State of the Accountancy Profession in Uganda

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Overview of the Presentation

- Introduction
- State of the Accountancy Profession
- Challenges of the Accountancy Profession
- Emerging Issues and Way Forward
- Conclusion
- Comments and Discussion
Introduction

- Good PFM practices play a key role in the social and economic development of a country (OECD)
- World Economy still suffers from impact of the global economic of 2008
- Economic growth for Sub-Saharan Africa set to slow to its lowest in 20 years (IMF Economic outlook 2016)
- Conference theme “Macroeconomic Benefits of Strong PFM Practices is relevant and timely
Public Financial Management

Strong Public Financial Management is Characterized by:

- Resource Management
  - Fiscal control and discipline
  - Resource allocation efficiency
  - Efficient and effective operations

- Use of Public Resources
  - Transparency and accountability
  - Stewardship and regulatory compliance
Strong Public Financial Management is characterized by:

- Fiduciary risk management
  - Financial control framework
  - Capacity building
  - Oversight
- Accountancy profession plays a key role in development and implementation of efficient PFM systems
Brief background:

- No regulatory framework before 1970
- In 1970, the registered Accountants Act No. 5 enacted
- Institute of Certified Public Accountants of Uganda (ICPAU) established
- 1970 Act not implemented due to political instability
- 1970 Act repealed and replaced by Act No. 5 of 1992 subsequently replaced by Accountant Act 2013
ICPAU – Regulating Body

- ICPAU is the umbrella body responsible for regulating the accountancy profession in Uganda.
- Cooperates with other professional accountancy bodies like ACCA and IIA.
- ICPAU closely relates with public institutions like Ministry of Finance, Inspectorate of Government, Anti-Corruption Court, the Judiciary, Directorate of Public Prosecution, Criminal Intelligence and Investigations Directorate (CIID), Office of the Auditor General, and Directorate of Ethics.
ICPAU Membership comprises Accountants and Auditors

Current ICPAU members – 2600 of which 600 are in the public sector

ACCA members – 1400 (750 in 2008)

IIAU members – 556 (33 in 2003)

Heads of Finance and Internal Audit of Public Institutions are required to be members of ICPAU
Regional and International Coop.

Regional Membership

- Pan African Federation of Accountants (PAFA)

International Membership

- International Federation of Accountants (IFAC)
PFM Reforms in Uganda

- Regulatory and institutional framework
- Automation of financial management processes
- Decentralisation of payroll and pension payments
- Introduction of EFT
- Training and capacity building
- Treasury Single Account framework
- Planned e-GP system
Role of Accountants in PFM reforms

- Participation formulation Public Financial Management (PFM) policies, strategies and laws
- Issuing accounting and audit standards
- Issuing operational procedures, guidelines and manuals
- Championing implementation of PFM reforms
- Development of training and Continuous Professional Development (CPD) programmes
ICPAU advises government on matters of financial accountability and management in accordance with the Accountants Act 2013.


Government of Uganda (GoU) implements a modified form of cash-basis IPSAS.

GoU plans to adopt full accrual IPSAS by 2020.
ICPAU has adopted accounting and auditing standards set by IFAC. These include:

- Quality Assurance
- International Education Standards
- Code of ethics for Professional Accountants
- International Public Sector Accounting Standards (IPSAS)
- International Financial Reporting Standards (IFRS)
Financial Support to Accountancy

- Government of Uganda provided financial support to ICPAU during the initial stages
- Government continues to provide modest support to ICPAU as and when necessary
- Now largely depends on membership contributions
- World Bank and other Development Partners also provide support
Challenges

- Inconsistent compliance to set standards and regulations by public and private organizations
- Unethical practices by both the professional accountants and their business clients
- Adoption of international standards that do not effectively address local accounting and reporting needs
- Insufficient numbers of qualified accountants
Challenges

- Lack of uniformity in the application of accounting standards (Cash vs Accrual accounting, IPSAS vs IFRS)
- Prohibitive fees for acquiring and maintaining a professional accounting certification
- Weak regulatory and quality assurance mechanism to enforce compliance
- Poor record keeping
- Presence of a large informal sector that does not appreciate the value of a professional accountant.
The changing role of a professional accountant due to innovation and technology
- Need develop new skills and competences

Automation of processes and emerging cyber security threats
- Resources commitment and support to mitigate the risks

Emerging new economic activities (PPPs, Petroleum exploration, Oil revenue management)
- Requires development of new skills handle these areas

Change in budgeting procedures from input to outcome based budgeting – need training
Conclusion

- As seen from the Ugandan perspective, the accountancy profession remains at the forefront of public financial management.
- It is therefore critical for governments to continuously support the growth of the accountancy profession in order to build strong PFM practices that will lead to economic development and transformation of the economies in Africa.
Thank You

Discussion

Comments/Questions