Rationale for Public Sector Accounting Reform – Key takeaways from Survey

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Iwona Warzecha, Sr. Financial Management Specialist, The World Bank
Survey on current PSA environment

• To take stock of the current status and to inform PULSAR on the most needed areas and to help focus on priorities for two CoPs

Financial Reporting Framework – FinCOP
Education - EduCop

• More comprehensive survey will be developed in 2018, and results will be presented during Ministerial Conference in November 2018
Legal framework - Public sector accounting and reporting requirements mostly embedded in Law on Accounting or Law on Budget and Fiscal Responsibility often supported with several secondary regulations/rulebooks/instructions.

Challenges – fragmentation, inconsistency, complexity, risk of potential reversal of the reform if conceptual framework and requirements to prepare faithful financial statements are not included in the high rank law
• Reform Plans envisaged – at central government level – 71%, subnational level - 42%, non commercial organizations 12%, other organizations 29%

• 67% of reform plans are based on IPSAS – cash 17% or accrual 50%

• 62-70% - have PSA strategy, roadmap, action plan which are often linked with PFM reform

• Main leader of the reform is MOF – 92%, Treasury - 33%, MOF Steering Committee - 30%, government - 21%

• Other key stakeholders of the reform include legislative - 54%, and Supreme Audit Office – 70% and Government 67%

• Also noted that Legislative 37% and SAI 25% are sometimes excluded from the reform
General knowledge level of public sector accountants – assessment by respondents

<table>
<thead>
<tr>
<th>Knowledge Level</th>
<th>None</th>
<th>Partial</th>
<th>Complete</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrual concept</td>
<td>17%</td>
<td>54%</td>
<td>29%</td>
</tr>
<tr>
<td>Full accrual IPSAS</td>
<td>63%</td>
<td>38%</td>
<td>0%</td>
</tr>
<tr>
<td>GFS/ESA</td>
<td>54%</td>
<td>46%</td>
<td>0%</td>
</tr>
</tbody>
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Knowledge Level

- **ACCRUAL CONCEPT**
  - None: 29.17%
  - Partial: 54.17%
  - Complete: 16.66%

- **FULL ACCRUAL IPSAS**
  - None: 37.50%
  - Partial: 62.50%
  - Complete: 0%

- **GFS/ESA**
  - None: 45.83%
  - Partial: 54.17%
  - Complete: 0%
54% - unified chart of accounts for statistical/budget and financial reporting

Budgetary reporting is based mainly on cash basis. Few are using elements of accrual for receivables and liabilities or GFS.
Survey – IT Solutions

- IT solutions for consolidation – 25%, manual consolidation – 58%
- Standardized IT system for all budget entities – 17%
- Vs heterogenous IT systems – 67%
Survey – Leveraging the Private Sector to Implement Reform

• 40% of respondents leverage the private sector for training or advisory services to the Ministry of Finance

• 36% of respondents reported no existing cooperation with the private sector

• 70% of training for public sector finance professionals is completed internally within Government

PSA Training providers

- Professional Accounting Body
- Public Administration
- Ministry of Finance
- Other

Advisory to the executive e.g. Ministry of Finance
Advisory to the legislative e.g. Parliament
Training
Other (please specify)
Accrual information in decision making process

- Cash budget prevailing
- Financial reports available but are they used by decision makers?
- New information - assets, net worth, liabilities, risk?
- Government deficit/GDP - 2.4%
- Government debt/GDP - 54.4%
- Fiscal indicators are also not fully using accrual information
- New KPI needed