MIPA
Mauritius Institute of Professional Accountants

MIPA E-NEWSLETTER

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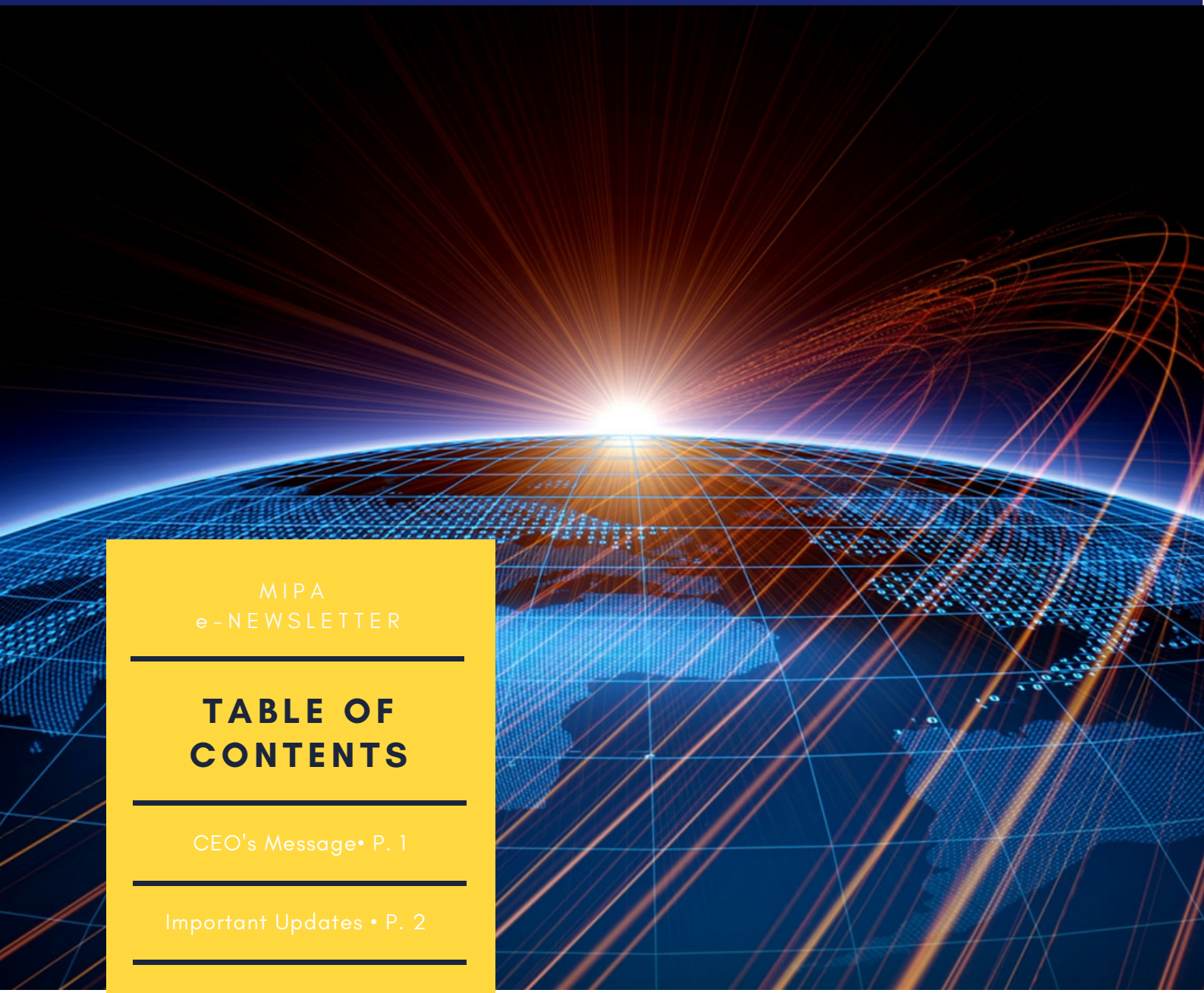

MIPA
e-NEWSLETTER

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CEO'S MESSAGE

BY MR. S. SHARMA

Dear Members,

This has been a very successful one for the MIPA, and we're proud to tell you all about it in this newsletter. We are very excited about what the next quarter of this year has in store for all of us. These coming months will be focused on growth and new opportunities

With the lifting of COVID-19 restrictions, MIPA is committed to providing face-to-face training to all MIPA members in the coming months. Our objective is to enhance knowledge, upskill and train members by conducting workshops, seminars, and relevant training sessions, publish technical literature on various important topics within the accountancy profession.

