

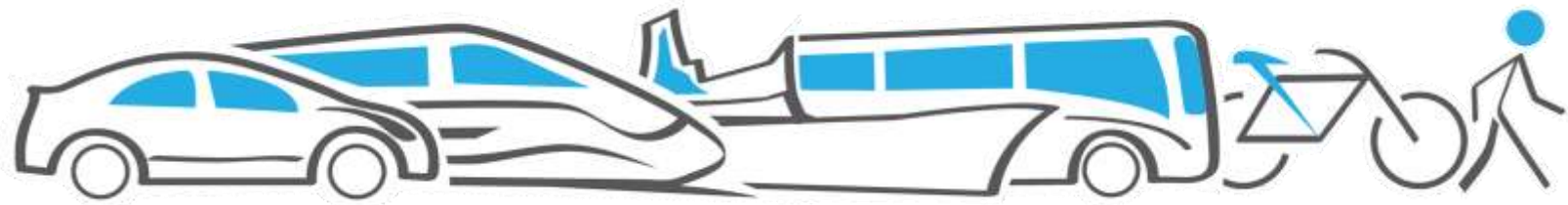


Public Sector Accounting and Reporting Program

GOVERNMENT FINANCIAL REPORTING IN TIMES OF COVID-19 PANDEMIC

Governance COVID-19 response

Presentation by Srinivas Gurazada, Dmitri Gourfinkel and Frans van Schaik



Pulsar webinar, June 23, 2020

COVID19: Big picture for financial statements

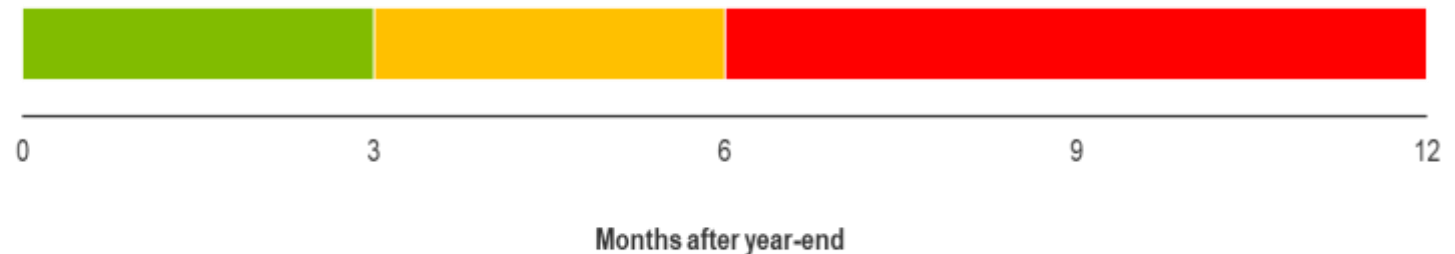


Comprehensive overview of impact of COVID-19

- Prepare financial statements (cash or accrual) to provide a comprehensive overview of the impact of COVID-19
- Should enable government decision making

Timeliness

- Issue financial statements in a timely manner: within six months, but three months is encouraged
- Issue interim financial statements to be useful for policy makers in deciding about a response to the pandemic



