



**REPORT ON THE OBSERVANCE OF
STANDARDS AND CODES
(ROSC)**

ACCOUNTING AND AUDITING

BURKINA FASO

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This report was prepared by a World Bank team on the basis of work done in Ouagadougou between November 2009 and February 2010. The project team was jointly led by Mr. Ousmane Kolie (Financial Management Specialist, Africa Region) under the supervision of Mr. Edward Olowo-Okere (Manager, Financial Management, Africa Region) and Mr. Zubaidur Rahaman (Head of the ROSC Program). The team included Ms. Françoise Toé and Mr. Soumaila Ouedraogo (Consultants). Technical assistance was provided by Mr. Nestor Coffi (Principal Specialist, Financial Management, Africa Region) and Ms. Elisabeth Bambara (Program Assistant). The authors would like to express their appreciation to the Burkinabè authorities and the accounting profession and private sector representatives for their active participation in and assistance with this study. The **Ministry of Economy and Finance** has authorized publication of this report September 15, 2010.

SUMMARY OF CONCLUSIONS

This aim of this report is to assess the accounting and financial auditing standards and practices in Burkina Faso in the private and semipublic sectors, using as benchmarks International Financial Reporting Standards (IFRS) and International Standards on Auditing (ISA) and taking into account the good practices noted in the international sphere in these two areas.

The main objective of this assessment is to make recommendations aimed at strengthening accounting, financial auditing, and financial transparency practices in the private sector and semipublic enterprises in Burkina Faso. The development objectives associated with these recommendations are as follows: (i) stimulating private investment and enhancing the competitiveness of enterprises; (ii) improving governance in the private market and semipublic sector; and (iii) achieving greater integration of the Burkinabè economy at the regional and international levels. The main findings of the Burkina Faso ROSC Accounting and Auditing study are summarized below:

The replication of WAEMU accounting and auditing Directives and Regulations has contributed to significant improvement in the legal and regulatory auditing and accounting framework in Burkina Faso in recent years, by laying the foundation for the sound development of accounting and auditing practices in the medium term. However, significant challenges persist in the areas of: **(i) conditions for the practice of the profession and institution of a quality control mechanism; (ii) the functioning of accounting and auditing standardization bodies; (iii) the reliability and transparency of financial reporting; and (iv) initial and continuing professional training.**

Conditions for the exercise of the profession should be clarified at the Community level with a view to encouraging the free movement of professionals, as happens in the CEMAC zone, where a Community-level roster of public accountants and certified accountants in the zone has been prepared. The professional accounting organization (ONECCA-BF) should also be encouraged to strengthen its technical, financial, and institutional capacities and to move toward the principles set forth in IFAC's seven Statement of Membership Obligations (SMOs), in order to improve professional conditions and apply for IFAC membership. A national action plan should also be developed and implemented. It could focus on: (i) the introduction of a professional quality control mechanism (International Standard on Quality Control ISQC1); (ii) the adoption and sound application of the code of ethics developed by IFAC's International Ethics Standards Board for Accountants (IESBA); (iii) improvement of the initial training process and drafting of a plan for mandatory continuing professional training; and (iv) the adoption of auditing and accounting standards consistent with international standards. All these actions should be taken in combination with those planned and/or already underway at the Community level.

The auditing and accounting regulatory provisions set forth in the Uniform Act organizing and harmonizing Company Accounting Systems, supplemented by the accounting provisions and charts developed by the BCEAO and contained in the CIMA code, have not changed much since their entry into force, owing the operational deficiencies in the Community entities responsible for ensuring their adaptation to changes in national accounting, economic, and legal environments. However, a number of initiatives which should, over the long term, prove beneficial to the profession in Burkina Faso are underway, with a view to revitalizing Community entities and updating accounting charts in order to ensure consistency with the IFRS. These initiatives are supported by the donor community and should be implemented in a coordinated manner, within a framework of effective collaboration and cooperation among standardization entities so as to avoid the duplication of efforts.

With the exception of multinational subsidiaries, the failure on the part of a large number of enterprises to comply with the obligation to submit audited accounts and the lack of an oversight body to enforce compliance contributes to undermining the reliability and transparency of financial reporting. This situation exists despite the statutory obligation to audit the financial statements (Audit Office) of all corporations, limited liability companies beyond a certain size, companies in which the State is the majority shareholder (public companies), banks, and insurance companies.

In the SME sector, the establishment in 2007 of Approved Management Centers (*Centres de Gestion Agréés* CGAs) has produced mixed results with respect to the reliability and transparency of financial reporting, owing to the lack of knowledge by SMEs of the tax incentives provided for in the CGA provisions (75 members in Ouagadougou and 66 in Bobo-Dioulasso as of December 31, 2009) and a lack of involvement by the accounting profession. Furthermore, dysfunctions in the operations of the office of the clerk of the courts and the fact that no sanctions are imposed for failing to submit financial statements have a great impact on the level of transparency of financial reporting. In addition, the delay in the establishment of a one-stop window to collect financial information from enterprises and to make this information available to various users, despite Community provisions setting a deadline of end-March 2010, poses a major obstacle to the reliability of financial reporting.

SUMMARY OF CONCLUSIONS (continued)

Lastly, the lukewarm reaction to the establishment of a Pre-Listing Compartment by the Regional Stock Exchange (BRVM), intended to prepare enterprises for entry into the stock exchange, has impeded use of this mechanism to ensure the reliability and transparency of financial information. All in all, the overall level of financial transparency in the private sector is low.

In the case of public sector enterprises, Audit Offices, State representation on Boards of Directors, and the annual convening, since 2000, of a General Assembly of State-owned enterprises chaired by the Prime Minister, serve as mechanisms for ensuring the reliability and transparency of financial information. At the close of the General Meeting of State-owned enterprises, a consolidated annual report on the performance of these enterprises is circulated. The oversight process is supplemented by the public oversight bodies (namely, the Audit Office and the State Supreme Audit Authority). Despite the greater prominence of these bodies since 2003 as a result of the publication of their reports, the scope of their work and implementation approach could be improved upon so as to bring these closer to international standards and make use of risk mapping. The institution of effective internal auditing procedures and internal audit committees within Boards of Directors, whose capacity require strengthening, could supplement the work being done by Government in the area of public enterprise governance.

In the area of academic training, the finding is that the quality of training in the accounting and auditing professions is subpar relative to the standards required by the private sector, which seeks qualified accountants. In terms of the curriculum for training public accountants, an accounting degree was introduced in 2001 at the WAEMU level for training professional accountants. This degree program (DECOFI) is not fully operational owing to practical supervision difficulties with the professional internship program and the organization of final exams. In the case of the DECOFI degree program, the members of the examinations committee have just been appointed and the first examination period is planned for end-October 2010. Consequently, following the adoption of the Bachelor's/Master's/Doctoral system and pursuant to the WAEMU Directive, reform of the DESCOGEF/DECOFI curriculum is necessary in order to adapt to recent curriculum changes at the international level. At the moment, Burkina Faso does not have training centers offering this curriculum (the application of a higher learning institution was rejected in 2004). As a result, students have to go to Senegal or Côte d'Ivoire to receive this training, which is expensive for students from low-income households. Furthermore, the absence of a distance learning option makes the DECOFI program unattractive to the critical mass of mid-level accounting professionals working in their field and impedes the initially anticipated expansion of this curriculum. Consequently, steps must be taken to improve the quality of instruction so that an accredited training school can be set up in Burkina Faso for training accountants on site and/or obtaining instruction equivalent to the WAEMU and French curriculum. At the Community level, distance learning training modules should also be developed in order to significantly lower training costs and attract the critical mass of mid-level professional accountants who are already practicing their professions. In this regard, the profession should examine the organizational structure of accounting and management institutions of higher learning and help them establish the conditions needed for accreditation. In the context of this ROSC, an agreement was reached to provide institutions of higher learning with technical assistance with the aim of creating the conditions for their accreditation.

The priority recommendations contained in the Burkina Faso Accounting and Auditing ROSC are summarized in the table below, which breaks down those activities that involve decisions at the national level and those at the Community level.

SUMMARY OF PRIORITY RECOMMENDATIONS						
Actions	§ No.	Responsibility	Links with WB Projects	Implementation Schedule		
				Short term (1-2 years)	Medium term (3-4 years)	Long term (5-7 years)
(A) ACTIONS TO BE TAKEN MAINLY AT THE NATIONAL LEVEL						
1. ACCOUNTING STANDARDS						
(i) Expedite the process for setting up the National Accounting Council pursuant to Community provisions. (ii) Reinstate the Board of Sanctions [<i>Chambre de discipline</i>] by appointing members to serve on it. (iii) Strengthen the capacity of ONECCA-BF so that this professional institution is able to implement national accounting standards by developing implementation and training manuals.	74	Government ONECCA-BF	None	X		
2. ACCOUNTING PROFESSION AND PROFESSIONAL STANDARDS						
(iv) Encourage ONECCA-BF to move toward IFAC's Statements of Membership Obligations by developing and implementing a roadmap. In the medium term, make plans to seek IFAC membership.	78	ONECCA-BF	Grant under preparation			
(v) Implement Directive No. 004/2009/CM/UEMOA instituting one-stop windows for financial statements, which includes the requirement to obtain the approval of a member of the accounting profession or a salaried accountant acting on behalf of his/her employer only.	73	Government ONECCA-BF/Private sector	None	X	X	
(vi) Strengthen public enterprise governance by instituting effective internal auditing procedures and establishing internal auditing committees. (vii) Apply the new public finance directives (consistent with IPSAS) adopted by WAEMU with respect to State budgets.	83	Government	None	X	X	

(viii) Complete discussions with employers with the aim of setting hourly reference rates for professionals, similar to other countries in the subregion.	76	Government ONECCA-BF/ Private sector	None			
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SUMMARY OF PRIORITY RECOMMENDATIONS (CONTINUED - FINAL SECTION)						
Actions	§ No.	Responsibility	Links with WB Projects	Implementation Schedule		
				Short term (1-2 years)	Medium term (3-4 years)	Long term (5-7 years)
(A) ACTIONS TO BE TAKEN MAINLY AT THE NATIONAL LEVEL (CONTINUED)						
(ix) Adopt the International Standard on Quality Control (ISQC1) and assist auditing firms with its implementation and institute a quality control commission that follows procedures and has a structured system within ONECCA-BF.	79	ONECCA-BF	Grant under preparation		X	
3. EDUCATION AND TRAINING						
(x) Prepare a mandatory continuing professional education plan for members of the profession, pursuant to ONECCA-BF provisions and the standards developed by IFAC's International Accounting Education Standards Board (IAESB).	84	ONECCA-BF	Grant under preparation	X		
(xi) Revise the curricula of management and accounting schools so as to contribute, in accordance with the standards developed by IFAC's International Accounting Education Standards Board, to increasing the number of certified accountants, diversifying management skills, and improving the quality of training in the medium term. This approach will also allow for equivalencies with the French accounting curriculum.	85	Government ONECCA-BF WAEMU			X	
(xi) Take steps to establish a certified training school in Burkina Faso with a view to providing WAEMU accounting training on site.	86	Universities Association of management schools	None	X		

SUMMARY OF PRIORITY RECOMMENDATIONS (CONTINUED – FINAL SECTION)						
Actions	§ No.	Responsibility	Links with WB Projects	Implementation Schedule		
				Short term (1-2 years)	Medium term (3-4 years)	Long term (5-7 years)
(A) ACTIONS TO BE TAKEN MAINLY AT THE NATIONAL LEVEL (CONTINUED)						
4. ACCESSIBILITY OF FINANCIAL AND ACCOUNTING INFORMATION						
(xiii) Support the actual commencement of activities of the Pre-Listing Compartment so as to prepare enterprises to enter the stock exchange.	88	Government/ BRVM/Private sector	None		X	X
(xiv) Provide the CGAs with additional resources (financial, human, and material) in order to give them a higher profile and make available to them the tax benefits intended for beneficiaries.	75	Government	Competitiveness and Private Sector Development Project (PACDE)	X	X	
(xv) Strengthen the intervention capacity of State audit entities, namely, the State Inspectorate, the Association of Government Enterprises, and the Audit Office by introducing a risk-based audit approach.	92	Government	Grant to State audit entities/general budgetary support			
(xvi) Make available the material and human resources necessary for the functioning of the office of the clerk of the court in order to facilitate the collection and consultation of financial statements and to set up an electronic filing system.	91	Government	None	X	X	
(xvii) Formalize the establishment of a steering committee to develop ROSC reform action plan.	93	Government	None	X	X	X

