methods provided for in IPSAS 17 paragraphs 47 to 48)

### **Tangible assets acquired after 1st January 2022**

**Value at entry** : purchase price + directly attributable costs (coherent with IPSAS 17 (paragraph 30)

Useful life: Defined for each category by a joint ministerial order (MINFI and MINDCAF)

Depreciation method: Linear fixed, by the CMR Accounting Standards 3 and 4





## I.2. CONSTITUTION OF THE OPENING BALANCE SHEET

### Financial assets



#### ■ Participations:

All investments have been identified, valued and included in the balance sheet since 2021, and year-end adjustments are made regularly.

**Method used:** equity value for investments in controlled entities and impaired market value for investments in

value for investments in non-controlled entities

#### ■ Loans, advances, deposits and guarantees: Work in progress of census in progress



## 1.8. CONSTITUTION OF THE OPENING BALANCE SHEET

### Current assets and non-financial debt

Work on consolidating these elements is ongoing with the various authorities

## 1.9. Production of financial statements

Preparation and presentation of financial statements (balance sheet, income statement, cash flow statement, notes to the financial statements and (TOFE) on an experimental basis, which are submitted to the Audit Jurisdiction for judgement (CMR Accounting Standard # 1).



# ACCOUNTING REFORM IN CAMEROON

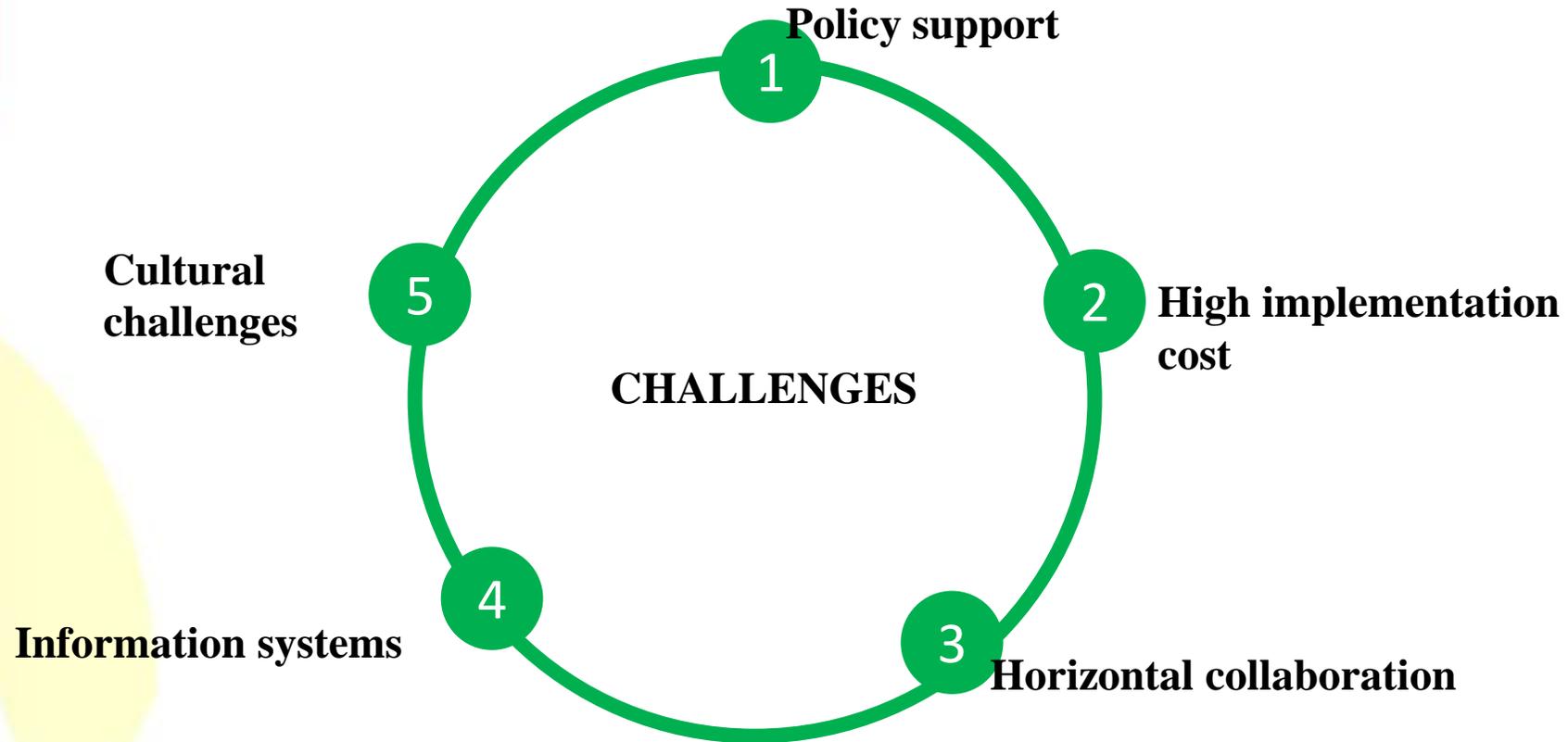


**How did other jurisdictions handle similar valuation challenges?**

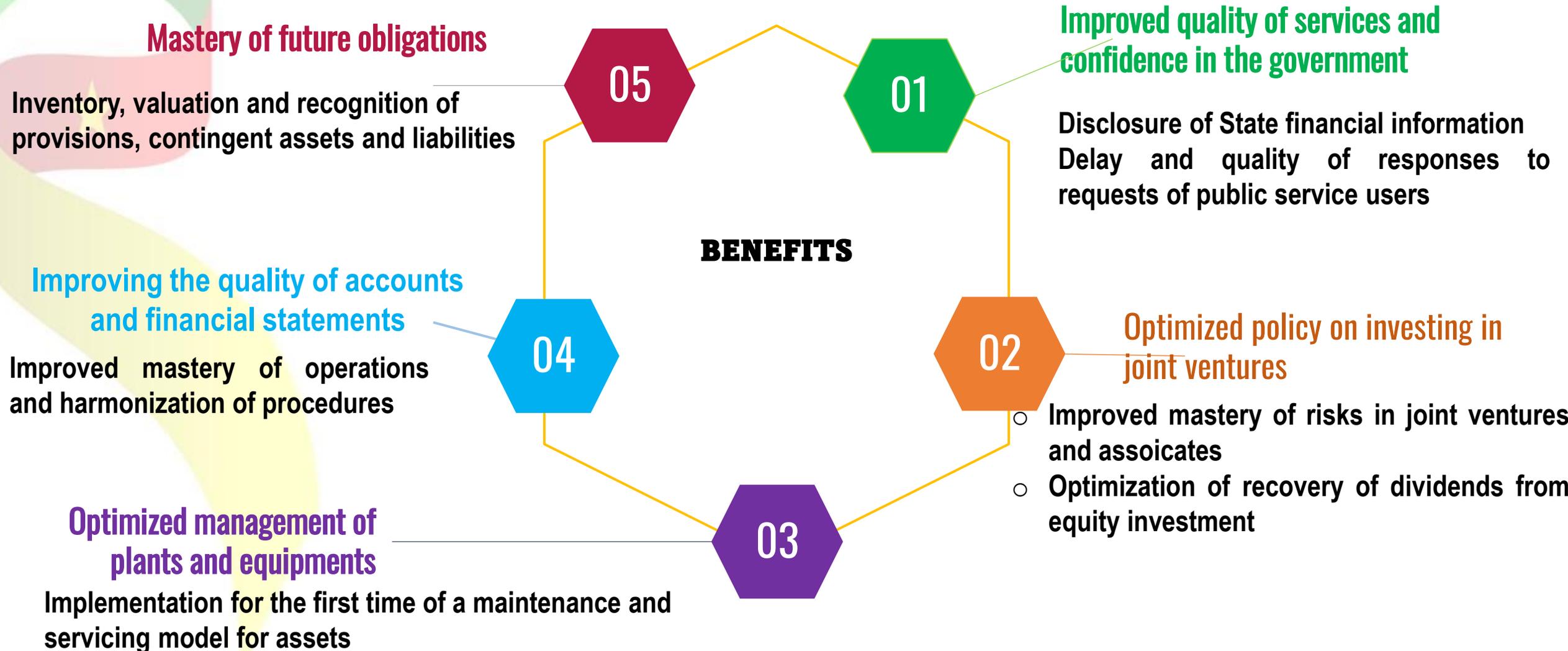


# ACCOUNTING REFORM IN CAMEROON

## KEY CHALLENGES IMPLEMENTING IPSAS



## II. KEY BENEFITS OF IMPLEMENTING THE ACCRUAL ACCOUNTING



# ACCOUNTING REFORM IN CAMEROON



THANK YOU FOR YOUR KIND ATTENTION