Systems, procedures and coordination

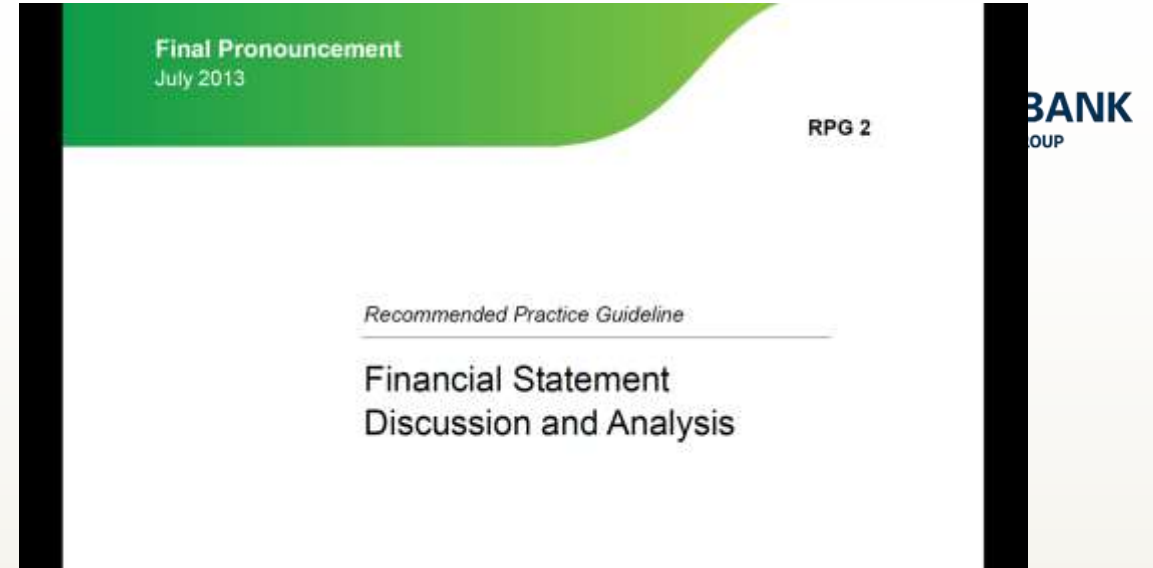


- Use **IFMIS and IT tools to the maximum extent** to ensure the reliability and timeliness of the financial information
- Continue moving forward with **implementation of accrual-accounting** systems, ideally aligned with IPSAS
- Promote **coordination with the Supreme Audit Institution (SAI)** to ensure that proper accountability mechanisms are in place



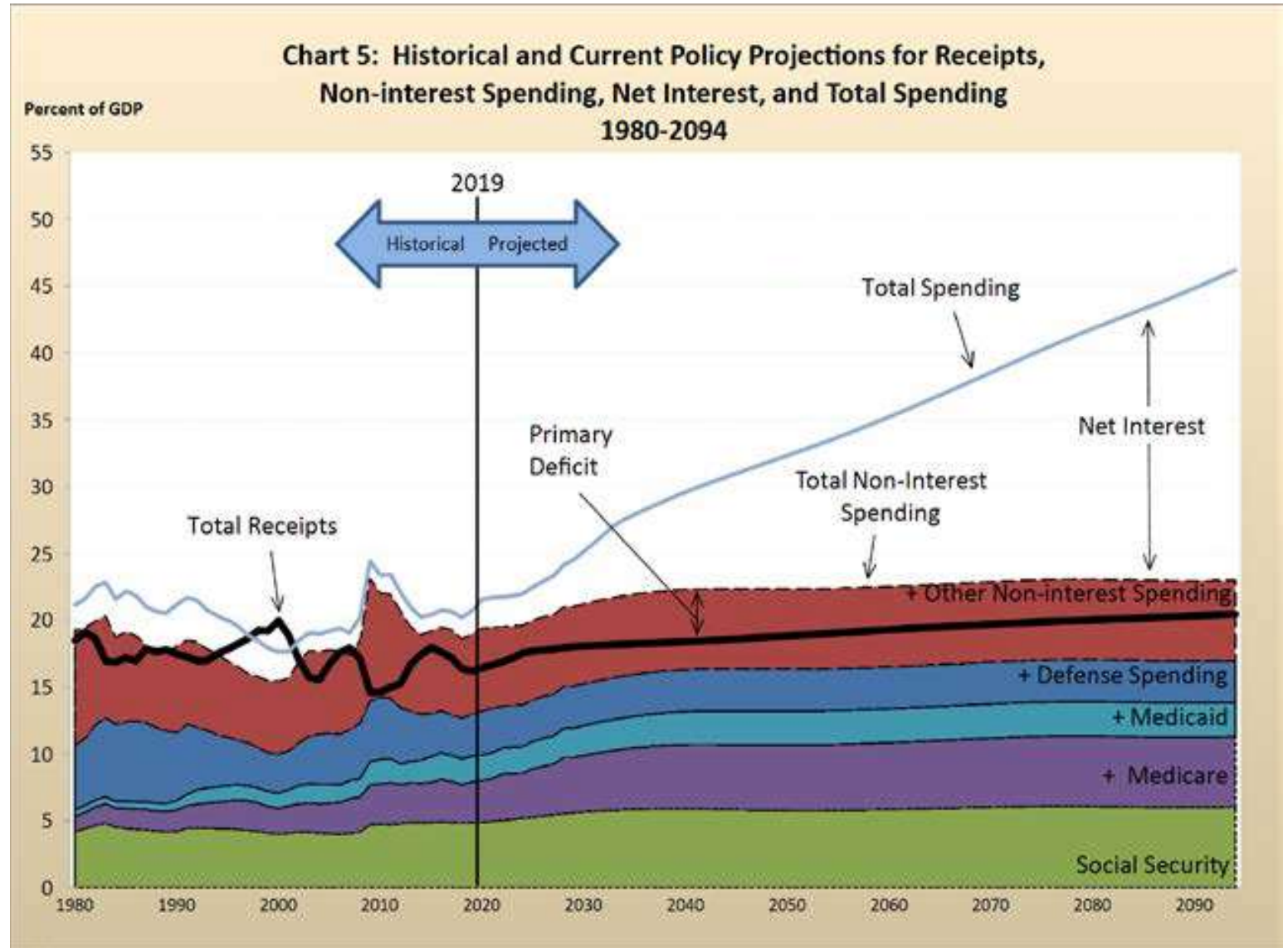
Financial statement discussion and analysis