SUMMARY OF PRIORITY RECOMMENDATIONS						
Actions	§ No.	Responsibility	Links with WB Projects	Implementation Schedule		
				Short term (1-2 years)	Medium term (3-4 years)	Long term (5-7 years)
(B) ACTIONS TO BE TAKEN MAINLY AT THE COMMUNITY LEVEL						
1. ACCOUNTING STANDARDS						
xviii) Enhance the regional and national institutional framework by ensuring that standardization entities such as the CNC-OHADA, the CCOA, and the CNCs are operational at the national level, that they have adequate resources, and that their activities are more coordinated.	69	WAEMU Commission – OHADA Permanent Secretariat	IDF – WAEMU Regional Project	X	X	X
(xix) Continue efforts to establish a Community roster of professionals.	71	CCOA CPPC CNC ONECCA	IDF – WAEMU Regional Project	X	X	
(xx) Continue initiatives with Community actors to achieve convergence, gradually and within a reasonable timeframe, between SYSCOA and the sectoral accounting charts of banks, financial institutions, and microfinance institutions.	70, 72	CNC-OHADA CCOA BCEAO CIMA	None	X	X	

SUMMARY OF PRIORITY RECOMMENDATIONS (CONTINUED)						
Actions	§ No.	Responsibility	Links with WB Projects	Implementation Schedule		
				Short term (1-2 years)	Medium term (3-4 years)	Long term (5-7 years)
(B) ACTIONS TO BE TAKEN MAINLY AT THE COMMUNITY LEVEL (CONTINUED)						
2. ACCOUNTING PROFESSION AND PROFESSIONAL STANDARDS						
(xxi) Establish a quality assurance system, intended to ensure the quality of the accounting and auditing profession and observance of ethical rules of the profession within the Union.	79	CPPC	None		X	
(xxii) Adapt International Standards on Auditing (ISA ¹) to the region and ensure their application to all national institutions.	77	CPPC	IDF – WAEMU Regional Project		X	
3. EDUCATION AND PROFESSIONAL TRAINING						
(xxiii) Operationalize and make DECOFI more appealing by: <ul style="list-style-type: none"> • Completing the reform process so as to bring the DECOFI in line with the Bachelor's/Master's/Doctoral system and international standards and facilitate its international recognition. • Arranging the first exam session. • Introducing a distance training module similar to the French professional accounting curriculum. 	85, 87	WAEMU	None	X		

¹A number of IFAC members are in the process of finalizing the French translation of the international standards on auditing. This translation must be done in accordance with IFAC's translation policy.

CURRENCY: CFA FRANC (CFAF)
Exchange rate: US\$1 = CFAF 472.5 as of February 1, 2010
ABBREVIATIONS and ACRONYMS

BCEAO	Central Bank of West African States
BRVM	Regional Stock Exchange
CAC	Auditor
CAMES	African and Malagasy Council for Higher Education [<i>Conseil Africain et Malgache de l'Enseignement Supérieur</i>]
CCOA	West African Accounting Council [<i>Conseil Comptable Ouest Africain</i>]
CESAG	African Center for Higher Management Studies [<i>Centre Africain d'Etudes Supérieures en Gestion</i>]
CGA	Approved Management Center
CIMA	Inter-African Conference on Insurance Markets [<i>Conférence Interafricaine des Marchés d'Assurance</i>]
CNC	National Accounting Council [<i>Conseil National de la Comptabilité</i>]
CPPC	Permanent Council of the Accounting Profession [<i>Conseil Permanent de la Profession Comptable</i>]
CRCA	Regional Insurance Control Commission [<i>Commission Régionale de Contrôle des Assurances</i>]
CREPMF	Regional Council on Public Savings and Financial Markets
DECOFI	<i>Diplôme d'Expertise Comptable et Financière</i>
DESCOGEF	<i>Diplôme d'Etude Supérieure Comptable et en Gestion Financière</i>
DGI	Directorate General of Taxes
ECOWAS	Economic Community of West African States
EIG	Economic Interest Group
FIDEF	International Federation of Francophone Accounting Bodies [<i>Fédération Internationale des Experts-Comptables Francophones</i>]
GDP	Gross Domestic Product
IAS	International Accounting Standards
IASB/IASC	International Accounting Standards Board/Committee
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standards
ISA	International Standards on Auditing
OHADA	Organization for the Harmonization of Business Law in Africa
ONECCA-BF	National Institute of Public Accountants and Certified Accountants–Burkina Faso [<i>Ordre National des Experts Comptables et Comptables Agréés-Burkina Faso</i>]
PCB	Bank Chart of Accounts
PCG	Chart of Accounts
PLC	Pre-Listing Compartment
ROSC	Report on the Observance of Standards and Codes
SA	Corporation
SARL	Private limited liability company
SME	Small and Medium Enterprise
SMO	IFAC's Statement of Membership Obligations
SYSCOA/SYSCOHADA	West African Accounting System/OHADA Accounting System

UA	Uniform Act
UNCTAD	United Nations Conference on Trade and Development
VSE	Very Small Enterprise
WAEMU	West African Economic and Monetary Union
WAMU	West African Monetary Union

I ECONOMIC CONTEXT

1. The assessment of accounting and auditing practices in Burkina Faso falls within the scope of the Report on the Observance of Standards and Codes (ROSC) program, a joint World Bank/International Monetary Fund (IMF) initiative. This assessment focuses on the strengths and weaknesses of the accounting and auditing environment impacting the quality of financial information published. It entails a review not only of legal obligations but also of practices observed in countries, and uses as comparators International Financial Reporting Standards (IFRS²), International Standards on Auditing (ISA³), and good practices currently observed internationally in the area of accounting and auditing regulations.

2. Located in the Western part of the African Continent, in the Niger loop, Burkina Faso is a landlocked Sahelian country with a surface area of 274,200 km². The “land of the incorruptible” is bordered to the north and west by Mali, to the north-east by Niger, to the south-east by Benin, and to the south by Togo, Ghana, and Côte d’Ivoire. It stretches 480 km from north to south and 820 km from east to west. With no direct maritime access, Burkina Faso meets its import and export needs by using the ports of its southern neighbors, namely Abidjan (Côte d’Ivoire), Lomé (Togo), Cotonou (Benin), and Takoradi and Tema (Ghana). With an estimated population of close to 13 million,² Burkina Faso is one of the West African countries with sizeable population growth (3.6 percent).

3. Despite sustained growth during the 1990s, Burkina Faso’s economy remains vulnerable and highly susceptible to fluctuations in agricultural production. Real GDP increased from CFAF 1.282 billion in 1990 to CFAF 2.921 billion in 2008, that is, a real annual average growth rate of 5.5 percent. However, GDP has fluctuated significantly. This volatility reflects, to some extent, a certain degree of instability in agricultural production and reveals the vulnerability of the economy. Furthermore, per capita GDP increased by an annual 1.8 percent on average between 1995 and 2008, a figure well below overall production. The gap between real GDP growth and per capita GDP widened to 3.4 percentage points in 2003 and remains significant. Strong demographic growth has thus dampened the effect of the sustained GDP growth during the period. The primary sector, dominated by plant agriculture, continues to be plagued by low productivity and market exiguity. While the fragility of the cotton sector poses a challenge to Burkina Faso’s economy, a number of measures could facilitate higher productivity and greater stability of the sector. The share of the informal industry in the secondary sector is increasing, while formal industry is struggling to develop. In the case of market services, it should be noted that an effort has been made to restore and revive financial services, despite the regrettably very cautious stance of banks which limits SME access to loans.

4. In 2000, the country adopted a Poverty Reduction Strategy Paper that includes, among its objectives, improved governance by: (i) making appropriations and budget execution transparent; (ii) strengthening the capacity of oversight entities; (iii) improving the business climate; and (iv) developing the private sector, an engine of growth that needs to strengthen its financial transparency through the application of governance and accountability standards and practices that are consistent with international standards. The World Bank’s Country Assistance Strategy for Burkina Faso, approved by the World Bank’s Executive Board in 2009, covers the 2009-2012 period and is fully aligned with the country’s strategic framework. Based on a financial sector assessment done in 2008, the Burkinabè Government formulated a strategy revolving around the recovery of the financial sector, with the aim of strengthening monetary policy and improving the efficiency of the banking system by increasing financial intermediation and access to financing in order to provide support to the private

² 2006 General Population Survey.

sector. In addition, the Government intends to continue to support microfinance development in particular, by strengthening governance in microfinance institutions.

5. While financial intermediation in Burkina Faso is adequately capitalized, it remains exposed to counterparty risk. The banking system is dominated by eleven banks, three of which were accredited in 2005. Banks mobilize 85 percent of the country's financial assets. In second place are State institutions, namely the National Social Security Fund [*Caisse Nationale de Sécurité Sociale*] and the Independent Government Employee Retirement Fund [*Caisse Autonome de Retraite des Fonctionnaires*], along with other actors (insurance companies, microfinance institutions) which play a marginal role. Overall, banks are adequately capitalized, with 12.4 percent of their assets falling into the at-risk category. However, the main risks they face are problems with loan repayment, in particular loans to small and medium enterprises.

6. Growth in the microfinance sector, though encouraging, has been dampened by operational management weaknesses. The sector is dominated by the *Réseau des Caisses Populaires du Burkina* (RCPB), which accounts for 56 percent of microcredit, followed by other small institutions. The main weaknesses of the sector are low management capacity, reflected in deficient accounting and monitoring systems, and the lack of appropriate information systems and planning strategies. Moreover, owing to weak operational management, unpaid loans in the microfinance sector are piling up.

7. The financial market is very limited, with activity being attributable to a few actors only. The financial market is regulated by the Regional Council on Public Savings and Financial Markets (CREPMF) and the Regional Stock Exchange (BRVM), which has a satellite office in Burkina Faso to handle the applications of companies seeking to enter the stock exchange. The main activities recorded and handled by the satellite office since its establishment in February 1998 involve debenture loans and the stock exchange entry of the national telephone subsidiary in 2009, which resulted in the sale of 20 percent of its shares and debenture loans obtained for cotton and telephone companies. In fact, other than ONATEL, whose stock is registered with the Regional Stock Exchange (BRVM), other companies in Burkina Faso participate in the financial market directly or through their company group in transactions involving debenture loans. Mobile telephone companies such as ZAIN and before that, CELTEL, TELECEL FASO, Bank of Africa (BOA), and, a few years ago, Brakina, obtained their financing through the financial market.

8. Private sector participation in the economy is hobbled by the weak capacity of small and medium enterprises and the limited availability of financial services. Despite ongoing efforts to support private sector development, SMEs continue to face significant constraints, among them limited access to financial services and a dearth of reliable financial information. The foregoing is borne out in the various "Doing Business" rankings and reforms underway which should, in the short term, pave the way for an improved business climate as well as private sector participation in the economy.

9. More than one-third of public investment expenditure in Burkina Faso is funded with external resources in the form of investment projects, which are subject to auditing by private sector firms. Virtually all the investment projects funded using foreign aid are audited by private firms which, for the most part, are local despite the increase in State Supreme Audit Institutions. The mission to assess auditing firms in Burkina Faso conducted by the World Bank in 2009 revealed that the performance of these institutions remains subpar relative to international standards, particularly in the areas of the effective application of a risk-based approach, the documentation of work, quality control, and training. The quality of the work conducted by private firms therefore has a direct impact on current efforts to improve the management of public funds and achieve development objectives.

Consequently, the ROSC study is particularly important for Burkina Faso, given the implications for improvement in the area of public financing.

II LEGAL AND INSTITUTIONAL FRAMEWORK

A. Accounting and Auditing Legislation and Regulations

10. The OHADA Uniform Act (UA) Organizing and Harmonizing Company Accounting Systems of February 22, 2000, and the Uniform Act Relating to Commercial Companies and Economic Interest Groups of April 17, 1997, set forth obligations in the area of accounting, the presentation of financial statements, and statutory audits (external auditing) of the accounts of enterprises in Burkina Faso as well as in other OHADA member States. These two UAs define the scope of application of the accounting system. This system applies to enterprises subject to the provisions of commercial law, semipublic enterprises, mixed economy companies, and cooperatives. The adoption of a single accounting system common to the States Parties is prompted by the desire to institute uniform and standard accounting practices in the OHADA environment as well as the reliability of financial reporting intended for third parties.

11. Supplementary UA directives and regulations were decided upon by the WAEMU Council of Ministers of Member States in order to establish regulations for financial reporting or the auditing of certain enterprises. The directives are also supplemented by BCEAO and CREPMF instructions. These include mainly: (i) the regulation instituting the free movement of professional accountants from WAEMU member States; (ii) the regulation establishing one-stop windows by March 31, 2010; (iii) the establishment of Approved Management Centers; (iv) Directive No. 03/97/CM/UEMOA of November 28, 1997 establishing a National Accounting Council in Burkina Faso; (v) the Banking Law; and (vi) the Instructions for financial reporting by companies listed on the BRVM.