We appreciate your continued support. We are confident we can make this mutually rewarding.

IMPORTANT UPDATES

MIPA RENEWAL FOR THE FINANCIAL YEAR 2022/2023

MIPA Members were requested to renew their membership for the financial year 2022/2023 before 01 July 2022 through MIPA's website.

Failure to renew the membership will automatically lead to cancellation of membership with MIPA as per Rule 9.1 of the MIPA (Membership Requirements) Rules.

View Renewal Notice

SPECIAL GENERAL ASSEMBLY

On 25th May 2022, notice was given to MIPA members that the Virtual Special General Assembly of the Mauritius Institute of Professional Accountants (MIPA) would take place on Thursday, 16th June 2021 at 17:00 p.m.

The Special General Assembly has been postponed following a vote from MIPA members for the assembly to be held physically. A further notice will be given on the time and place of the rearranged Special General Assembly.

GETTING STARTED WITH YOUR MIPA RENEWAL

How to renew my Membership with MIPA?

Step 1: To start your online renewal, go to www.mipa.mu
Step 2: Click on 'Login' which should appear on the upper right-hand corner of the website
Step 3: Enter your MRN (found on your MIPA Registration Certificate) and your password
Step 4: Click on 'Login' and start your renewal for the financial Year 2022/2023

What should I do if I forgot my MRN or my password?

To be able to log in, members should enter their MRN and password. Your MRN number is found on your MIPA Registration Certificate. This information can also be retrieved from past receipts. If you cannot retrieve your MRN, send us a request via e-mail to info@mipa.mu.

If you do not remember your password, you may download our Password Reset Guide.

MIPA EVENTS

What's In This Month's Issue:

Events held in the months of April, May and June

APRIL 2022

Free Virtual Training session on Management Responsibilities in Information Security and Data Privacy

MIPA, in collaboration with Ascentrix Consulting, organised a free virtual training session on the Management Responsibilities in Information Security and Data Privacy on Thursday 14th April 2022, via Zoom Webinar. The objectives of the training were to allow attendees to recognise the impact of Security & Privacy Breaches, understand how to protect their data, and grasp the Management Responsibilities involved with Information Security and Data. The event saw the participation of 286 attendees.

Virtual Pre-Budget Forum 2022

In view of the National Budget 2022/2023, MIPA organised a Virtual Pre-Budget Forum, in collaboration with ACCA Mauritius. This event was held on Tuesday 19th April 2022, via Zoom Webinar, with the aim of having a meaningful discussion around pre-budget expectations. Key panellists participated in this forum, namely Mr. M. Hannelas, Technical Adviser, Mauritius Revenue Authority, Mrs. P. Chinien, Registrar of Companies, and Mr. J. Chung, Managing Partner, KPMG Mauritius. The event saw the participation of 217 attendees.

MIPA EVENTS

MAY 2022

Virtual Training on IFRS 9

MIPA, in collaboration with PwC Mauritius, organised a virtual training session on Thursday 12th May 2022. The objective of this session was to provide insights and clarify the complicated requirements of this long-anticipated area of IFRS 9. The event was held on A total of 43 participants attended the event.

CryptoVerse Summit 2022

MIPA partnered with Wakanda 4.0 for the launch of the first CryptoVerse Summit 2022 on . The objective of this Summit is to bring more clarity to Virtual Assets and to demonstrate how the Metaverse is going to change the world in the near future.

ICC Outreach on Targeted Financial Sanctions (TFS)

The Technical Sub-committee on Legal and Regulatory Requirements, Training and Outreach of the Inter-Agency Coordination Committee (ICC), represented by the Attorney General's Office (AGO), the Bank of Mauritius (BoM), the Financial Services Commission (FSC), the Financial Intelligence Unit (FIU), the Gambling Regulatory Office (GRO), the Mauritius Institute of Professional Accountants (MIPA), the Registrar of Companies (RoC), and the Registrar of Associations (RoA), organised a virtual workshop on Targeted Financial Sanctions (TFS).