- ➔ Issue financial statement discussion and analysis
- ➔ Explain the impact of the pandemic on the public finances



Long-term fiscal sustainability

- Report on the long-term fiscal sustainability of the entity, updated for the impact of the pandemic
- Source: Financial Report of the United States Government 2018-2019



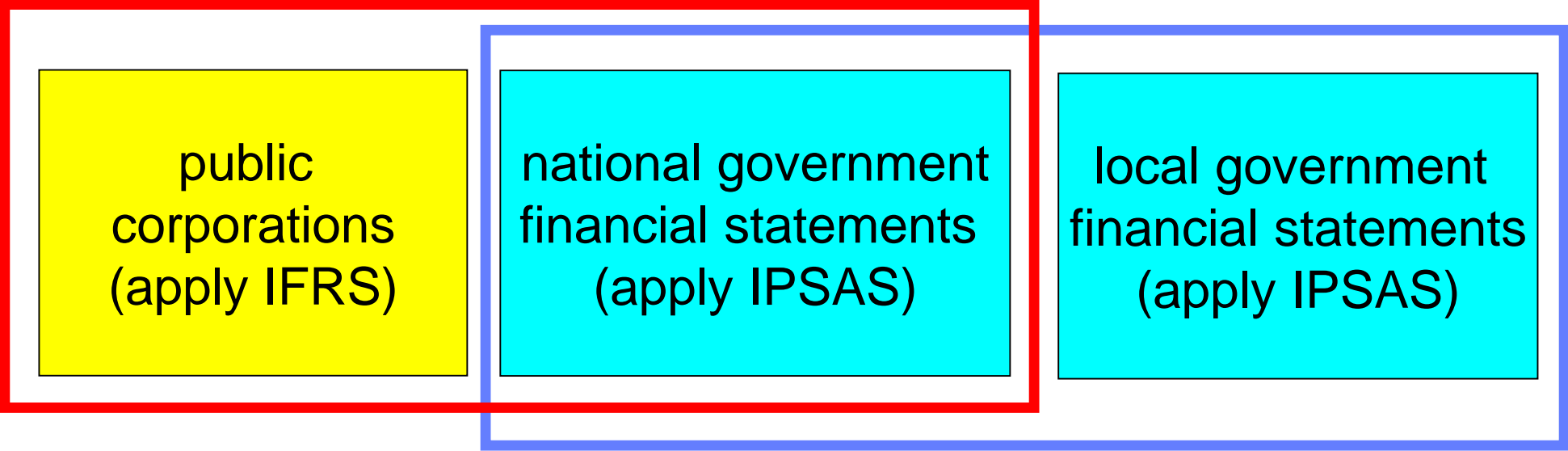
Consolidated financial statements



- Implement systems and procedures allowing consolidation at different levels of aggregation, including whole-of-government

