



IPSASB Consultation: STRATEGY and WORK PROGRAM 2024 - 2028

Response from the Public Accountants and Auditors Board (PAAB), Zimbabwe

04 MAY 2026

The Public Accountants and Auditors Board (PAAB), Zimbabwe, was established by section 4 of the Public Accountants and Auditors Act, 1995 (as amended) (the Act). Public accountants (public auditors) are defined in the Act as any person registered by the PAAB to provide public accountancy services (public audit services) to any person, including a public company or statutory body. PAAB is the National Standards Setter in Zimbabwe responsible for endorsing and adopting international accounting standards, international standards on auditing and international public sector accounting standards when they meet certain criteria for prescription by statutory regulation by PAAB in accordance with section 44(2)(a) of the Act. PAAB is responsible for defining and enforcing ethical practice and discipline among registered public accountants and public auditors and setting Ethics standards (section 5(1)(d) of the Act); and representing the views of the accountancy profession on national, regional, and international issues (section 5(1)(g) of the Act). PAAB also plays a role in accountancy-specific education (section 5(1)(h) of the Act).

Further information about PAAB can be obtained at www.paab.org.zw

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Specific Matter for Comment 1:

Which financial reporting projects should the IPSASB prioritize?

PAAB RESPONSE:

1. Disclosure of Tax Expenditures

This project would involve the IPSASB developing enhanced disclosure requirements for tax expenditures within public sector financial reporting. Under current standards, IPSAS 23 Revenue from Non-exchange Transactions (Taxes and Transfers) and IPSAS 47 Revenue, Tax expenditures (e.g., exemptions, deductions, credits) are treated as reductions of tax revenue, not as expenses. They are not separately disclosed in a structured or comprehensive manner. This results in limited visibility of forgone revenue, despite its economic significance. The project would aim to develop authoritative guidance to address this gap.

Prioritization Criteria	Analysis
Prevalence	High - Tax expenditures are widely used by governments across both advanced and developing economies to pursue policy goals such as investment promotion, social protection, and economic stimulus. Instruments like tax credits, exemptions, reduced rates, and deferrals are embedded in most tax systems.
Consequences	High - The lack of transparent disclosure has significant global implications. Tax expenditures can represent substantial forgone revenue, yet they often escape the same level of scrutiny as direct expenditures. This undermines accountability and can distort fiscal policy decisions, as governments may favour tax-based interventions over direct spending without clear visibility of costs.
Urgency	High - The urgency is high given current global fiscal pressures. Many governments are dealing with elevated debt levels, constrained budgets, and increasing demands for public services. At the same

	time, there is growing emphasis on transparency, good governance, and evidence-based policymaking.
Feasibility	High - The project is feasible because it builds on an existing conceptual foundation within IPSAS. IPSAS 23 and IPSAS 47 already acknowledge tax expenditures and require net reporting of tax revenue, so the proposed work would primarily involve enhancing disclosure guidance rather than creating entirely new recognition or measurement principles.

2. IFRS 17 Insurance Contracts	
<p>This project would involve the IPSASB developing guidance for accounting for insurance contracts in the public sector, an area where no specific IPSAS currently exists. At present there is no IPSAS equivalent to IFRS 17 Insurance Contracts. Public sector entities that issue insurance contracts must rely on the GAAP hierarchy in IPSAS 3 Accounting Policies, Changes in Accounting Estimates and Errors. The project would likely be a new standard-setting or research project, rather than a post-implementation review.</p>	
Prioritization Criteria	Analysis
Prevalence	Medium - Globally, insurance-type arrangements in the public sector are not universal, but they are far from rare, thus making the issue important, even if not universally pervasive
Consequences	Medium - Entities rely on IPSAS 3 Accounting Policies, Changes in Accounting Estimates and Errors to adopt IFRS 17 principles inconsistently. This leads to lack of comparability across countries and entities.
Urgency	Medium - The urgency is moderate, not immediate, because the issue is not yet globally widespread.
Feasibility	Low - A PIR requires an existing standard to review, which does not exist