The outreach session was conducted via Zoom Webinar on Thursday, 26th May 2022 and saw the participation of 301 viewers. The overarching goal of the workshop is to apprise Compliance Officers/MLROs/ Deputy MLROs of the origins of Targeted Financial Sanctions and legal obligations under the United Nations (Financial Prohibitions, Arms Embargo and Travel Ban) Sanctions Act 2019.

MIPA EVENTS

JUNE 2022

Virtual Training on IFRS 16 'Leases' and IFRS 15 'Revenue from Contracts with Customers'

MIPA, in collaboration with PwC Mauritius, organised a virtual training session on IFRS 16 'Leases' and IFRS 15 'Revenue from Contracts with Customers' on 21st June 2022. The event saw the participation of 57 participants.

ICC Outreach on Dissemination of Risk Assessment relating to the Virtual Asset Space

The Technical Sub-committee on Legal and Regulatory Requirements, Training and Outreach of the Inter-Agency Coordination Committee (ICC), represented by the Attorney General's Office (AGO), the Bank of Mauritius (BoM), the Financial Services Commission (FSC), the Financial Intelligence Unit (FIU), the Gambling Regulatory Office (GRO), the Mauritius Institute of Professional Accountants (MIPA), the Registrar of Companies (RoC), and the Registrar of Associations (RoA), organised a virtual workshop on Dissemination of Risk Assessment relating to the Virtual Asset Space.

The outreach session was conducted via Zoom Webinar on Thursday 16 June 2022, and saw the participation of 290 attendees. The overarching goal of the workshop is to apprise Compliance Officers/MLROs/ Deputy MLROs of the risks associated with the development of Virtual assets in Mauritius.

EDITOR'S PICK

The public sector must play its part in sustainability reporting too

BY MR. HENNING DIEDERICHS

MANAGER, PUBLIC SECTOR FINANCIAL REPORTING, ICAEW

The public sector must play its part in sustainability reporting too

The climate conference in Glasgow (COP26) towards the end of 2021 highlighted the planet's perilous state and how commitments made must be turned into action, not just by the private sector, but also by the public sector. The need for comprehensive financial and non-financial information on climate and sustainability has never been more necessary.

Actions not words

Private sector demand for green investments is soaring and with it is the need for rigorous data on climate and sustainability.

Companies are having to explain and evidence their green credentials, including climate related risks and opportunities, and sustainability reporting is now a hot topic for businesses of all sizes. How can they demonstrate progress on the road to carbon neutrality, and how are they managing the risks of a changing climate?

However, public bodies account for a sizable proportion of economic activity in most countries (upwards of 40% of GDP in many cases) and there can be little doubt that they will also need to play a key role in achieving net zero. Not only do governments formulate climate policy and legislation but they are also major enterprises in their own right, with large workforces, extensive property portfolios, and large fleets of vehicles, ranging from highway maintenance vehicles and police cars to tanks and naval vessels for example.

A sustainable future will require development that meets the needs of the present without compromising future generations and citizens across the world will want to assess if their governments are on or off target in meeting their climate obligations, enabling them to hold policy makers to account.

Similarly, governments will want to be able to demonstrate that they are responding to the climate emergency with sufficient urgency and to be able to justify the actions they are taking, especially if higher taxes or significant changes in the way we live our lives are required.

Having high quality, reliable and comparable information is key to being able to do that – and governments need to take the initiative and lead from the front.

Navigating the sustainability reporting landscape

The reporting landscape for sustainability and ESG (Environmental, Social, and Governance) is crowded and is moving at a fast pace.

Demand by investors and other stakeholders for guidance on sustainability and ESG reporting has been growing. Standards need to support the direction of capital to sustainable enterprise to ensure the functioning of capital markets. Investors and investment companies wanting to invest in businesses with green credentials need to have high-quality, reliable, and comparable information on which to base their decisions.

Standards based on principles of legitimacy, independence, transparency, public accountability and oversight, and thorough due process are essential to obtain buy-in and trust from all stakeholders.