12. The procedures for the preparation of enterprise accounts and financial statements are set forth in the West African Accounting System (SYSCOA)³ or the OHADA Accounting System (SYSCOHADA). SYSCOHADA legislation covers both the individual accounts of enterprises as well as consolidated and combined accounts. One of the features of SYSCOHADA is the existence of three levels of requirement, depending on the size of the enterprise:

- The “normal system” [*système normal*] set forth in Article 26 of the UA entails preparation of the balance sheet, the financial year income statement, the financial table showing cash flow for the financial year as well as an annexed statement;
- The “streamlined system” [*système allégé*] set forth in Article 27 of the UA is intended for enterprises with an annual sales volume under CFAF100 million (approximately US\$200,000). This system entails the preparation of a balance sheet, the financial year income statement, and an attached financial statement “simplified under the conditions set forth by the OHADA accounting system;” and

³ SYSCOA was the first to be developed and was officially adopted by WAEMU as Regulation 04/96 of December 20, 1996 on accounting law (amended by Regulation 07/01 of September 20, 2001). This accounting system was later adapted and extended to all OHADA member countries. Consequently, the OHADA system corresponds to the UA Organizing and Harmonizing Company Accounting Systems in OHADA member countries.

- The “minimal cash flow system” [*système minimal de trésorerie*] is intended for very small enterprises. This system provides for a very simplified system of accounting suited to enterprises of this nature, whose revenue and expenditure do not exceed: (i) CFAF 30 million in the case of trading companies; (ii) CFAF 20 million in the case of artisanal enterprises; and (iii) CFAF 10 million in the case of service enterprises.

13. Despite the existence of a corpus of regulations, enforcement of the requirement to keep reliable financial statements poses a major challenge in Burkina Faso, taking into account a number of constraints. These include: (i) a dominant informal sector which, in some instances, has significant sales volumes but whose operations are difficult to determine; (ii) the family-based nature of several enterprises that often do not consider it important to have a transparent accounting system in accordance with rules in effect; and (iii) high taxes that sometimes encourage evasion.

14. Articles 694 and 376 of the UA on Commercial Company Law establishes provisions related to the appointment of auditors for corporations and limited liability companies, respectively, that exceed one of the following three thresholds: share capital in excess of CFAF 10 million, a sales volume higher than CFAF 250 million, or a permanent staff of over 50 persons. Corporations that do not issue public offers are required to appoint one regular and one alternate auditor. Companies that issue public offers are required to appoint at least two regular auditors and two alternates. Since the establishment of the National Institute of Certified Public Accountants in Burkina Faso in 1996, the functions of auditor must be performed by individuals or corporations registered with the National Institute of Public Accountants and Certified Accountants (public accountants and professional accounting firms). Auditors are appointed by the regular General Assembly to serve a term of two financial years at the time of establishment of the enterprise and six financial years during its existence, in the case of corporations, and three financial years in the case of limited liability companies that meet the requirements.

15. Although mandatory in the case of corporations, the deposit of financial statements (including General Assembly minutes approving the financial statements and the management report) with the clerk of the courts is not enforced. The UA of April 17, 1997 states that “corporations shall deposit a summary of their financial statements with the clerk of the court (...), in the months following their approval by the General Assembly of shareholders” (Article 269). In practical terms, this requirement is currently inoperative in Burkina Faso and in most WAEMU member States. The following reasons are cited: the lack of human resources, the failure of provisions to stipulate sanctions, and the lack of organization and supplies in offices of the clerk of the court.

16. Article 5 of OHADA does not include banks, financial institutions, and insurance companies in SYSCOA. These business sectors are subject to different accounting standards, namely, the Bank Chart of Accounts, which has been mandatory since 1996 and the “prudential mechanism” established by the WAEMU Council of Ministers in 1999. Banks and financial institutions must close their books on December 31 each year and provide the relevant financial information to the monetary authorities (BCEAO and Banking Commission) by June 30 of the following year. On September 17, 2007, the WAEMU Council Ministers raised the minimum capital requirement of banks to CFAF 10 billion and of financial institutions to CFAF 3 billion, with a transitional period ending in 2010. This measure, along with many others, should allow banks to have more stable resources in order to offer more suitable financing to the private sector. The annual financial statements of each bank or financial institution are published in the Official Gazette of State where the bank or financial institution is headquartered, pursuant to Article 51 of the banking law. In practice, banks publish the minutes of the General Assembly, which approves accounts and financial statements (in large batches) and the opinions excerpted from the auditors’ reports.

17. At the time of drafting of the fundamental PCB rules, they included basic international accounting standards in effect between 1992 and 1996. Unfortunately, these standards, which have evolved significantly since 1998, have not yet been adopted by the Central Bank. Similarly, a number of issues have not been updated in PCB documents. The changes not incorporated include: (i) e-money transactions – the preparation of financial statements in light of developments in e-money products with the respective institutions; (ii) clearing and electronic clearing transactions by identifying the appropriate accounts at the institutions in question; (iii) foreign currency accounting, which is criticized for providing inadequate instructions on off-balance sheet foreign currency obligations; and (iv) accounting management of interests and fees on doubtful and disputed credit, for which additional instructions would be helpful. Discussions are underway with a view to updating the PCB. The implementation of the Chart of Accounts for Decentralized Financial System was slated to begin on January 1, 2010. An assessment of its implementation would have to be done in order to review the problems encountered and decide on improvements necessary.

18. The BCEAO also prepared an accounting and regulatory microfinance directive in 2007. It was adopted as Law 23/2009/AN of May 14, 2009 in Burkina Faso and promulgated on June 30, 2009. Its implementing regulation was adopted on October 28, 2009 and signed on December 18, 2009. The CREPMF prepared specific accounting rules applicable to WAEMU regional financial market approved operators, in particular management and intermediation companies [*sociétés de gestion et d'intermédiation* SGIs]. These rules use PCB provisions with respect to intermediation transactions and SYSCOA for other transactions. Summary statements are also patterned after SYSCOA, particularly the preparation of cash flow statements [*Tableau Financier des Ressources et des Emplois* TAFIRE].

19. Certification of the financial statements of banks and financial institutions by one or several duly authorized auditors and supervision by the oversight authorities (the Banking Commission) provide the foundation for the external auditing of banks and financial institutions. Pursuant to article 51 of the new banking law, the accounts of banks and financial institutions, closed on December 31 each year, must be certified as accurate and in order by one or several auditors, whose appointment must be approved by the Banking Commission. Banks and financial institutions are required to appoint at least two auditors (two regular auditors and two alternates). Article 33 of the annex to the Convention governing the WAEMU Banking Commission stipulates that the appointment of auditors is subject to prior approval by the Banking Commission. The Secretary General of the Banking Commission must be informed of the General Assembly's recommendation to appoint or extend the tenure of auditors. The tenure of lending institution auditors, unlike those under the common legal system, is now set at three instead of six years. This change results from the amendment to the banking law that took effect at the regional level on April 1, 2010. The new microfinance law provides for auditing by the Banking Commission and auditors. In fact, under Article 44 of the law, the Central Bank and Banking Commission, after informing the Minister, shall audit any decentralized financial system whose level of business attains a threshold to be stipulated in a Central Bank directive. Similarly, Article 53 stipulates that the financial statements of confederations, federations, unions, or decentralized financial systems that reach the aforementioned thresholds shall be certified by an auditor. The choice of auditor shall be subject to approval by the Central Bank or Banking Commission.

20. The Inter-African Conference on Insurance Markets Code (CIMA Code),⁴ which has not been amended since it took effect, governs the preparation, publication, and oversight of the financial statements of insurance companies. The CIMA Code requires insurance companies to

⁴Treaty of July 10, 1992 (entered into force in 1995) and amendments approved by the Franc Zone Council of Ministers of Finance (WAEMU and Central African Economic and Monetary Community). CIMA's headquarters are located in Libreville. It is composed of 14 members, all of which are OHADA members (with the exception of the Comoros and Guinea).

submit financial statements and Board of Director reports to the two supervision entities, namely, the Regional Insurance Control Commission (CRCA) and the Insurance Directorate of the Ministry of Finance of the member country prior to August 1 of the following year. These documents include the general operating account, the general profit and loss account, the profit appropriation and distribution account, the balance sheet, and the subsidiaries and investment chart. No changes have been made to the CIMA accounting chart, which was designed for 14 countries, in order to bring it in line with the IFRS. Users view this accounting chart as obsolete. Accountants who work with insurance companies are trained in a SYSCOA environment. However, from the standpoint of practical training, they use an inappropriate accounting chart. It should also be noted that Regulation No. 2/2008 regarding the consolidation of accounts entered into force since January 1, 2009. Enforcement of this rule should be monitored during the current auditors' missions. Unlike the banking sector where appointment of auditors is subject to approval by the Banking Commission, in the case of insurance companies, no institution has been authorized to select auditors who are really knowledgeable about the insurance sector. The General Assembly of insurance companies is specifically responsible for appointment of auditors, and appoints one or several auditors to serve for six financial years.

21. After approximately ten years of operation, the results of the balance sheet reporting center (*Centrale des Bilans*) are mixed, a situation that has led to the outsourcing of its activities to a private company. In October 1991, Central Bank authorities started work to establish the balance sheet reporting center intended to: (i) improve the analyses done of the performance and financial prospects for enterprises in order to shed light on management, investment, and lending decisions; (ii) make business relations in the Union area safe; and (iii) support the operations of the regional financial market by providing it with reliable accounting and financial data. With respect to the analysis of the introduction of a balance sheet reporting center in Burkina Faso, it bears noting that while the number of financial statements produced and entered at the balance sheet reporting center rose steadily between 2000 (1,417 financial statements) and 2004 (3,966 financial statements), this number has been declining steadily since 2005 and stood at 2,281 in 2008. In addition, prompted by the desire for effective dissemination of these products, the Central Bank decided to outsource the marketing of products from the reporting center to a private company created for this purpose, with the BCEAO maintaining responsibility for the collection, entry, and auditing of financial statements. This entity is responsible for entering comparative statistics and performance data for enterprises in the same activity sector and operating in the WAEMU area. Achievement of the objectives of this company along with the institution of one-stop windows (see the paragraph below) by WAEMU should help ensure the reliability of the financial statements produced by enterprises in the WAEMU area or at least the ability of all recipients of financial statements to obtain consolidated and harmonized financial information. Currently, this is not always the case, given that some enterprises tailor their financial statements to the recipient, a practice that makes it difficult to use actual figures to estimate macro and microeconomic data in our countries.

22. Directive No. 04/2009/CM/UEMOA establishing the one-stop window for financial statements in WAEMU countries prior to March 31, 2010 should, if implemented, supplement the initiative to make financial reporting more reliable and transparent. The establishment of this one-stop window is also in keeping with the overall objective of collecting annual financial statements from enterprises operating in the member State in question and verifying the completeness and prior approval of the financial statements produced by enterprises before their submission to the receiving units. This approval should be provided either by an ONECCA member of the country in question, by a salaried accountant of the enterprise acting on behalf of his or her employer only, or by any individual or corporation authorized by the member State to approve the financial statements of enterprises and organizations. In the discharge of the mission entrusted to it, the one-stop window for financial statements [*Guichet unique de dépôts des états financiers* GUDEF] issues statements attesting to the deposit of enterprise financial statements. However, the ROSC mission did note delays in the establishment of the one-stop window in Burkina Faso.

23. The CREPMF is responsible for ensuring that companies issuing public offers honor their obligations with respect to financial reporting. However, it is constrained by the fact that no unit is in place to check the quality of financial information reported. Established by the WAEMU Council of Ministers on July 3, 1996, the CREPMF is the entity responsible for financial market regulation by issuing regulations governing its operations. It receives the instructions necessary to determine specifically the scope and practical procedures for implementation of regulatory provisions to protect the interests of the general public. It monitors market participants and the transactions conducted by them. It ensures that the issuers of securities honor their obligations with respect to public offers of shares. The CREPMF has the authority to impose monetary and administrative sanctions, without prejudice to legal proceedings. These sanctions are immediately enforceable, by operation of law, in all member States. Lastly, it grants authority to market actors.

24. In Burkina Faso, only one company's shares are listed on the BRVM. The PLC (Pre listing Compartment),⁵ the BRVM's "antechamber" that allows companies to make preparations to enter the stock market, is not operational. At the time of preparation of this ROSC, no enterprise in Burkina Faso was participating in this mechanism, a situation that suggests that only a small number of companies will be listed on the stock exchange in the future. An awareness-building campaign needs to be undertaken to introduce the PLC to enterprises in Burkina Faso and the subregion that are likely to list their shares on the BVRM, so that they can begin the process and make proper preparations for their entry. This will help enhance the transparency and quality of financial information.

