INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF UGANDA

Our Ref: STA/001

21 August 2020

Geoff Kwan,
International Ethics Standards Board for Accountants (IESBA),
529 Fifth Avenue,
New York, NY 10017,
United States of America.

Submitted via email: geoffkwan@ethicsboard.org

Dear Mr. Kwan,

THE PUBLIC INTEREST ENTITY (PIE) PROJECT

The Institute of Certified Public Accountants of Uganda (ICPAU) appreciates the opportunity to respond to the **IESBA Public Interest Entity Project.**

Our comments are herein the attached.

We hope you will find our comments helpful.

Yours sincerely,

CPA Charles Lutimba
MANAGER, STANDARDS AND TECHNICAL SUPPORT

Appendix: Comments to the IESBA Public Interest Entity (PIE) Project

EK/….

APPENDIX: ICPAU'S COMMENTS ON THE IESBA PUBLIC INTEREST ENTITY (PIE) PROJECT

ICPAU'S COMMENTS

Question 1: Is there a definition of PIE in your jurisdiction which would in whole or in part encapsulate the draft overarching objectives and PIE definition set out in paragraphs 8 and 16 of this paper? If only in part, could you please specify what aspects are not currently incorporated and reason (e.g. these aspects were considered but deemed not appropriate for the local PIE definition)

Comment:

Whereas the Accountants Act, 2013 which establishes the Institute of Certified Public Accountants of Uganda (ICPAU) makes reference to the term 'Public Interest,' the interpretations section of the Act does not define the term public interest. Our reliance for the definition of the public interest rests within the IFRS for SME Implementation Guidelines, 2009 which in principle bar any entities considered to be publicly accountable from using the IFRS for SME standard.

The guidelines thus are to the effect that;

Publicly accountable (public interest) entities include, but are not limited to:

(a) Entities whose debt or equity instruments are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets); or are in the process of issuing such instruments for trading in a public market.
(b) Entities that hold assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses. In Uganda, these include, but are not limited to:
    (i) Banks, credit institutions, micro-finance deposit taking institutions and similar/ related financial institutions. These include commercial banks, post office savings banks, merchant banks, mortgage banks, building societies, acceptance houses, discount houses and finance houses.
    (ii) Non-regulated micro-finance institutions and SACCOs (savings and credit cooperative organizations).
    (iii) Insurance and re-insurance companies.
    (iv) Mutual funds and collective investment schemes (including unit trusts).
    (v) Security brokers/ dealers.
    (vi) Pension and Retirement Benefit Schemes.
(c) Public organisations, in which the State owns the whole or part of the proprietary interest or which is otherwise controlled directly or indirectly by the State, including parastatals, state enterprises, commissions and authorities.
(d) Private organisations in which the State has a non-controlling equity interest.

The above thus extends the definition of PIEs as set out in the draft paper to include;

a) Public organisations in which the State owns the whole part or part of the proprietary interest or which are otherwise controlled directly or indirectly by the State, including parastatals, state enterprises, commissions and authorities; and
b) Private organisations in which the State has a non-controlling equity interest.

Question 2:To the extent that a local PIE definition either does not exist or would require further development in order to meet the draft IESBA PIE definition (paragraph 16 of this paper) does your organisation have the authority either in whole or in part to revise your local PIE definition? If it is only in part, can you please specify the other bodies (e.g. the local regulator or Ministry of Finance) involved and indicate (to the extent that you are able/ aware) as to whether you believe they would support the necessary changes.

Comment:

ICPAU is mandated to regulate the standard and conduct of accountancy in Uganda and thus has the authority to guide on the local PIE definition in Uganda. As a due process consideration from time to time the ICPAU works in close collaboration and consultation with the Government (through the Ministry of Finance Planning and Economic Development), and other sector regulators including Bank of Uganda, Insurance Regulatory Authority among others to operationalize the PIE definition.

Question 3: If other bodies (e.g. the local regulator or Ministry of Finance) have the sole authority to either create or amend any local PIE definition, could you please:

a) **Specify who they are; and**
b) **Indicate (to the extent that they are able/ aware) whether you believe that they would be prepared to make the necessary revisions.**

Comment:

Our comment is as stated above

Question 4: In each case where further development is required, can you please indicate:

a) **Whether in your opinion the draft IESBA PIE definition that are proposed will be sufficient to enable the development of a local PIE definition that would scope in the intended PIEs or categories of PIEs or do you believe that further guidance would need to be established by IESBA?**
b) **If the latter (i.e. further guidance is needed), in which areas the guidance would be required.**

Comment:

ICPAU would wish to associate with the IESBA observation to include elements of the public sector entities, public utilities entities, Non-Government Organisations (with possible qualification be left to the respective jurisdictions) and large private companies into the scope of PIE.

ICPAU also believe that the draft overarching objective and the draft list of categories should be able to scope into the definition of a PIE, entities that receive direct economic support from Government including those whose borrowings are guaranteed by Government. This is raised for purposes of ensuring that whoever benefits from tax payers funds should exhibit significant public interest in their financial condition.

We further believe that taking the direction of developing the definition of PIE using approach 2 is necessary given the fact that situations differ from jurisdiction to jurisdiction dependent on a number of factors including but not limited to the nature and size of the economy. Therefore, allowing for scalability to the definition each jurisdiction can determine the scope of PIE definition based on the IESBA's principles-based approach.