There are a number of key organisations in the field of sustainability reporting; whilst they share many characteristics and some of their work overlaps, the stakeholders that they serve vary and as a result their approaches differ, giving rise to a range of frameworks, standards and metrics. Currently, the implementation of the various standards and frameworks is largely voluntary and market-driven.

However, the UK government has recently announced that it will mandate the disclosure of climate-related risks and opportunities by Britain's largest businesses in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. New legislation will require firms to implement these disclosures from April 2022, which will make the UK the first G20 country to enshrine in law mandatory TCFD-aligned requirements.

Key organisations working on sustainability, climate and/or ESG related reporting:

ISSB

International Sustainability Standards Board
- Part of IFRS Foundation
- Consultation on first standards expected early 2022

VRF

Value Reporting Foundation
- Created from merger of IIRC (International Integrated Reporting Council) and SASB (Sustainability Standards Board)
- Enterprise value - how it is created, preserved and eroded

TCFD

Taskforce on Climate-related Financial Disclosures
- Created by the Financial Stability Board to produce a common global framework to report on how climate will affect business
- Likely to underpin ISSB's work

CDSB

Climate Disclosure Standards Board
- Consortium of business and environmental groups committed to advancing and aligning the global mainstream corporate reporting model to equate natural capital wtih financial capital
- Offer framework for reporting environmental information

GRI

Global Reporting Initiative
- GRI exists to help organisations be transparent and take repsonsibility for their impacts in order to create a sustainable future
- They have their own set of sustainability standards

Calls to simplify the corporate reporting landscape have already led to the merger of the IIRC and the SASB to create the VRF and in 2022, the VRF and the CDSB have been consolidated into the ISSB in 2022.

Where does this leave the public sector?

The plethora of reporting approaches has both advantages and disadvantages for government and public bodies in that it gives preparers the option to choose a framework that most suits their particular circumstances, or even to develop their own public sector-specific reporting standards.

However, with private sector sustainability reporting likely to converge on a smaller number of internationally endorsed frameworks, public sector bodies are likely to come under pressure to adopt standards that are equal to if not more rigorous than those adopted by businesses.

Irrespective of the framework adopted, public entities at all levels of government risk being caught out if they do not start preparing now. The information gathering required is substantial and new internal control processes are likely to be necessary to provide assurance that progress in delivering on decarbonisation and other EDG-targets is being made as well as about the quality of the measures used to monitor and report on that progress.

What does enterprise value mean in a public sector context?

The ISSB is consulting on draft climate standards that build on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and incorporate industry-based disclosure requirements derived from SASB Standards. These standards are primarily designed to meet the information needs of investors and use enterprise value as a basis for assessing the impact of climate change and other sustainability objectives on private sector entities.

This approach is less suitable for public bodies where wider social, economic, environmental, and public service quality objectives are often as, if not more, important than the future cash flows of an individual public body or even of the public sector as a whole.

Despite that, much of the content of the ISSB draft standards and other sustainable guidance for private sector entities is still applicable. While the concept of enterprise value may not be directly relevant, expectations of the amount, timing and certainty of future cash flows over the short, medium and long term that it embodies are still very important to understanding the impact of sustainability on public bodies. At an operational level, many public sector entities will share similar risks and opportunities to private sector entities that deliver services to the public.

The importance of double materiality

A key concept that is important for the public sector is double materiality. Both the European Commission and GRI apply this concept to their sustainability reporting frameworks, which is why the GRI in particular, has been popular in some jurisdictions.

Double materiality means that an entity needs to not only consider financial materiality of climate related impacts affecting the value of its balance sheet but to also consider the environmental materiality, which is the impact the entity's activities have on their environment.

This concept is very important since we believe that the public sector has a broader mandate when it comes to sustainability. The public sector needs to ensure that biodiversity is protected, that flora and fauna expand so that future generations can benefit from these. The public sector is responsible for safekeeping their jurisdiction's natural assets. For this reason, they will naturally have a broader stakeholder base above investors/shareholders. They are beholden to civil society in general since the health of our natural environment has a direct correlation to the health of society.

International developments

The International Public Sector Accounting Standards Board (IPSASB) is now consulting (deadline 9 September) on their role in setting sustainability reporting standards for the public sector. The broad options are whether IPSASB should follow ISSB standards or develop another framework. Given that some aspects of ISSB standards are not suitable for a public sector context, in particular enterprise value and lack of double materiality considerations, it remains to be seen how they will proceed. In our view using ISSB standards as a reference point with some adaptions may strike the right balance in terms of speed of delivery and applicability for the public sector.