25. Burkina Faso established two Approved Management Centers in 2007 (the center in Ouagadougou - May 2007) and in Bobo Dioulasso (November 2007). Their performance remains mixed, owing to a lack of awareness among beneficiaries of the tax incentives available. The objectives of establishing CGAs are to: (i) provide greater motivation to entrepreneurs to practice sound management and transparent accounting; (ii) improve the management of member enterprises and promote an accounting and tax culture. CGAs are needed because of the large number of SMEs and very small enterprises in the Burkinabè informal sector with few financial management tools. Approved Management Centers have been established using a European Union (EU) grant, the special contribution of the Chamber of Commerce and Industry of Burkina Faso (CCI-BF), the Burkina Faso *Maison des Entreprises*, and the contributions of founding members from their own funds. These operations, which started during the second half of 2008, facilitated execution of the activities slated for 2008. Members' fees are set at CFAF 20,000. Contributions vary depending on sales volumes, with a maximum of CFAF 35,000 and a minimum of 12,500. CGA members enjoy several benefits such as the 20 percent rebate on the enterprise apprenticeship tax paid by nationals, a 30 percent tax reduction on profits, and a 50 percent reduction on the minimum flat rate tax. While more than 90 percent⁶ of CGA activity indicators were achieved, impact indicators remain below projections, in particular the number of CGA members and accounts held by the CGAs, owing to a lack of awareness by SMEs of available tax incentives and inadequate involvement of the accounting profession. Greater use of CGAs continues to offer a sound opportunity, owing to the establishment of a greater number of SMEs and very small enterprises in Burkina Faso as a result of efforts to facilitate starting businesses in the context of the *Doing Business* program.

26. The governance structure in the semipublic sector, which revolves around the General Assembly of State-owned companies under the joint chairmanship of the Prime Minister, could be enhanced by the institution of internal audit procedures and the institutional establishment of internal audit committees reporting to Boards of Directors, which should be strengthened. The

⁵ Membership in the PLC requires adherence to SYSCOHADA provisions and a commitment to financial transparency and communication. Member enterprises are required to publish, every six months, sales volume figures, performance trends, and well as semi-annual and annual performance information.

⁶ The CGA in Ouagadougou has 75 members and the one in Bobo Dioulasso, 66 members, as of end-December 2009.

General Assembly of State companies receives a copy of the financial statements of State enterprises, enterprises in which the State holds majority shares, and those in which the State is a minority shareholder. It also receives auditors' reports. It participates in the activities of the Board of Directors, which closes annual financial statements and has a mandate from the Ministry of Economy and Finance authorizing it to jointly chair General Assemblies, with the Prime Minister, and approve financial statements during the regular General Assemblies of these companies. At the close of General Assemblies of State-owned companies, a consolidated annual report on the performance of these enterprises along with rankings is disseminated. In addition to the Assembly held by State-owned companies, public enterprises and all entities that manage public funds are subject to audits by the Supreme Audit Institutions, namely the Audit Office and Supreme State Audit Authority [*Autorité Supérieure de Contrôle d'Etat ASCE*]. Despite the increase in the number of these bodies as a result of the annual publication of their reports in the press and the institution of a framework to avoid duplications, the scope of their work as well as their implementation approach could be improved upon so as to bring them in line with international standards. The institution of effective internal audit procedures as well as internal audit committees could supplement the Government actions underway to achieve public enterprise governance. To this end, the World Bank supports use of the audit risk approach by audit entities as well as initiatives to strengthen the Audit Office. The adoption and implementation of audit standards by these audit entities are as important as similar actions taken with respect to accounting standards aimed at achieving a high standard of financial reporting.

B. The Accounting Profession in Burkina Faso

27. The National Institute of Public Accountants and Certified Accountants of Burkina Faso (ONECCA-BF) is the third professional accounting organization established within WAEMU. It was established by means of Law No. 22/96/ADP of July 10, 1996, prior to Community Directive 02/97/CM/UEMOA of September 28, 1997 setting forth the provisions organizing the profession within WAEMU. Subsequently, Law 48/2005/AN⁷ repealed the initial Law No. 22/96/ADP and facilitated the replication of Community provisions in Burkina Faso. Implementing decree No. 2007-366/PRES/PM/MFB stipulating the procedures for the application of Law No. 048-2005/AN of December 20, 2005, establishing an Institute of Public Accountants and Certified Accountants and governing the public accountant and certified accounting professions, along with the exercise of the mandate of auditors, was promulgated. This decree sets forth the procedures for the application of Law No. 048-2005/AN of December 25, 2005 by stipulating the conditions for joining the roster and for the organization and administration of the Institute. The National Institute of Public Accountants and Certified Accountants of Burkina Faso will celebrate its fourteenth anniversary in 2010.

28. At the Community level, the free movement of professionals is hampered by the absence of a Community roster. In Burkina Faso, access to the accounting profession is governed by the law establishing ONECCA-BF. Membership in the institution requires, inter alia, proof of a degree in public accounting or any other degree deemed equivalent or registration as a public accountant with the National Institute of Public Accountants and Certified Accountants in another WAEMU member State, subject to reciprocity. In the case of certified accountants, members wishing to join the Institute must have a *Diplôme d'études supérieures comptables* (DECS), a *Diplôme d'études Supérieures comptables et Financières* (DESCF),⁸ a *Diplôme d'études supérieures comptables en gestion financière* (DESCOGEF) or any other degree recognized as being equivalent, in addition to the completion of a three-year approved internship validated by a certificate issued by a professional listed on the Institute's roster. Subject to approval by the Institute, the three-year internship may be done fully or partly with a professional from a foreign Institute. The option of doing this internship with a

⁷ Establishing the National Institute for Public Accountants and Certified Accountants and regulating the public accountant and certified accountant professions and execution of the auditor's mandate.

⁸ Issued by the French State.

member of the local Institute should, however, be encouraged. It should be noted that some members listed as public accountants at the time of establishment of the Institute did not meet the conditions for the degree mentioned above but possessed experience deemed adequate. While regulation No. 05/2006/CM/UEMOA of May 2, 2006 provides for the free movement of professional accountants appearing on the roster of the Institute of Public Accountants and Certified Accountants of their respective countries, this regulation makes the exercise of this profession in a country other than their country of residence subject to prior authorization from the Institute of the host country. In order to facilitate the free movement of professionals in the WAEMU zone and build a critical mass of professionals, preparation of a consolidated list of public and certified accountants in the Union is recommended, while guaranteeing free movement, as the CEMAC zone has done. To this end, WAEMU has created a technical commission responsible for preparing a Community roster and monitoring national rosters. This technical committee is headed by the former President of the Togo ONECCA and his work should facilitate the elimination of the inexplicable delays encountered with the registration of professionals in the different WAEMU States.

29. Like the WAEMU countries, two categories of professionals appear on the ONECCA-BF roster – public accountants and certified accountants (responsible for preparing financial statements). Only public accountants can work as auditors. Pursuant to Article 10 of Law No. 48/2002/AN, the functions of public accountant and auditor cannot be performed for the same client. The ONECCA-BF roster for 2010 includes: 36 public accountants (individuals), 23 certified accountants (individuals), 22 firms (public accounting), 4 firms (certified accounting), 2 foreign accountants, and 13 certified accountants with interns holding DESCOGEF degrees.⁹ Since the departure of Deloitte and Touche in 2008, no international accounting firms are operating in Burkina Faso. However, a number of local firms have formed partnerships with international firms. The market for professionals is dominated largely by missions involving auditors at State enterprises, banks, insurance companies, subsidiaries of foreign companies, and auditors of donor projects. In the view of the Institute as well as many professionals interviewed for this ROSC mission, the weak economic fabric leads to under-billing and illegal exercise of the profession, which still poses a significant problem largely in the areas of bookkeeping and the appointment of company auditors not registered with the Institute. A number of sanctions, which have been publicized,¹⁰ have been imposed on unscrupulous professionals pursuant to the provisions of Article 82 of Law No. 48/2005/AN. However, the illegal practice of the profession continues to stymie its development. The adoption of the Code of Ethics, possibly by the CPPC, developed by IFAC's International Ethics Standards Board for Accountants (IESBA) at the regional level, as well as the capacity building of the ONECCA-BF's Board of Sanctions which should focus on the illegal practice of the profession, inappropriate conduct, and the observance of ethical and professional conduct, should make it possible to strengthen the profession. Furthermore, because the one-stop window for financial statements is not operational, it is not possible to make it mandatory to submit a public accountant's statement at the time of deposit of the financial statements of enterprises with the tax authorities.

30. ONECCA-BF has two organs (the General Assembly and the National Council) and continues to face challenges with their effective functioning. Article 46 of the law establishing the Institute states that the General Assembly is the supreme entity of ONECCA and is composed of all members included on the roster. The Institute is managed by a twelve-member Council, eight of whom are public accountants and four, certified accountants elected for a three year-period. In performing its work, the Council is assisted by the four statutory commissions, namely: (i) *The Roster Commission*, which is responsible for making decisions on applications and informing the National Council of its decisions. The rules of the organization and functioning of the National Commission are established in the by-laws;¹¹ (ii) *The Continuing Development Commission*, which is responsible for ensuring the

⁹ DESCF public accountants working as interns are not included on the roster.

¹⁰ The most recent notification of illegal professional practice was on February 22, 2010.

¹¹ The by-laws were adopted at the April 1998 General Assembly.

continuing development and maintenance of the skills of members of the Institute, in the framework of the Code of Professional Conduct. The Code of Professional Conduct was adopted in April 1998. However, its actual implementation continues to pose a challenge to the profession; (iii) *The Commission on Procedural Matters and Ethics* assists the National Council with hearing professional disputes among its members or between members of the Institute and third parties. This commission assists with the formulation of the ethical rules applicable to the members of the profession; (iv) *The National Board of Sanctions*, which is the appeals body of the Institute. The actual functioning of these entities continues to pose a major challenge in terms of transitioning to a higher level. This is particularly true of the Board of Sanctions, where the terms of members require renewal.¹²

31. National oversight by the Ministry of Finance, which is represented, in this regard, by the Government Commissioner (i.e. the Director General of Taxes), is effective. The latter has supervision responsibilities, particularly with respect to financial charts and the observance of provisions. The Government Commissioner can, for example, suspend and submit for prior approval of the Minister of Finance any decision made by the Council or General Assembly that is not in keeping the mission of the Institute or violates the provisions of the law by which it is governed, its implementing decrees, and ethical rules. The Permanent Council of the Accounting Profession [*Conseil Permanent de la Profession Comptable* CPPC], established in 1997 at the time of introduction of SYSCOA, serves as a consultative entity for assisting the WAEMU Commission with determining the conditions for practicing the profession in member countries, including the drafting of auditing standards. It makes it possible for its members to provide, in the interest of the public, quality services in keeping with professional standards. Delays related to the functioning of the CPPC have not prevented it from fulfilling its role as a Community entity.

32. ONECCA-BF should strengthen its capacity, develop its activities with a view to moving toward IFAC’s seven Statements of Membership Obligations (SMOs), and give consideration to formalization of its application for membership in IFAC. A number of encouraging initiatives related to the development of ONECCA-Burkina Faso should also be noted. The Institute is a member of the ABWA (Association of Accountancy Bodies in West Africa or *Fédération des Experts Comptables de l’Afrique de l’Ouest*) and the International Federation of Francophone Accounting Bodies (*Fédération Internationale des Experts Comptables Francophones* FIDEF)¹³ and has benefitted from several training sessions offered by this institution.¹⁴ The latter recently took steps to assist its members with their professional development, with the ultimate aim of IFAC membership. ONECCA-Burkina Faso is a stakeholder in this development process, which entails adherence to IFAC’s seven SMOs and fulfillment of other obligations. The table below provides a summary of ONECCA’s status with respect to the obligations set forth in IFAC’s SMOs.¹⁵

SMO	Assessment by the ROSC Team
SMO 1 – Quality Assurance	Training related ISQC1 standard was provided to l’ONECCA-BF members. However, the standard is not being actually applied in firms. In addition, the Institute does not have an external quality control review system. Furthermore, firms do not have an internal quality control review system that meets the ISQC1 standard.
SMO 2 – IFAC’s International Education Standards for Professional Accountants and other	The DECOFI curriculum and syllabi are being revised in order to bring them in line with IAESB

¹² The Audit Office is involved in renewal decisions.
¹³ FIDEF is a forum for sharing and cooperation among the entities that represent the accounting profession in Francophone countries. It is recognized by IFAC and has a strategic plan to support the efforts of its members to adopt SMOs.
¹⁴ The most recent seminar took place in February 2010 and was led by the General Representative of FIDEF.
¹⁵ Derived from an evaluation done by the ROSC team and the World Bank mission to assess accounting firms.