3. Rate-regulated Activities (IFRS 14 Regulatory Deferral Accounts and Future IFRS Accounting Standards)

Rate regulation arises where governments or regulators set prices for goods and services, typically in sectors such as electricity and water utilities, public transport. This would be a new standard-setting project, aimed at introducing guidance tailored to the public sector. The project addresses a clear gap in IPSAS Guidance since there's no existing IPSAS covers rate-regulated activities. Despite the benefits, this project should be considered a moderate to lower priority, because: It is not universally prevalent across all public sector entities.

Prioritization Criteria	Analysis
Prevalence	High - Rate regulation is highly prevalent globally in the public sector, especially in utilities (electricity, water, gas), transport services (rail, public transit) and telecommunications (often state-owned or heavily regulated)
Consequences	Medium - Without specific IPSAS guidance entities apply inconsistent accounting treatments for regulatory deferral balances some follow IFRS 14 Regulatory Deferral Accounts, while others do not. This leads to reduced comparability across jurisdictions.
Urgency	High - Urgency is high and time-sensitive, because IASB is expected to issue a new standard (often referred to as IFRS X on regulatory assets and liabilities) to replace IFRS 14 Regulatory Deferral Accounts.
Feasibility	High - IPSASB can leverage existing IASB work, reducing development time and cost.

Specific Matter for Comment 2:

Which IPSAS Standards do you think are the highest priority for the IPSASB to undertake a post implementation review?

PAAB RESPONSE:

1. IPSAS 35, Consolidated Financial Statements

IPSAS 35 is based on a principles-based control model, similar to IFRS 10 Consolidated Financial Statements, where control exists when an entity: Has power over another entity; Is exposed to, or has rights to, variable benefits and has the ability to affect those benefits through its power. While conceptually sound, applying this model in the public sector is significantly more complex, due to non-financial objectives, political and legislative influences and complex governance arrangements. This leads to inconsistent application of the control concept. This would be a Post-Implementation Review (PIR) aimed at identifying practical issues and improving guidance. This project should be considered a high priority PIR, because it affects a core element of financial reporting (group boundaries).

Prioritization Criteria	Analysis
Prevalence	High - Applies to nearly all public sector entities preparing consolidated financial statements. Relevant across Central governments, Local authorities and Public sector groups.
Consequences	High - Errors in applying control lead to incorrect consolidation or exclusion of entities. Entire entities may be omitted or incorrectly included, undermining credibility
Urgency	High - IPSAS 35 has now been implemented in multiple jurisdictions. Evidence of practical challenges and inconsistent application is emerging. Therefore, delaying a PIR risk entrenching inconsistent practices globally.
Feasibility	High - A PIR is appropriate and practical since standard is already implemented

2. IPSAS 18, Segment Reporting

Currently, IPSAS 18 is based on the outdated IAS 14 Segment Reporting. It uses a risk-and-reward approach to identify segments. This differs from IFRS 8's management approach, which reflects how management actually monitors operations. This results in outdated and less relevant disclosures. This project improves relevance and decision-usefulness. Aligning with IFRS 8 ensures segment reporting reflects how entities are managed.

Prioritization Criteria	Analysis
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Prevalence	Moderate - Segment reporting is not universally applied across all public sector entities.
Consequences	Moderate - Misalignment with IFRS 8 leads to reduced comparability. However, it does not affect core financial statement elements (e.g., revenue, assets, liabilities). Impact is more on disclosure quality than recognition/measurement.
Urgency	Low - Although IPSAS 18 is outdated, the IASB plans further consultation on IFRS 8 Operating Segments. Updating IPSAS now could result in rework if IFRS 8 changes again.
Feasibility	High - (but better suited to amendment, not PIR). Alignment with IFRS 8 is technically feasible. Supported by existing frameworks

Specific Matter for Comment 3:

Which sustainability reporting projects should the IPSASB prioritize?