Conclusion

Governments are currently lagging behind the private sector when it comes to sustainability reporting but given the important role the public sector plays in achieving net zero, they will not be able to stay out of the spotlight for long.

IPSASB is now consulting on how they might be able to provide a public sector-specific sustainability framework which will be a first test to see what appetite there is to formally create guidance for the public sector. In the meantime, governments should be looking at best practice examples being generated in the private sector and determine how some of the TCFD-related risks and opportunities could apply to their own entities.

Some jurisdictions are starting to make real progress to report on sustainability with data on greenhouse gas emissions, waste and water consumption being popular metrics. More work is required to link the metrics to risk management, operational plans and ultimately Key Performance Indicators.

We all know more needs to be done and judging by the discussions at ICAEW's public sector conference from December 2021, a lot will be done in the near future and beyond.

Appendix 1: Greening Government Commitments 2021 to 2025

The Greening Government Commitments (GGCs) set out the actions UK government departments and their partner organisations will take to reduce their impacts on the environment in the period 2021 to 2025.

The key changes compared to 2016 to 2020 are:

- changing the target baseline year from 2009 to 2010 to 2017 to 2018, to more accurately reflect the current government estate and ensure government builds on the progress it has already achieved since 2009 to 2010
- setting more stretching targets on the core areas of emissions, water, waste and domestic flights, and introducing new measures on biodiversity, climate adaptation and food waste
- integrating the transparent reporting requirements into the core GGC targets for biodiversity and climate adaptation
- reorganising the targets into headline commitments and sub-commitments, so that departments can commit to common overall objectives, with sub-commitments which contribute to the overall aims

The GGCs are supported by specific sustainability guidance prepared by HM Treasury which assists preparers in collating and presenting this information. Whilst individual departments report on GGC in their annual report and accounts, the Department for Environment, Food and Rural Affairs (DEFRA) who owns this process, publish specific GGC reports annually on the progress government departments are making on the targets as outlined below.

Mitigating climate change – working towards net zero by 2050

The overarching mandate is to reduce total greenhouse gas emissions including from estate and operations.

Specific targets include:

- Meet 'Government Fleet Commitment' – 25% of government car fleet to be ultra-low emission vehicles by 31 December 2022 and for 100% of the government car and van fleet to be fully zero emissions at the tailpipe by 31 December 2027.
- Reduce emissions from domestic business flights by at least 30%.
- Travel policies to require lower carbon options to be considered first as an alternative to each planned flight.

Minimising waste and promoting resource efficiency

Reduce overall amount of waste generated by 15% from the new baseline, 2017 to 2018.

Specific targets include:

- Reduce amount of waste going to landfill to less than 5% of overall waste.
- Increase recycled waste to at least 70% of overall waste.
- Remove consumer single use plastic from central government office estate.
- Reduce paper usage by at least 50% from the new baseline, 2017 to 2018.

Reducing water usage

Reduce water consumption by at least 8% from the new baseline, 2017 to 2018.

Specific targets include:

- Ensuring all water consumption is measured.
- Provide qualitative assessment to show what is being done to encourage the efficient use of water.

Procuring sustainable products and services

Continue to buy more sustainable and efficient products and services with the aim of achieving the best long-term, overall value for money for society.

Departments will need to embed compliance with the Government Buying Standards which prioritises value for money and streamlining procurement processes. Work to understand and reduce supply chain impacts and risks will also be undertaken.

Nature recovery – making space for thriving plants and wildlife

Departments and partner organisations with the greatest potential to improve biodiversity should develop and deliver Nature Recovery Plans for their land, estates, development, and operations.

By developing and delivering a Nature Recovery Plan, a department or partner organisation will show that it has:

- identified and taken opportunities to integrate biodiversity considerations into all relevant service areas and functions, and ensured that biodiversity is protected and enhanced in line with current statutory obligations at a minimum.
- taken action to deploy nature-based solutions and raise awareness of staff and managers about biodiversity issues.
- Specific commitments where relevant include tree planting, protecting and enhancing peatland, pollinator-friendly habitat and land as a contribution to Nature Recovery Network – which is a government commitment to protect 30% of land by 2030.