IAESB Guidance	international training standards. In addition, no training institution in Burkina Faso has been accredited to teach the DECOFI syllabus. A number of firms organize internal training programs for their staff. However, all these initiatives are limited, are not mandatory for all professionals, and do not meet the criterion of 120 hours of continuing education over a three-year period stipulated by IFAC.
SMO 3 – International Standards, Related Practice Statements, and other documents published by the IFAC’s International Auditing and Assurance Standards Board (IAASB)	Auditing standards have not yet been adopted at the Community or national levels. In practice, professionals apply, in a very deficient manner, the professional practice standards adopted in France.
SMO 4 – Obligation for member bodies of IFAC to adopt and apply a Code of Ethics for professional accountants in conformity with the code developed by the International Ethics Standards Board for Accountants (IESBA).	A professional code of conduct has been adopted but only partially applied. An analysis reveals deficiencies in this code when it is compared with IFAC’s (establishing the number of hours of training, fees, etc.).
SMO 5 – International Public Sector Accounting Standards and other Guidance from IFAC’s International Public Sector Accounting Standards Board (IPSASB).	Public sector accounting standards are regulated at the Community level by WAEMU, which adopted new Public Finance Directives in 2009 for replication in States by 2012.
SMO 6 – Investigation and Discipline	Law 48/2005/AN and its implementing decree do provide for an investigative and disciplinary mechanism through the Procedures and Ethics Commission, the Sanctions Council, and the Sanctions Board. In practical terms, sanctions have been imposed following investigations or allegations of illegal professional practice. This obligation seems to be the one most widely applied by ONECCA-BF.
SMO 7 – International Financial Reporting Standards	In effect, financial reporting standards are based on SYSCOHADA, which is outdated relative to the IFRS. Harmonization measures are being taken at the Community level by WAEMU and the CNC OHADA.

In conclusion, it bears noting that SMO 6 is the one with the greatest level of compliance in an ONECCA-BF context.

33. The insurance obligation is, to some degree, honored by a number of members of the Institute, although this stipulation is not contained in Law No. 48/2005/AN. However, the type of insurance policy obtained is quite often not appropriate for providing full coverage to professionals in the discharge of their duties. In the view of the ROSC mission, ONECCA–BF should enter into negotiations with the Burkina Faso Association of Insurance Professionals in order to design insurance policies that are suited to the practice of the auditing and public accounting professions.

34. Budget hour rates are paid to auditors in Burkina Faso using a sliding scale, with hourly fees being left to negotiation by the parties. This scale does not apply to a number of enterprises¹⁶ (Articles 9, 10, and 11 of Decree No. 2007-366/PRES/PM/MFB on the procedures for the application

¹⁶Corporations whose total balance sheet and total proceeds for regular off-balance sheet activities together exceed CFAF 80,000 million, companies that issue securities listed on the official stock exchange or securities listed on the unofficial market, enterprises governed by the insurance code, banks, and financial institutions. For these categories, fees are set by agreement between the parties, taking into account the actual scope of the work necessary to accomplish the statutory audit mission.

of Law No. 048-2005/AN of December 20, 2005). Article 9 of the implementing decree to Law No. 48/2005/AN in fact stipulates the number of working hours based on balance sheet and income totals. Unsuccessful negotiations were undertaken with employers to establish hourly rates, following the example of Senegal. The fact that no hourly benchmark rate is very much a factor in the use of different billing rates, depending on the professional.

C. Education and Professional Training

35. Until the mid-1990s, education was the exclusive responsibility of the public sector. Since 1998, owing to the increase in the number of personnel and the dearth of infrastructure, several private schools have been established throughout Burkina Faso's major cities, with a heavy concentration around Ouagadougou. The main courses offered lead to the award of the CAP (vocational training certificate) and the BEP (vocational diploma). Higher education institutions also provide training leading to the BTS (advanced vocational diploma) and the Bachelor's and Master's degrees in collaboration with foreign partners in some cases. The finance option of the *Diplôme Universitaire de Technologie* offered by the *Institut Universitaire de Technologie of Ouagadougou* (Ouagadougou University Institute of Technology) is the only option that receives four course credits in the French public accounting curriculum. It bears noting that the reform of the French public accounting degree program led to the elimination of the equivalency and exemption system previously applied to foreign training institutions. In view of the fact that a procedure to renew accreditation has not been initiated, this accreditation is no longer valid at this time. For the past three years, a number of institutions have opted to move toward the introduction of the Bachelor's/Master's/Doctoral (LMD) system. To that end, the Bachelor's degree program has already been developed. The University of Ouagadougou II is helping increase the number of higher education course offerings, particularly in the areas of accounting and management, by introducing the DESS (graduate degree taken after the Master's degree) in finance, accounting, and auditing, with an average graduating class of 25 persons. The LMD system was adopted by presidential decree; however, it has not yet been fully implemented although preparations are underway. The LMD system will help the UFR/SEG (university department of economics and management) adapt to international trends and strengthen its credibility.

36. In the absence of a directive on curriculum content, in particular for higher education, it is difficult to assess the quality of education. School curricula vary considerably in terms of content, subjects, and number of hours. Key topics such as business combinations were not covered in some curricula. Interviews conducted for the purposes of the ROSC revealed that the human resources challenge continues to be the main problem facing the teaching of subjects in the accounting and auditing curriculum. The teachers are not always professionals and are particularly unwilling to travel to rural areas (such as Bobo Dioulasso). This situation will worsen with the scheduled opening of other universities. Challenges pertaining to the quality of the teachers, their stability, and their motivation arise. Hourly rates are too low to attract teachers of the highest caliber. A number of areas are not covered (the IFRSs, management audit, and finance). These facts all contribute to the decline in the quality of education. Moreover, adequate numbers of highly skilled instructors for the curriculum subjects cannot be achieved, owing to infrastructure problems and the elimination of graduate studies scholarships. It bears noting as well that even if the opening of schools is subject to approval by the Ministry of Higher Education, in reality, there is no effective monitoring or control of the quality of education provided. Most of the institutions involved in the development of the profession in Burkina Faso face a critical training capacity problem. This is why capacity-building and the development of regional institutions to assume responsibility for activities that cannot be conducted at the national level are an alternative, given that these organizations will benefit from economies of scale.

37. Controls are necessary to ensure that institutions meet quality requirements for these courses. These controls must be carried out at the accreditation stage and throughout the life of the

institutions. Particular attention should also be paid to teacher qualifications in terms of their ability to teach certain subjects in this specific field. ONECCA-BF and the training institutions, in collaboration with the enterprises, must perform their role as education actors by promoting and disseminating international training standards and by encouraging the various educational institutions to regularly revise their syllabi with a view to ensuring that they include the most recently adopted accounting and auditing standards. A requirement to obtain accreditation from CAMES from the time of the award of the initial diplomas could also be considered. Lastly, in order to enhance the quality of accounting training and strengthen its credibility at the subregional and international levels, credible partnerships should be encouraged.

38. Burkina Faso has no degree training program in public accounting, as the sole application submitted for accreditation was rejected by the CREFECF. Training in public accounting is organized at the regional level, pursuant to Article 3 of Regulation No.12/2000/CM/UEMOA establishing a *Diplôme d'expertise comptable et financière* in the WAEMU by the Regional Commission for Training in Public Accounting and Finance [*Commission Régionale pour la Formation des Experts Comptables et Financiers* CREFECF]. However, in view of the fact that the regional training process is being implemented, accounting professionals are, for the moment, often being trained abroad. The CREFECF is tasked with providing advice to the Council of Ministers on the entire education and examination system for public accounting and finance. It performs an advisory role with respect to the general design of the system and the appointment of the members of the examinations committees, and grants, inter alia, accreditation to higher education institutions responsible for preparing students and auditors for the DESCOGEF. The mechanism put in place at the regional level by Regulation No. 12/2000 UEMEOA of November 22, 2000 organizes the regional degrees for the DECOFI and DESCOGEF. As part of the preparations for these degrees, three centers have been accredited in the subregion to provide training—the CESAG in Dakar and two training centers in Côte d'Ivoire (University of Cocody and the INPHB [Houphouët Boigny National Polytechnic Institute]). The average cost of this training (approximately CFAF 4 million) is still high for a low-income population. Most of the Burkinabè students are pursuing their training at the CESAG in Dakar.

39. The current curriculum, which includes the DESCOGEF and the DECOFI, does not offer a three-year diploma course (BAC+3), while the new curriculum, which should be aligned with the LMD system, envisions such a diploma. In view of international education trends, curriculum reform is underway to help the Union adapt to international trends by moving toward the LMD system. A validation workshop for the new curriculum is slated for April 2010 to enable the WAEMU Commission to present the reform agenda at the next meeting of the Council of Ministers of Higher Education. Consequently, the new curriculum, which includes the DESCOGEF and the DECOFI, provides for three levels, namely the DECOGEF (BAC+3 or Bachelor's degree), the DESCOGEF (five-year program [BAC+5] or Master's degree), and the DECOFI (eight-year program [BAC+8] or a Doctorate). The ultimate objective is to ensure international recognition of the DECOFI.

40. Since 2001, the DECOFI has not been awarded, owing to the difficulties in organizing the examination despite the fact that approximately 13 Burkinabè student accountants were deemed qualified to take the examinations. The first session of DECOFI examinations is scheduled for October 2010. The operational difficulties experienced by the CREFECF over the years since its establishment are attributable to financing problems. However, some difficulties can also be attributed to organizational, management, and communication problems. These facts have prevented the CREFECF from effectively fulfilling its mandate. The same problems were observed with respect to the examinations committees. Similarly, measures to increase the number and improve the quality of the examinations were not adopted. With a view to allowing institutions to periodically submit applications for preparation for the DESCOGEF, the CREFECF should be able to meet on a more regular basis. In addition, curricula updates and exemption reviews must produce quick and

appropriate solutions to provide management support to the institutions. Steps must also be taken to achieve international recognition of the DECOFI by achieving equivalencies needed to elevate its status.

41. The decision made by the CREFECF at its meeting held January 22-23, 2010 in Dakar to decentralize implementation of the DECOFI should provide an opportunity to offer this instruction in the country, as foreign training costs have proved to be exorbitant for students wishing to pursue the curriculum. The Institute should be actively involved in providing support to find such a solution. With respect to providing this training, Burkina Faso has the disadvantage of not having sufficient numbers of teachers of the highest caliber or certified teachers in management sciences. It will therefore be necessary to work in partnership with associate professors to facilitate accreditation of institutions, provide high-level training, and achieve international recognition. Instructor training programs could be developed in conformity with the degree program for the DESCOGEF and DECOFI, and should ensure that they meet the requirements of the international training standards issued by IFAC's IAESB. The State should be able to award graduate studies scholarships and encourage doctoral studies in management. Until the country acquires senior level teachers, training provided by associate teachers could be considered. The participation of regional professional accounting organizations in the final examinations for the DECOFI, which are slated to be administered following practical and theoretical training in compliance with international training standards, should also help lend credibility to the degree program. Furthermore, the absence of a distance training option for the DESCOGEF (similar to the old DESCF or the French DSCG) makes it unattractive to professionals already working in the field. In fact, registration in the DESCOGEF program requires physical absence for at least one year from the office, which represents an additional hidden cost. Consequently, the quest for the accreditation of training institutions must be coupled with the development of a distance training module, similar to the degree courses provided at the international level.

42. The National School for Financial Administration [*École Nationale des Régies Financières* ENAREF] is still the sole institution providing training in public finances, the accounting and auditing training modules of which could be integrated into the modules for the DESCOGEF curriculum. ENAREF is responsible for the initial and continuing professional education of Category A, B, and C employees of financial administrations in Burkina Faso. It also serves as the regional economic and financial training hub for West Africa. Three courses of study are taught: accounting, for training inspectors, auditors, collection agents in the Treasury department, as well as agents in public accounting, and the dispute and collection departments; taxation for the training of administrators, auditors, information intake officers and tax assessors in tax departments and; finance, for training administrators, auditors, and assistants in finance departments. Private accounting training modules are taught by professionals from ONECCA-BF, which suggests that quality training is being provided. ENAREF could consider the integration of public sector accounting and auditing components into the training modules, patterned after those for the DESCOGEF. This would help prepare the key public finance actors for the implementation of the new WAEMU public finance directives that are based on private accounting rules and principles and international standards on auditing.

43. Basic training and the continuing professional education for members of the Institute are provided for in Article 27 of ONECCA-BF's Professional Code of Conduct. This article stipulates that in order to maintain the high level of expertise required to fulfill his mandate, each professional must, insofar as possible, devote a certain number of hours to continuing professional education, while monitoring his colleagues in the same area as well. He is free to develop his own education program, taking into account the general guidelines set forth by the National Council. In view of the fact that no specific guidelines were provided, the number of hours devoted to continuing professional education as stipulated by international training standards developed by IFAC's IAESB, which call for 120 hours of continuing professional education over three years, is not being applied. Since December 2007,

ONECCA-BF has organized training sessions and dinner meetings with representatives from the Directorate General of Taxes. With respect to continuing professional education, the Institute acknowledged that, owing to the paucity of financial resources, only a few seminars were organized. A three-year program was developed. Its implementation requires the securing of financing, for which initiatives are underway.