PAAB RESPONSE:

1. Developing Authoritative Guidance based on RPG 3, Reporting Service Performance Information

Currently RPG 3 Reporting Service Performance Information provides principles-based guidance, but it is non-authoritative and is not consistently applied across jurisdictions. As a result reporting on service performance is fragmented and inconsistent and often lacks comparability and reliability. This would be a new standard-setting project, aimed at converting RPG 3 into authoritative, enforceable guidance. This Project addresses a Major Accountability Gap. Public sector entities are primarily evaluated on service delivery performance, not profit. Current financial reporting does not adequately capture outcomes and effectiveness.

Prioritization Criteria

Analysis

Prevalence

High - Service delivery is core to all public sector entities.

Consequences	Medium - Without guidance there's inconsistent and limited performance reporting
Urgency	Medium - There's growing pressure for Efficiency and Value for money, But practices already exist in some jurisdictions.
Feasibility	High - Mature foundation Proven implementation examples (e.g., national standards)

2. General Sustainability-related Disclosures

Currently there is no comprehensive, authoritative IPSAS guidance on sustainability-related disclosures. Public sector entities face increasing pressure to report on climate risks, social outcomes, long-term fiscal sustainability. This would be a new standard-setting project, aimed at creating a comprehensive, principles-based sustainability disclosure framework. This Project Addresses a Major Gap in Public Sector Reporting since there's no comprehensive sustainability reporting framework currently exists under IPSAS.

Prioritization Criteria	Analysis
Prevalence	High - Sustainability issues affect all public sector entities globally Covers policy-making, service delivery, and resource allocation.
Consequences	High - Without guidance Fragmented and inconsistent reporting and Weak accountability on sustainability risks
Urgency	High - Growing demand from Citizens, Investors, International organizations Sustainability risks (climate, fiscal, social) are immediate and systemic
Feasibility	High - Strong foundation from IFRS S1. IPSASB already building sustainability reporting capability

3. Developing Authoritative Guidance based on RPG 1, Reporting on the Long-term Sustainability of an Entity's Finances

Currently RPG 1 Reporting on the Long-term Sustainability of an Entity's Finances provides useful guidance, but it is non-authoritative and does not consistently adopted across jurisdictions. As a

result, reporting on long-term fiscal sustainability is inconsistent. This creates a significant gap in accountability and decision-useful information, particularly given rising global fiscal pressures. This would be a new standard-setting project, focused on converting RPG 1 into authoritative, enforceable guidance. This Project addresses a Critical Gap in Public Sector Reporting i.e. lack of authoritative IPSAS guidance currently existing for long-term fiscal sustainability.

Prioritization Criteria	Analysis
Prevalence	High - The project is Relevant to all governments globally
Consequences	Medium - Without authoritative guidance there's is limited adoption and weak comparability.
Urgency	Medium - Increasing fiscal pressure (debt, aging populations, climate costs). But not yet universally embedded in reporting framework
Feasibility	High - Strong existing framework (RPG 1). Conceptual Framework already supports development

4. Nature-related Disclosures

Currently there is no authoritative IPSAS guidance on nature-related disclosures. Public sector entities play a critical role in managing natural resources, including land, forests, water systems, etc. However, reporting on biodiversity and ecosystems is fragmented and inconsistent and often voluntary and non-standardized. This would be a new standard-setting project, aimed at establishing authoritative guidance for nature-related disclosures in the public sector. This Project addresses a critical global sustainability Issue, i.e. biodiversity loss and ecosystem degradation which are Global systemic risks. Governments are primary stewards of natural resources

Prioritization Criteria	Analysis
Prevalence	Medium - Increasing relevance globally, especially important for resource-dependent economies
Consequences	Medium - Improved transparency on environmental stewardship and supports global sustainability goals
Urgency	Medium - Linked to global biodiversity targets (e.g., 2030 goals), but still an evolving reporting area
Feasibility	Low - Frameworks still developing, lack of mature global standards