Adapting to climate change

The overarching task is to develop an organisational Climate Change Adaptation Risk Assessment and develop a plan to respond to the risks identified.

Departments should establish clear lines of accountability for climate adaptation in estates and operations and provide a summary of how they are developing and implementing a climate change Adaptation Strategy in their annual reports and accounts.

Reducing environmental impacts from Information Communication Technology and digital

Departments should report on the adoption of the Greening Government: ICT and Digital Service Strategy. In summary, this will include delivering an annual ICT and digital footprint, waste and best practice data for each department and their partner organisations.

Fintech is Set to Transform the Role of Future Accountants

BY MR. KAILASH NAGINLAL MODI

According to a 2017 PwC Global FinTech Report, 77% of financial institutions will increase internal efforts to innovate, with many businesses embracing the disruptive nature of FinTech.

Financial technology (FinTech) has created opportunities for advancement in how accountants do business. It has provided convenience, improved efficiencies, enhanced communication processes, and allowed for greater data insights.

What is AI?

According to the Journal of Accountancy, AI is technology that enables computers to perform decision-based tasks previously left to humans. It shows up in multiple forms, including machine-based learning that can progressively become better at analysis and decisions the more it is used.

The role of accountants is changing by the minute. New technologies are making the job of accountants easier, but could also disrupt the industry in ways they couldn't imagine. Things like open banking, cryptocurrencies, automation, and artificial intelligence could all offer tons of opportunities for the accountants of tomorrow, but could also end up creating fierce competition for their services.

The Rise of Automation

There has never been a time when financial information was flowing so freely and was so easy to mine, compile, and analyze. We're already seeing the rise of fully automated systems for credit control, invoice and accountant management, cash flow reporting, and more. But what seems to be the ultimate accounting system is when automation is combined with a human component. Machine learning and AI can be used to extract and compile data, and provide reports that can be customized by the users. A senior team of accountants could then handle more complex accounting issues, verify data for accuracy, or give direct assistance with specific needs.

The most prominent ways fintech is transforming the accounting industry are:

UNPRECEDENTED ACCESS TO DATA

Access to data is possible in ways never seen before, and one of the biggest catalysts in this shift is the emergence of cloud-based bookkeeping software. Financial information can now be tapped into at any time, from anywhere in the world by anybody who has access.

AUTOMATION IS LEVELLING UP THE GAME

Artificial intelligence and automation are two other key drivers of fintech-inspired change within the accounting industry right now.

Automation in particular means that processes like credit control, forecasting, invoicing, cashflow reporting and reconciliation have become significantly less manual and therefore notably less time-consuming. This, of course, frees up time and resource and gives businesses and their accountants more breathing space to don their strategic hats and take a more calculated approach.

THE SKILLSET OF ACCOUNTANTS IS EVOLVING

Given how fintech is helping business owners become more proficient at managing their finances and bookkeeping, you'd expect this to strike fear amongst accountants everywhere. However, when you put a more positive spin on the matter, it's quite the opposite.

For both those working in practice and in industry, fintech absorbs a lot of the arduous admin work accountants have historically been tasked with, replacing it with more deep-diving strategic thinking, forecasting, and advising.

Accountants now have the time and headspace to take a more analytical approach to their role, with some perhaps even evolving into more consultancy-based capacities as a result.

Fintech is great news for businesses, and it certainly doesn't have to mean bad news for accountants either – it's simply turning tradition on its head.

Fintech is an exciting tool that will help those on either side of the fence become more streamlined and efficient when implemented well, transforming both profession and service.