D. Standardization of Accounting and Auditing in Burkina Faso

44. Standardization occurs at the following three levels, thus requiring a functional formal consultation framework

	National	Regional	
		WAEMU	OHADA
Accounting Standard-Setter	CNC	CCOA	CNC Standardization Commission
Standard-Setter for the profession	No organization ¹⁷	CPPC	No organization. The establishment of a High Council for the Accounting Profession [<i>Conseil Supérieur de la Profession Comptable</i> CSPC] is, however, under consideration.

45. With respect to accounting standardization, Community provisions assign the role of accounting standard-setter to the WAEMU. The West African Accounting Council (CCOA) is tasked with providing assistance to the Commission with this role. This Council was established by WAEMU Regulation No. 03/97 of November 28, 1997, but was not effectively implemented until end-2004. The CCOA has not been operational and community authorities, cognizant of this situation, have made a number of decisions. In this connection, under the aegis of the WAEMU Commission, experts from the Ministries of Finance and professional accountants from the eight WAEMU member countries met in Dakar, Senegal from December 15-17, 2008, to review and validate the draft regulatory provisions of SYSCOA’s Institutional Mechanism. The draft regulatory provisions relating to the CCOA, the CPPC, and the GUEDEF (one-stop window for financial statements) were validated by the experts. These provisions were adopted at the WAEMU Council of Ministers meeting in Abidjan on March 27, 2009. The CNCs of the member States are required to use all means to disseminate, in the interest of the public, the CCOA’s opinions and recommendations, which had been incorporated into the Commission’s implementing regulations. At its meetings held in Ouagadougou between March 22-24, 2010, CCOA and CPPC entities adopted their respective annual activity programs for FY2010, which will receive financial support from the technical and financial partners.

46. The Permanent Council of the Accounting Profession (CPPC) is one of the Community’s standard-setting bodies, but has experienced delays in launching its operations. The CPPC falls under the authority of the WAEMU Commission. It is the Union’s consultative entity tasked with the professional regulation and harmonization of the conditions for the exercise of the profession in the Union. To that end, the CPPC, in collaboration with the Institutes, ensures compliance with the conditions for the exercise of the profession in the Union. In each member State, the CPPC is composed of the President of the Institute, the Government Commissioner, and another accounting

¹⁷ The Government Commissioner is responsible for administrative and financial oversight to ensure the proper functioning of the Institution.

expert registered on the Institute's roster. The Institutes are required to use all means to disseminate, in the interest of the public, the CCOA's opinions and recommendations, which had been incorporated into the Commission's implementing regulations. As was the case with the CCOA, there were delays in the launch of CCPC's operations.

47. The CNCs, which are an offshoot of the CCOA in each State, have been unable to perform their standard-setting role, owing to their non-operationalization. The establishment of the CNCs was provided for by Directive No. 03/97 of November 28, 1997. These Councils have not been implemented or have not been operational in several member States. The CNC for Burkina Faso, which was established by Decree No. 2007-07/PRES/PM/MFB of January 29, 2007, had been unable to function owing to the non-signing of the order issued by the Minister of Finance relating to the procedures for its operations and the appointment of its members. The CNC, the national standards body that is expected to put forward proposals for the sound application and updating of standards, has not yet been established and is unable to launch its operations. The problem of financial resources will then arise if this entity is established, and should therefore be anticipated if it is put in place. As the CNC for Burkina Faso has not been established, only ONECCA-BF members are appointed to serve as the representatives at the various regional meetings for which no reports on the conclusions reached at these meetings are provided (on the project for SYSCOA's convergence with the IFRSs, as part of the work relating to the review of the provisions from the accounting standardization bodies during the meeting of experts in Dakar in December 2008).

48. An Accounting Standardization Commission (CNC-OHADA) was recently established to assist the OHADA Council of Ministers with its role as accounting standard-setter. The regulation establishing an Accounting Standards Commission (CNC-OHADA) at the Permanent Secretariat was recently adopted by the OHADA Council of Ministers meeting in Dakar in December 2008. Article 3 of the regulations stipulates that "the CNC-OHADA is an advisory body tasked with proposing accounting standards to assist OHADA with the interpretation, harmonization, and updating of accounting standards in the States Parties. The CNC-OHADA is responsible for the coordination and synthesis of theoretical and methodological research pertaining to the standardization and application of accounting rules. The CNC-OHADA, at the invitation of the Permanent Secretariat, is responsible in particular for the development of all accounting rules reform proposals."

49. There is a need to implement mechanisms to ensure coordination between SYSCOA and OHADA entities in order to harmonize activities and avoid duplication of effort. With the establishment of the CNC-OHADA, two standardization bodies are coexisting in the OHADA space: one that is applicable to the 16 States Parties to OHADA and another that is common to the WAEMU countries. The mechanisms required for research coordination and work summaries need to be put in place to strengthen synergies and avoid duplication of efforts. The various national and regional bodies must be operational to support the implementation of the standardization process. It would also be advisable to encourage and help these institutions develop an ongoing IFRS adoption process and promote the implementation of these standards by the professional accounting institute through the preparation of implementation guides and continuing professional education that is regularly updated in order to incorporate recently adopted or implemented standards.

50. The Central Bank of West African States (BCEAO) is the standard-setter for lending institutions, pursuant to Article 50 of the Banking Law.¹⁸ This law, which has been in force since

¹⁸ The regulations governing the banking sector are as follows:

- The law on banking regulations, applicable in the Union as of April 1, 2010;
- The WAMU Bank Chart of Accounts (PCB), developed by the Central Bank in accordance with banking regulations, and implemented since January 1, 1996 pursuant to Instruction No. 94-01 from the Governor of the BCEAO;
- The prudential mechanism issued by the WAMU Council of Ministers during its meeting of June 17, 1999, implemented by BCEAO Instruction No. 2000/01/RB of January 1, 2000, in application of the banking law.

April 1, 2010, requires banks and financial institutions to draw up their accounts in accordance with the accounting provisions and other rules issued by the BCEAO. Pursuant to this regulation, the BCEAO, in its capacity as accounting standard-setter, establishes by instructions the framework in which bank accounting standards are applied.

E. Oversight Mechanisms for the Application of Accounting and Auditing Standards

51. The oversight mechanism for the application of OHADA regulations with respect to the appointment of auditors for business enterprises is not enforced. In Burkina Faso, several lawyers and notaries oversee the appointment of auditors during business start-up. The Institute's oversight mechanism for monitoring the effective appointment of auditors could be improved, in order to avoid situations where auditors are appointed without their knowledge and fail to perform their duties. ONECCA must oversee all business start-ups and notify the lawyers, notaries, and businesses by letter whenever failure to appoint an auditor is observed or whenever the notary appoints as auditor an individual who is either not registered on the Institute's roster or is not authorized to perform this role. No sanctions have been imposed against business leaders who have not had their accounts certified by an auditor, despite provisions issued by OHADA in this regard. However, it is evidently easier to entrust oversight of compliance with the requirement to appoint an auditor to an organization that centralizes the statutory deposits and apply legal sanctions for failure to comply with the requirement to appoint an auditor. For example, the systematic request by offices of the clerk of the court for documentary evidence of the registration, on the roster of auditors, of persons recommended to perform that role, was instituted in France.

52. In the financial sector, the monetary authorities have entrusted the responsibility for overseeing the application of accounting standards (PCB) to the Banking Commission, the supervisory body. In this connection, it conducts regular on-site and document-based audits, often with BCEAO support. A bank is audited at least once every two years. Audits conducted by the Banking Commission cover several areas: (1) accounting (PCB); (2) governance with reports from both the internal auditors and auditors from the Office of the Auditor (opinion on the accounts and recommendations from internal audits); and (3) regulations, in terms of compliance with prudential rules and standards, primarily Instruction No. 94-05 pertaining to provisioning rules. As a WAEMU entity, the Banking Commission has expanded powers in terms of sanctions and its decisions are automatically enforceable, by operation of law, in all WAEMU member States. It bears noting that effective April 1, 2010, the duration of the mandates of auditors in banks and financial institutions has been reduced from six financial years to three financial years.

53. In the insurance sector, the Regional Insurance Control Commission (CRCA) at the level of the Inter-African Conference of African Markets (CIMA) and the Insurance Directorate at the national level audit the accounts of insurance companies. The CRCA possesses audit and sanction powers akin to those exercised by the Banking Commission. The results of the on-site audits are compiled in a report—which includes the company's response to the auditors' observations—and are forwarded to the supervisory minister, the Board of Directors of the audited entity, and the auditor. On average, approximately one audit is conducted every two years. The Insurance Directorate within the Ministry of Finance also conducts document-based and on-site audits of the accounts of insurance companies.

54. The Regional Council on Public Savings and Financial Markets (CREPMF) is tasked with ensuring that companies issuing a public offer meet their financial reporting requirements. Established by the WAEMU Council of Ministers meeting of July 3, 1996, the CREPMF is the entity responsible for ensuring compliance by issuers of securities with their obligations to the market. Listed companies, companies whose shares are held by at least 100 persons (with no legal connections), and

companies that use solicitation or advertising for their security investments are considered to be companies issuing public offers.

55. Within the accounting profession itself, there is no internal quality control of accounting practices. This control has not been implemented in the Institute owing to the lack of financial resources and, in particular, to the absence of applicable professional standards on which quality control work must be based.

III ACCOUNTING STANDARDS

A. OHADA Accounting System and Other Authoritative Accounting Pronouncements in Burkina Faso – Main Differences with the IFRSs

56. There are significant differences between the various charts of accounts that are applicable in the WAEMU zone (OHADA Accounting System for entities other than banks and insurance companies, the Bank Chart of Accounts for banks and financial institutions, the Chart of Accounts of the CIMA Code for insurance companies) and the IFRSs. The OHADA Accounting System, which was implemented in 1998, had incorporated contributions from the IASs/IFRSs at the time. This System now needs to be simplified and modernized in order to include mechanisms to ensure the ongoing adoption of the IFRSs. Discussions are now underway within OHADA and WAEMU with a view to convergence of the OHADA Accounting System with the IFRSs. Following several consultations during the West African Workshops on Accounting held in July 2009 in Abidjan and a technical workshop on the IFRSs in Dakar, as well as the meetings held in March 2010 in Ouagadougou, the CCOA is moving toward the immediate adoption of the IFRSs for publicly held enterprises effective 2012, and the gradual adoption of the IFRSs for Small and Medium Enterprises (SMEs) for all other enterprises between 2012 and 2018. Although the convergence period appears to be relatively long, the principle of adopting the IFRSs for SMEs is a good option, given the size of enterprises in WAEMU. In view of the fact that a comparison between OHADA accounting system standards and the IFRSs on one hand, and the IFRSs for SMEs on the other, has already been made,¹⁹ the ROSC in Burkina Faso opted not to reproduce this comparison, and has instead summarized the main conclusions relating to the architecture, the conceptual framework, the presentation of financial statements, and the specific accounting and evaluation rules.

57. The comparison revealed that, despite major differences with the IFRSs, the OHADA Accounting System has advantages that should be retained during the harmonization process.

(1) For the purposes of financial reporting, three categories of enterprises were identified: the normal system, the streamlined system, and the minimal cash flow system. However, the definition of these three categories and the accounting streamlining for medium and microenterprises have not yet been specified. (2) There is a chart of accounts that facilitates bookkeeping and is a factor promoting harmonization. During implementation of convergence with the IFRSs, this chart must be revised and adapted. (3) The existence of rules for bookkeeping and its organization are also advantages of the OHADA Accounting System. However, retaining these advantages could be at variance with the recommendation of the international standard-setter, which is the adoption of international standards as developed by this body, without additions or modifications.

