



FINANCIAL REPORTING COUNCIL OF NIGERIA

February 12, 2024

Ross Smith
Program & Technical Director
International Public Sector Accounting Standards Board
227 Wellington Street
West Toronto, ON M5V 3H2
Canada

Dear Sir/Madam,

RE: REQUEST FOR FEEDBACK COMMENTS ON INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS BOARD (IPSASB) STRATEGY AND WORK PROGRAM (2024 – 2028) - CONSULTATION

The Financial Reporting Council of Nigeria (FRC) is pleased to avail its input alongside its constituents in Nigeria on the IPSASB consultation on its Strategy and Work Program (2024-2028) timeframes.

In view of the responses received from the constituents in Nigeria following the engagement of Tuesday, February 6, 2024, the Council wishes to comment on the consultations as hereunder:

SPECIFIC MATTER FOR COMMENT 1:

The IPSASB proposes to update its strategic objective to reflect the shift in the balance of public sector financial reporting needs towards maintenance of IPSAS and the development of International Public Sector Sustainability Reporting Standards.

a) Do you agree with the strategic objective?

Strengthening Public Financial Management and Sustainable development globally through increasing adoption and implementation of accrual IPSAS and International Public Sector Sustainability Reporting Standards.

b) Do you agree with the IPSASB's proposal to deliver its strategic objectives through two main activities (Delivering Global Standards and Inspiring Implementation)?

If you do not agree, please explain your reasoning and your proposed alternatives.

The Council's Response to Specific Matters for Comment 1

a) The Council agrees with the strategic objective of IPSASB in strengthening Public Financial Management and Sustainable Development globally as a welcome development. The Council believes the strategy is long-overdue, this is because Nigeria as a country having adopted IPSAS accrual basis since 2016, is experiencing some challenges on the implementation in the preparation of financial reporting for accountability and comparability. There is a lot to be done in the IPSASs' implementation suites. When it comes to regulatory review vis-à-vis assurance, implementation has not been seamless and effective. However, we believe that there is room for improvement. The Council therefore applauds the new focus of IPSASB on the focused strategy.

b) The Council agrees with the double-barrel approach of IPSASB of combining delivery of global standards with inspiration of implementation. This twin approach is necessary as implementation is critical. This is because standard issuance is a means to an end, effective implementation is very key. Issuance without enhancing effective implementation is like issuing rules and laws

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without ensuring that they are being implemented. The Council therefore agrees with this and sees the appropriateness of the strategy in focus.

SPECIFIC MATTER FOR COMMENT 2:

The IPSASB proposes to add maintenance activities to its Work Program, including to assess IPSAS application challenges and to undertake post implementation reviews. Therefore, at this time, IPSASB is not proposing to add new major financial reporting standard setting projects.

Do you agree with the proposal to add maintenance activities? If you do not agree, please explain why, including any proposed alternatives.

The Council's Response to Specific Matters for Comment 2

The Council notes that several standards have been recently released by IPSASB. The efficacy of the standard issuance is reflected in the implementation, hence post implementation review is critical. These strides, i.e. assessing IPSAS application challenges and undertaking post implementation reviews of IPSASs by IPSASB, are in line with other standard setting bodies' approach, such as IASB, and geared towards having knowledge of what is happening in each jurisdiction, the challenges being faced, and other issues associated with reporting such as disclosures issues. However, the Council maintains that standard setters and regulators should be involved in the post implementation reviews and that the expectations in the post implementation review should be clear and detailed enough to be mutually beneficial and achieve its objectives.

SPECIFIC MATTER FOR COMMENT 3:

The IPSASB's Potential Future Financial Reporting Projects, include projects for the development of new IPSAS and the maintenance of existing IPSAS.

1. Are there other major financial reporting projects the IPSASB should consider adding to its Potential Future Financial Reporting Standard Setting Projects list?

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2. Are there other IPSAS that the IPSASB should consider as a potential project for its maintenance program?
3. If the IPSASB's proposal to implement a PIR process is supported, what IPSAS are of the highest priority in your jurisdiction?

For each potential financial reporting project identified, explain why you believe this has international relevance that requires a standard setting solution such that the IPSASB should consider it, and elaborate on the nature of the issue you think should be explored.

The Council's Response to Specific Matters for Comment 3

1. *We agree with the IPSASB's financial reporting projects as contained in the proposal guidance. In the area of Sustainable Development, the SDG agenda with its 17 goals is still vigorously being pursued by many countries. As reiterated at Cop 28, there is a need to direct financial reporting projects towards the area of sustainability reporting.*

However, another area that IPSASB should direct its focus is in the area of digital assets (currency – block chains). The technology is taking over life and there is a need to brace up with the development. We further suggest that in the maintenance projects, IPSAS 10 should be brought on the front burner as countries, especially in the global south, are currently experiencing hyperinflation. We are delighted to note that Insurance Contracts project is included as part of potential future standards. We suggest that the Insurance contracts project should be given a priority to bring public sector financial reporting on the same page with that of private sector.

2. *The Council therefore believes with the inclusion of the projects mentioned above, the IPSASB may have a comprehensive and all-inclusive agenda for the next five years (2024 – 2028).*
3. *The Council believes IPSASs that are of highest priorities in our jurisdiction are IPSAS on PPE, financial instruments, natural assets.*

SPECIFIC MATTERS FOR COMMENT 4:

Upon completion of the three pre-committed sustainability reporting standard projects, what are the key public sector sustainability reporting issues the IPSASB should consider adding to its Work Program?

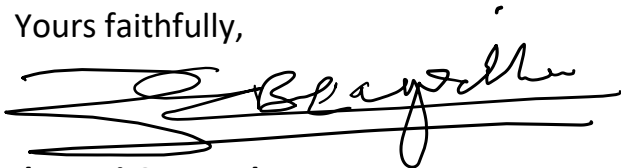
When answering please provide your rationale as to why the IPSASB should undertake such a project(s).

The Council's Responses to Specific Matters for Comment 4

The Council believes that Sustainability-related standards are very key particularly in the areas of environment and governance. Given the public sector's role in managing the national assets, standards around natural resources and climate related financial disclosures from climate perspectives will be very appropriate. Governance is also very key behavioural change in the society, continuity of projects by successive governments to avoid projects abandonments, people-oriented social obligations is also critical in line with SDG programme, inequality, poverty, gender equality, food security, and quality education, are very important. We conclude that if governance as a critical pillar of the ESG is effectively standardized, all other pillars of ESG are most likely to be effective. This will really assist transparency, accountability and probity especially in the global south

If you require any further information or clarification, do not hesitate to contact the Head, Directorate of Accounting Standards (Public Sector) on: ioanyahara@frcnigeria.gov.ng

Yours faithfully,



Iheanyi O. Anyahara, PHD

Coordinating Director, Directorates of Accounting Standards – Public and Private Sectors

For: Executive Secretary/CEO



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