Virtual Currency in the System of Money Laundering

BY MS. LEENSHYA GUNNOO

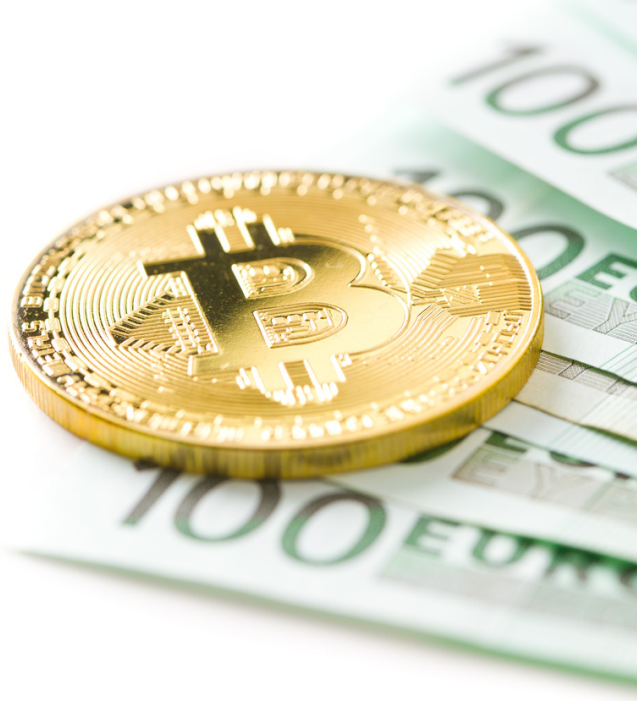
Money laundering is described as financial transactions and other activities carried out with the intention of concealing the true source of revenue. "Money laundering begins with the fruits of a crime - the underlying or "predicate" offense - and ends with monies that can be utilized safely, or at least with minimum risk, for any purpose," it should be noted (Levi and Reuter, 1997).

As the future's currency, there have been numerous controversies linking Bitcoin to an increase in money laundering instances. The successful operation of the hidden website "Silk Road" can be used as an example of Bitcoin cryptocurrency for illegal activities. It was the world's largest virtual drug market. All transactions on that website were made with Bitcoin, and users' anonymity was ensured by the usage of the Darknet, which was made possible by the use of the TOR software.

"Silk Road" was acting as a strange Bitcoin bank, requiring any user to have an account in order to conduct transactions via the website, with at least one (or even thousands) Bitcoin addresses "Silk Road" attached to the user's account on the website and stored on the server controlled by "Silk Road." To purchase, a user transmitted mined Bitcoin to the "Silk Road" Bitcoin address linked to his account on the service. Following the completion of the purchase, the user's currency is transferred to an escrow account system until the transaction is completed, at which point the user's/Bitcoin customer's is transferred from the escrow account to the Silk Road's seller's Bitcoin address.

Furthermore, any buyer who channelled all payments through a sophisticated series of quasirandom phony transactions was referred to as a "toggle-switch." Almost eliminating the possibility of tying payment to any Bitcoin transferred from the website (Mergenovna, Krylov, Bezverbnyi, Kasatkin and Kornev, 2016). The aforementioned website "Silk Road" has now been shut down, and the people who ran it have been charged with crimes.

Bitcoin, in particular, can be used for money laundering thanks to modern technology. As far as elaboration allows, this process has become increasingly intricate and intelligent: First, because Bitcoin addresses and protocols do not require the client's identification, there are no links between actual people and virtual currency accounts; second, to conduct conversations using a simplified system that does not require a person. Virtual currency exchanges, on the other hand, are not subject to the same strict regulations as those that deal in fiat currencies and are required by law to keep specific client documentation; third, to open an unlimited number of accounts, making it objectively impossible to monitor all transactions; and fourth, to use tools that make it impossible to track back specific activity (anonymizers etc.).



For example, Dark Wallet, which combines numerous transactions and makes it more difficult to trace back the specific Bitcoin wallet address that transmits Bitcoin. Furthermore, transactions can be carried out using the TOR network, which routes specific web traffic across many relays, masking the real user's IP address. As a result, Bitcoin allows for a variety of money laundering strategies to be carried out, almost eliminating the potential of criminals being identified. This characteristic presents significant hurdles for law enforcement organizations in their search for new money laundering forms and methods. Furthermore, the aforementioned qualities of bitcoin are pressuring legislators around the world to harmonize their legislative systems addressing the use of cryptocurrency as a form of payment. It is nearly impossible to combat without government recognition.

How to feature in the Newsletter?

Interested members who are in good standing with MIPA are welcome to provide us with a brief article (not exceeding 1000 words) on a topic of their choice. The subject should be marked as "Contribution to MIPA e-Newsletter"

Send us your article for the next newsletter at info@mipa.mu.

The editorial team will publish the best contribution at its own discretion.