¹⁹ROSC studies from Benin, Côte d'Ivoire, and Senegal available on the following Web site:
http://www.worldbank.org/ifa/rosc_aa.html

58. The accounting rules applicable to lending institutions, which were set forth in the Banking Law and outlined by instructions from the Central Bank, differ from the IFRSs in at least two significant respects. These rules define and determine: (1) the general legal and regulatory framework; (2) the summaries and the submission of these summaries. The PCB is satisfactory to users, despite the fact that it is not yet aligned with the IFRSs. However, in order to be able to develop their reporting group, a number of banks that are branches of large groups are obliged to adapt their PCB to the IFRSs. In view of the international environment, the trends in international accounting standards, and the need to be able to compare financial information produced by financial institutions in Burkina Faso with information from institutions located in other countries, the banking sector can ill afford to remain on the sidelines. Amendments should be made to the PCB in order to facilitate its development in line with the IFRSs. With respect to measurement rules for assets and liabilities, the main differences between bank accounting standards and the IASs relate to the following points:

- **Financial instruments:** the IFRSs defined the concept of financial instruments that apply primarily to lending institutions owing to the nature of their operations. These financial instruments are classified into four categories with initial recognition rules at fair value, and subsequent measurement rules at amortized cost or fair value, based on the category. In addition to the use of new basic measurement concepts such as fair value and amortized cost, these rules incorporate the use of the effective interest rate and discounted cash flows. These rules differ substantially from the bank chart of accounts, with respect in particular to the processing of loans, securities, term deposits, costs, and fees. In application of the concept of amortized cost, these fees represent one component of the loan payment that must be spread over its term.
- **Disclosure requirements under IFRS 7:** in volume II (executive summaries), the PCB indicates the list of information to be produced in the form of additional information by lending institutions, which is needed by users of the financial statements. The required information falls far short of that required by IFRS 7, in particular with respect to fair value, and the nature and scope of risk management;
- **Leases:** leasing companies, pursuant to the terms and conditions of Instruction No. 94-11 on the preparation of consolidated accounts, record leases of fixed assets under the assets column. IAS 17 (this is also the case for SYSCOA) stipulates that lending transactions must be recognized by these financial institutions as lending transactions;
- **Off-balance sheet:** bank balance sheets include significant off-balance sheet amounts. The IFRSs do not cover off-balance sheet transactions. Most of the relevant areas are included in the balance sheet or in the additional information provided.
- **Loan portfolio provisioning:** bank accounting standards with respect to loan provisions are published in order to avoid erroneous or improper interpretations. They are contained in Central Bank Instruction No. 94-05 relating to provisioning rules for counterparty risk for lending institutions. This circular stipulates that lending institutions must make a distinction between two categories of debt (healthy debt and compromised debt—doubtful debt, contested debt, and disputed debt”) based on the real and potential risk of non-recovery. This Instruction is in compliance with IAS 39 (Financial Instruments: Recognition and Measurement), which prescribes an approach that entails measuring portfolio losses based on recovery projections for each loan or group of loans with similar characteristics. However, the instruction does not provide any specific information regarding practical procedures for applying the concept of amortized cost. Indeed, the concept of amortized cost makes reference to the effective interest rate and non-linear method (contractual rate).
- **“Provisions for general bank risks” or “provisions for major reparations” are included in the Chart of Accounts for lending institutions.** These risks are not covered by a provision in the IFRSs because they do not relate to a requirement or an identified risk of non-recovery.

The necessary developments of the PCB and SYSCOA should involve subsequent modifications to the chart of accounts applicable to management and intermediation companies (SGI).

59. In the insurance sector, the accounting rules in the CIMA Code differ significantly from those set forth in the IFRSs in several key areas. No modifications to ensure alignment with the IFRSs have been made to the CIMA chart of accounts, which was designed for 14 countries. Users view this chart of accounts as obsolete. Although accountants working in insurance companies are trained in an “OHADA Accounting System” environment or in one where other standards are applied, in professional practice they use an inappropriate chart of accounts. Furthermore, in the area of accounting principles, the CIMA Code is based on historical cost. With regard to certain transactions, in particular the transfer of securities or companies, the use of the historical cost method is inappropriate. Sector professionals believe that financial statements ought to be prepared using the fair value principle, which is better suited to insurance companies. Other main differences between the CIMA Code and the IFRSs include the following: statements of cash flows and statements of changes in equity are not included; less additional information is required, and so forth. Financial statements are designed first and foremost to serve as an information tool for oversight bodies and not shareholders, subscribers, or any other relevant party. The accounting rules for insurance companies set forth in the law on insurance activities also differ from the IFRSs, including with respect to the measurement of regulated provisions, and in particular (i) provisions covering future risks; (ii) provisions for future management charges or for equalization; and (iii) provisions for unearned premiums. The list of technical provisions set forth in Article 431 of the CIMA Code reveals that a number of provisions do not meet the criteria defined by IAS 37. These include: (i) provisions covering future risks; (ii) provisions for future management charges or for equalization; and (iii) provisions for unearned premiums. Moreover, the additional information produced by insurance companies does not, from the standpoint of quality and quantity, provide the information required by the IFRSs, especially IFRS 7. Financial statements from insurance companies were designed primarily as a tool to be used by oversight bodies and not shareholders.

B. Analysis of a Sample of Financial Statements

60. The level of information provided in the financial statements collected on January 15, 2010 by the balance sheet reporting center (*Centrale des Bilans*) of BCEAO–Ouagadougou revealed that SYSCOA accounting standards were inadequately applied. The main observations based on a total of 2,281 financial statements received by the BCEAO – Ouagadougou balance sheet reporting center for 2008, supplemented by analyses from the ROSC team, are summarized as follows:

- The batches of financial statements submitted by small and medium enterprises contain inconsistencies in the balance sheet, the income statement, and the statement of cash flow (TAFIRE), in particular cases of discrepancies in the amounts quoted in the various documents. However, the large enterprises (with sales volumes exceeding CFAF 100 million) generally submit balanced financial statements;
- The *Fiche d'Identification et de Renseignements Divers* (identification and miscellaneous data form FIRD) is typically not properly completed;
- the financial statements are not signed and errors are found primarily in the TAFIRE;
- The financial statements presented using the simplified system and the minimal cash flow system contain numerous inadequacies as some batches are handwritten;
- Assets acquired under leasing arrangements are recorded on the balance sheet of some enterprises, but no withdrawals were observed in the appended statement.
- A number of enterprises did not account for provisions for severance payments at retirement. When these provisions are accounted for, no mention is made in the

appended statement, or if mention is indeed made, there is no indication of the evaluation methods used.

- The accounting rules and methods, in particular the general and specific evaluation methods applied by the enterprise, were not outlined in the appended statement.

IV AUDITING STANDARDS

61. Although the regulatory framework for statutory audits is codified in the Uniform Act, the technical auditing standards applicable to Burkina Faso and other WAEMU member countries have not been defined. As a result, professionals, owing to their training in the French system, use the standards issued by France's National Association of Auditors [*Compagnie Nationale des Commissaires aux Comptes* CNCC] for the conduct of audits. Cognizant of this situation, the Institute, in collaboration with the International Federation of Francophone Accounting Bodies (FIDEF), organized training seminars on ISAs over the past few years for its members, which would benefit from further development because the work of the ROSC mission and the review of audit firms conducted by the World Bank in May 2009 reveal numerous deficiencies in the conduct of verification missions with respect to ISAs. The most significant are (i) insufficient implementation of auditing procedures by the auditor. In most cases, the general methodology specifically for audit missions outlines (ii) the confusion between financial statement audits in general, and special audits; (iii) inadequate formalization of the auditor's working documents and insufficient justification of the opinion set forth in the audit report; (iv) the lack of precision in the auditing standards and accounting standards applied in the reports; and (v) the formulation of an irrelevant opinion. In light of the foregoing, the development of training activities aimed at supporting the implementation of auditing and ethics standards, the introduction, in the medium term, of a quality assurance mechanism for the professional activity of the members of ONECCA- BF, and the strengthening of the activities of this Institute's Board of Sanctions will help ensure the quality of accounting and auditing practices in Burkina Faso, as well as compliance with the profession's rules and ethics.

62. With the exception of a number of multinational subsidiaries and State-owned companies, audit committees have not been established in Burkina Faso. The implementation of audit committees in companies of a certain size can help improve the quality of financial reporting and facilitate the task of the auditors. Indeed, audit committees play a major role in supervising and auditing accounting and financial information from the groups. The audit committee,²⁰ an offshoot of the Board of Directors, acts under the exclusive and collective responsibility of this Board and has a general mandate to assist the Board of Directors with monitoring issues pertaining to the preparation and auditing of financial and accounting information. It is tasked with monitoring (i) the process to prepare financial information; (ii) the effectiveness of internal audit and risk management systems; and (iv) the statutory audit of annual financial statements and consolidated statements by auditors, and the independence of auditors.

V PERCEPTION OF THE QUALITY OF FINANCIAL REPORTING

63. Stakeholders interviewed during the ROSC mission indicated that the quality of financial reporting by enterprises in Burkina Faso will improve with (i) the implementation of professional standards; (ii) the introduction of a quality assurance system for professional practice in the medium term; (iii) quality continuing professional education for members of the

²⁰ With the exception of only a handful of multinational subsidiaries, very few enterprises in Burkina Faso have an audit committee or an internal audit department.

Institute and accounting practitioners; and (iv) greater prominence for the approved management centers (CGAs).

64. The quality of the audits also helps achieve quality financial reporting.

- **Banks** are of the view that audits are being properly conducted. However, they expressed concern over the high turnover rate among colleagues and the inadequate involvement of some managers in the missions. As a result, these managers lack a comprehensive understanding of the dossiers.
- **In other companies**, the quality of the auditor varies according to the firm. On the whole, considerable effort still needs to be made to produce quality work in public accounting and auditing firms.
- **In some specific sectors such as insurance**, users indicated that some auditors lack a sound understanding of the environment in which their client is operating, thereby hindering the production of quality audit reports. No institution authorized to select auditors with a truly sound knowledge of the insurance sector has been established, unlike the banking sector where all appointments of auditors must be approved by the Banking Commission. These factors help rule out firms that cannot provide guarantees of specific sector expertise and/or lack qualified personnel.

65. Very high taxes in Burkina Faso constitute a major obstacle to compliance with accounting rules and to financial transparency. In an effort to avoid paying taxes, several enterprises still belong to the “informal” sector and thus produce no accounting information. The establishment of the CGAs, whose mandate was to strengthen the formal sector, has not led to the expected success in terms of number of members and accounting records maintained by the CGAs, due in particular to the fact that the scope of application was not extended to enterprises using the normal system, as is the case in France, but was limited to the VSEs using the streamlined and synthetic systems.

66. Most of the persons interviewed during this ROSC Accounting and Auditing mission acknowledge the strides made by the accounting profession in Burkina Faso with the help of ONECCA-BF. These same observers and professionals agree that the accounting profession must play a major role in the quest to improve the quality of financial reporting. However, these individuals believe that the Institute has not developed an institutional communication strategy that will allow the profession to enhance its visibility among economic operators and the general public. Expectations are also great with respect to the role that the profession in Burkina Faso should play in order to complete the work of the Community bodies responsible for standardization issues. The main issues identified as priorities for the profession are outlined below:

- Building of the Institute’s financial and technical capacity;
- Increase in fees to levels commensurate with the important responsibilities borne by professionals, in particular for auditors, as well as in membership dues paid to the Institute;
- Strengthening of the technical level of the professionals by implementing initial training at the regional and national levels, and operationalization of mandatory continuing professional education by the Institute, in accordance with SMO 2 (International Education Standards);
- Combating of the illegal practice of the profession by building the capacity of the Board of Sanctions, in accordance with SMO 6 (Investigation and Discipline);
- The development of mechanisms for the ongoing adoption of international standards on auditing and the IFRSs at the regional level;
- Support with the implementation of the ISAs, the IFRSs, a Code of Ethics and other professional standards through regular updating of initial and continuing professional education activities and the development of an application guide by the Institute;
- The introduction of professional standards and quality control established within the Institute, in accordance with SMO 1 (Quality Assurance); and
- The development of the Institute to achieve the ultimate goal – to become a member of IFAC.

VI RECOMMENDATIONS

67. The recommendations formulated address a dual concern: improving the application of the existing rules and, in the medium and long term, strengthening the legal and regulatory framework by aligning it with best international practices. Improving accounting practices and the quality of financial reporting in the Burkinabè private and semipublic sector also entails actions to be conducted at the level of ONECCA-BF and the Government. With respect to this latter area, the recommendations issued by this ROSC mission are aimed at government entities on one hand, and professional bodies on the other, and the implementation of these recommendations will be discussed during meetings between Burkinabè authorities and the World Bank. Many of the recommendations outlined below pertain to actions that have already been undertaken by a number of countries whose economies and development objectives are, in many respects, similar to those of Burkina Faso, Côte d'Ivoire, and Senegal, in particular.

68. The recommendations of the ROSC Accounting and Auditing mission are aimed at helping bring about significant progress in many sectors in Burkina Faso, in particular:

- **Formal sector enterprises** – Improvements in the quality, reliability, and accessibility of accounting and financial information will facilitate access to credit and strengthen international investment in enterprises in Burkina Faso. Moreover, the provision of reliable financial information will help improve the prospects of a number of enterprises of being successfully listed on the Regional Stock Exchange.
- **The banking sector** – With higher quality and more reliable accounting and financial information and with respect to a larger number of enterprises (in particular the SMEs), banks will be able to not only better manage their credit risk, but also diversify their operations, and thus reduce risk concentration and expand their activities;
- **The accounting profession** – The introduction of oversight mechanisms and professional standards, the capacity-building of the Board of Sanctions, improved continuing professional training and accounting and auditing practices, and the adoption of the Code of Ethics of IFAC's IESBA will strengthen the profession's credibility and image. The profession's image among enterprises and investors will thus be enhanced, placing it in a better position to increase the value of its services. The reduction of illegal accounting practices will also promote fair competition and increased incomes for duly accredited professionals.
- **The public sector** – Improving the quality of the information provided by semipublic enterprises and its availability to the public will help strengthen the financial management of these enterprises.
- **The employees of the enterprises** – The opportunity for employees to obtain financial statements will allow them to be properly informed about the effective functioning of the enterprises for which they work.

ACCOUNTING STANDARDS

69. Enhance the regional and national institutional framework by ensuring that standardization entities such as the CNC-OHADA, the CCOA, the CPPC, and the national CNCs are operational, and that they have adequate resources. Accounting standards must be updated on an ongoing basis, not only to enhance their effectiveness in terms of practice, but also in order to address

a number of transactions and situations not initially covered by the standards. The CCOA should work more closely with the CNC-OHADA on one hand in order to harmonize the areas of intervention and avoid duplication of effort and bottlenecks in decision-making and, on the other hand, with the other international bodies working in the field of accounting and auditing, with a view to remaining abreast of the most recent modifications/updates to international accounting standards, and ensuring their appropriate application in the zone. To that end, the CCOA and the CNCs should regularly obtain documents/journals or other publications by these bodies and participate actively in meetings/conferences that they organize. This partnership will allow them to build their capacity.

70. Continue efforts, in collaboration with the WAEMU Commission, to achieve convergence between SYSCOA and the IFRSs. The CCOA, in its capacity as the Union's advisory body responsible for sub-regional accounting standardization and whose mandate is to assist the Commission with the development and harmonization of accounting standards in the Union, must conduct an assessment of SYSCOA and adapt it to the IFRSs. SYSCOA, in its current form, includes complexities and omissions. Practitioners failed to appreciate the usefulness of certain tables in the appended statement and the TAFIRE. The thresholds established for the standard tax system are low, thus preventing several enterprises from benefiting from the simplified system. The result is non-compliance with the provisions of the appended statement provided for by the standard tax system. It is important to raise the application thresholds of accounting systems recommended by SYSCOA. Ensuring gradual convergence of SYSCOA–OHADA standards with the IFRSs for SMEs and establishing mechanisms to adopt the new IFRSs on an ongoing basis would be the best solution. It will also be necessary to encourage ONECCA-BF to support implementation of these standards by regularly updating its continuing professional education program and developing implementation guides.

71. Continue efforts to establish the Community roster of professionals. In order to facilitate the free movement of professionals in the WAEMU zone and build a critical mass of professionals, preparation of a consolidated list of public and certified accountants in the Union is recommended, while guaranteeing free movement, as the CEMAC zone has done.

72. Initiate, in cooperation with Community actors, the updating of the sector charts of accounts of lending and insurance institutions. The Uniform Act Organizing and Harmonizing Company Accounting Systems excludes banks and financial institutions from the OHADA accounting system. However, during its meeting held in Yaoundé from March 21 to 24, 2001, the Council of Ministers issued instructions to ensure harmonization between the sector charts of accounts for banks and financial institutions and the Common Chart of Accounts. There is an urgent need to align sector charts of accounts with the OHADA accounting system.

73. Implement new Directive No.004/2009/CM/UEMOA instituting one-stop windows as support measures for SYSCOA aimed at gathering financial information. The Directive instituting the GUDEF (One-Stop Window for Financial Statements) was adopted on March 27, 2009 in Abidjan by the Council of Ministers of the WAEMU member States. Article 8 stipulates that “within a period of one year from the date of signing of this Directive, member States shall adopt the legislative, regulatory, or administrative provisions required for compliance thereto. They shall immediately notify the Commission thereof” Member States should take the necessary steps to make the GUDEF operational within a year.

74. Expedite the process for effectively setting up the National Accounting Council (CNC) in Burkina Faso and reinstate the Institution's Board of Sanctions. The remaining members need to be appointed to allow the CNC to function.

75. Provide the CGAs with additional resources (financial, human, and material) in order to give them a higher profile and make available to them the tax benefits intended for beneficiaries. Indeed, the success enjoyed by the Burkina Faso *Maison de l'Entreprise* with respect to business start-up through the (i) reduction in start-up times; and (ii) the opening of several facilitation centers for

business start-up should be consolidated by providing financial and accounting management support to these numerous SMEs that have been established.

76. Complete discussions with employers with the aim of setting hourly rates for professionals, similar to other countries in the subregion. This initiative would help clarify billing rates based on the level and qualifications of those involved in the mission and ensure the profession's sustainability in the long term.

A. ACCOUNTING PROFESSION – PROFESSIONAL STANDARDS

77. Adopt international auditing standards at the regional level and ensure their application at the level of each national Institute in order to strengthen the accounting profession and allow it to effectively fulfill its obligations. A number of countries including Senegal have already developed auditing standards. The CPPC should analyze them for adoption at the regional level. The CPPC must be equipped with adequate technical and human resources in order to fully and effectively exercise its role, and develop mechanisms to ensure the ongoing adoption of international standards on auditing. The implementation of regional auditing standards, the design and introduction of a quality assurance system in the medium term and the strengthening of the technical capacity of the national Institutes with a view to supporting implementation at the national level of these standards by updating continuing professional education programs and developing application guides appear essential in the current economic integration context. ONECCA-BF could potentially use the French translation of the explanatory guide on implementing ISAs for audits for SMEs, which were developed by IFAC's Small and Medium Practices Committee (SMP Committee).

78. Encourage ONECCA-BF to move toward IFAC's Statements of Membership Obligations by developing and implementing a roadmap. Financing of this roadmap could be mobilized from the donors. In the medium term, plans should be made to seek IFAC membership.

79. Implement a professional quality control system aimed at ensuring the quality of accounting and auditing practices and compliance with ethical standards within the profession. ONECCA-BF should also adopt ISQC 1 (international standard quality control) and assist auditing firms with its implementation by developing training and providing user guides and other tools recommended by IFAC's SMO 1. This quality control mechanism should be implemented gradually. ONECCA-BF could use the quality control guide for SMEs developed by IFAC's SMP Committee.

80. Introduce another quality assurance system (or quality control review) for professional accounting practices to be executed by an institution other than ONECCA-BF. In addition to quality control of the work of the aforementioned Institute's members, it is necessary to implement an independent quality assurance system, similar to regulatory bodies established in a number of countries such as England and the United States. In the case of Burkina Faso, the ROSC mission team is of the view that during a transitional period, the CPPC could serve as this independent body in order to avoid increasing the number of institutions. Following a period of transition, the system will be evaluated to ensure its sustainability within a completely new and independent organization. The team encourages the development of the quality assurance system in the medium term (four years), because this often entails a costly process, requiring particularly significant human and financial resources for a developing country such as Burkina Faso.

81. Develop the capacity of the Board of Sanctions to combat illicit accounting practices by strengthening the system of sanctions for practitioners who are not members of ONECCA-BF and enterprises that use their services, and ensure that ONECCA-BF members comply with professional and ethical rules. The suppression of the illegal practice of the profession is the key outcome of increased requirements for duly accredited professionals. Indeed, the illegal exercise of the profession takes away a significant portion of the potential income of accountants, thereby making expected efforts by the profession to strengthen quality more difficult. The Institute should also define

a communication strategy and promote the services provided and the conditions for practicing the profession in order to deter conflicts of interest and the illegal practice of the profession. It is also important for judicial authorities to comply with Article 81-4 of the Law of September 11, 1992, which requires that they include only professional members of the Institute on the list of judicial experts in the area of accounting and finance.

82. Initiate negotiations with the Burkina Faso Association of Insurance Professionals in order to design appropriate insurance policies for the auditing and accounting profession.

83. Strengthen public enterprise governance by instituting effective internal auditing procedures and establishing internal auditing committees,²¹ and by applying the new public finance directives adopted at the community level. This will help strengthen governance measures already adopted by the Government in the semipublic and public sector.

B. TRAINING

84. Prepare a mandatory continuing professional education and update plan for all members of the profession. In view of the importance of updating the knowledge of all professionals and the need to implement the SMO 2, it would be advisable to set a minimum number of annual training hours in accordance with the international training standards of IFAC's IAESB (120 hours of training over a period of three years), and propose seminars organized by the Institute or any other competent training institution, which are regularly updated to take into account new international accounting, auditing, or ethical standards. Moreover, ONECCA-BF should encourage the CREFECF to ensure that the training structure for the DECOFI program incorporates international training standards.

85. Revise the curricula of management and accounting schools so as to contribute to increasing the number of certified accountants, diversifying management skills, and improving the quality of training in the medium term in order to allow for equivalencies with the French and WAEMU accounting curricula. To that end, procedures for monitoring the education provided at private management schools and for the recognition of diplomas awarded by these schools should be put in place. Government authorities must strengthen the quality of education of technical accountants in schools (secondary and tertiary) by focusing on competence in the area of teacher recruitment and by developing a public/private consultation framework to define training that is in line with the needs of the national economy in general, and the private sector in particular. Joint training modules for the ENAREF and the DESCOGEF curriculum in accounting and auditing could be developed. Accounting curricula and the related examinations must comply with IES standards issued by IFAC's IAESB. Furthermore, the Burkinabè State should ensure that the content of accounting curricula complies with international standards (particularly the European LMD system) and that equivalency applications are produced. This requirement would help strengthen the credibility of the degrees awarded in Burkina Faso.

86. Take steps to establish at least one training school in Burkina Faso with a view to providing WAEMU accounting training on site. This would help significantly reduce accounting training costs and make this course of study more appealing to the Burkinabè people. In this regard, the profession should examine the organizational structure of accounting and management institutions of higher learning and help them establish the conditions needed for accreditation.

87. Develop distance education modules for the DESCOGEF curriculum in order to make the program more flexible, less costly, and more attractive.

²¹ The recommendations are outlined in detail in the report on the governance of public enterprises.

C. ACCESSIBILITY OF FINANCIAL INFORMATION FROM ENTERPRISES

88. Support the actual commencement of the Pre-Listing Compartment (PLC) so as to prepare enterprises to enter the stock exchange. The quality of financial reporting will improve with a critical mass of enterprises in the PLC and in view of the eligibility criteria.

89. Require that a member of the accounting profession provide a statement attesting to the financial statements for their deposit with the tax authorities. In order to improve the quality of accounting and financial information in the private sector, it is important that annual financial statements be reviewed and validated by a registered member of the accounting profession prior to their deposit at the tax directorate. This attestation was recently instituted by the Directive establishing a GUEDEF in each member State. The approval should be provided either by an ONECCA member of the country in question, by a salaried accountant of the enterprise acting on behalf of his or her employer only, or by any individual or corporation authorized by the member State to approve the financial statements of enterprises and organizations.

90. Make it mandatory for all commercial companies (corporations, limited liability companies) to deposit financial statements with the office of the clerk of the Superior Court acting as the commercial court. Under current legislation, only corporations are required to deposit, with the clerk of the court for inclusion in the Commercial and Real Property Register in the month of their approval by the shareholders' General Assembly, the summary financial statements, namely the balance sheet, the income statement, the statement of changes in equity and the annexed statement of the previous financial year. (Article 269 of OHADA's Uniform Act Relating to Commercial Companies and Economic Interest Groups.)

91. Strengthen the technical and organizational capacities of the commercial courts. Strengthening the Ouagadougou Superior Court, for example, will help: (1) improve management of individuals and corporations registered with the clerk of the court through the monitoring and computerization of the Commercial and Real Property Register; and (2) facilitate the receipt, consultation, and archiving of financial statements that will be deposited by enterprises.

92. Strengthen the public sector's oversight bodies by adopting a risk-based approach. The intervention capacity of structured public oversight bodies responsible for overseeing State entities, and the Audit Court, the State Supreme Audit Authority [*Autorité Supérieure de Contrôle d'Etat*], and the Inspectorate General of Finances in particular must also be strengthened in order to conduct their missions using a risk-based audit approach. The conclusion of contracts between public oversight bodies and private sector auditors could be considered in the short term.

93. Formalize the establishment of a steering committee to develop a detailed action plan of reforms stemming from the recommendations of the ROSC mission, and coordinate actions and monitor their implementation. This committee will be composed of seven members and chaired by a senior official in the Ministry of Finance. It will seek to (1) develop a detailed action plan that clearly outlines the sequence of key actions to be implemented, the parties responsible for the planned actions, the implementation schedule, and the required resources; and (2) coordinate the planned reforms and monitor the application of the actions.