IPSAS:
Controlled entities

Government Finance
Statistics (GFS):
General Government
Sector



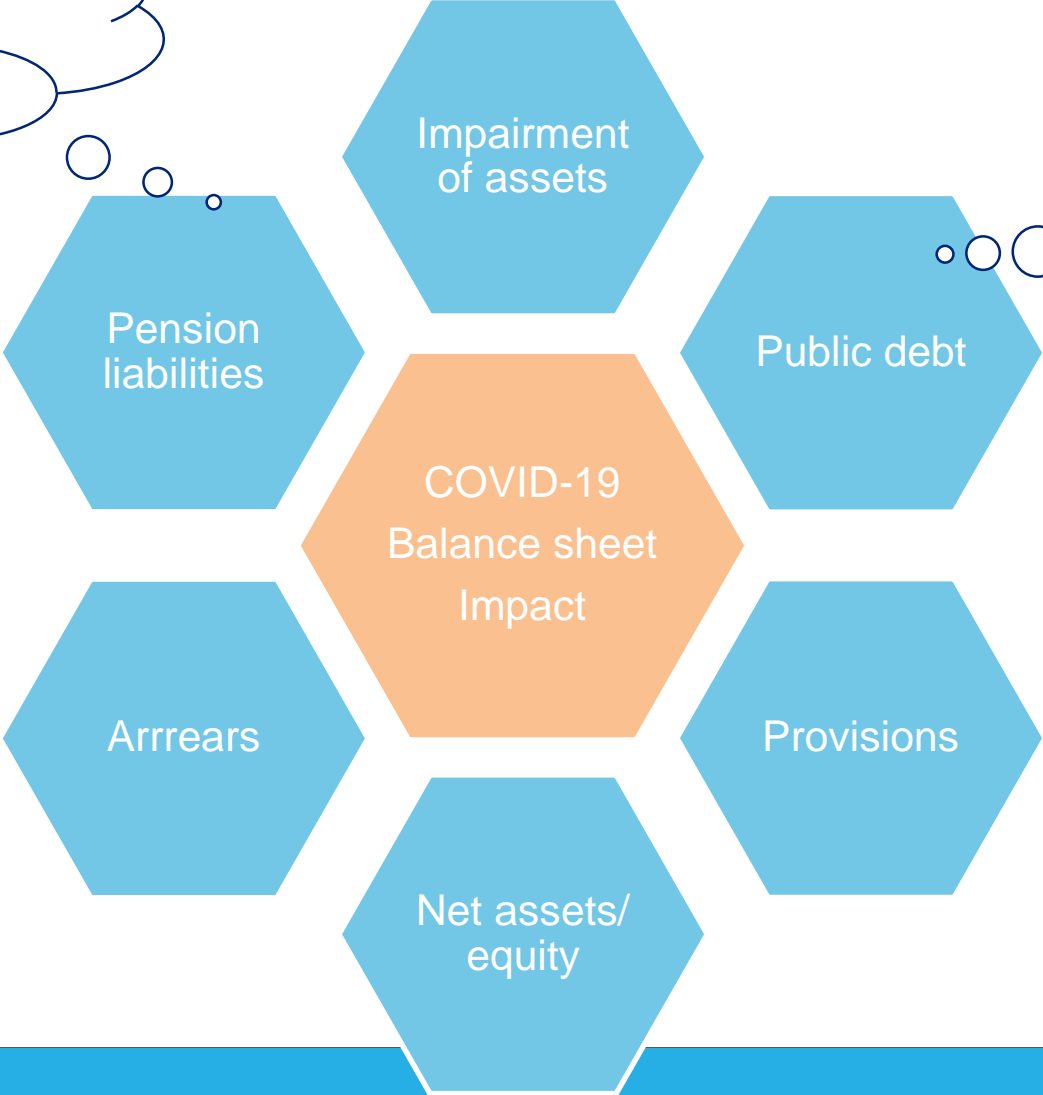
Business continuity and going concern

- Conduct assessment of business continuity
- This should ensure that the government is ready to face potential new emergency situation without affecting its service capability, allowing staff to work remotely when needed
- Assess whether it is appropriate for the financial statements to be prepared on the going concern assumption (will the entity be able to continue to operate in the foreseeable future?)



COVID-19 impact on government financial statements

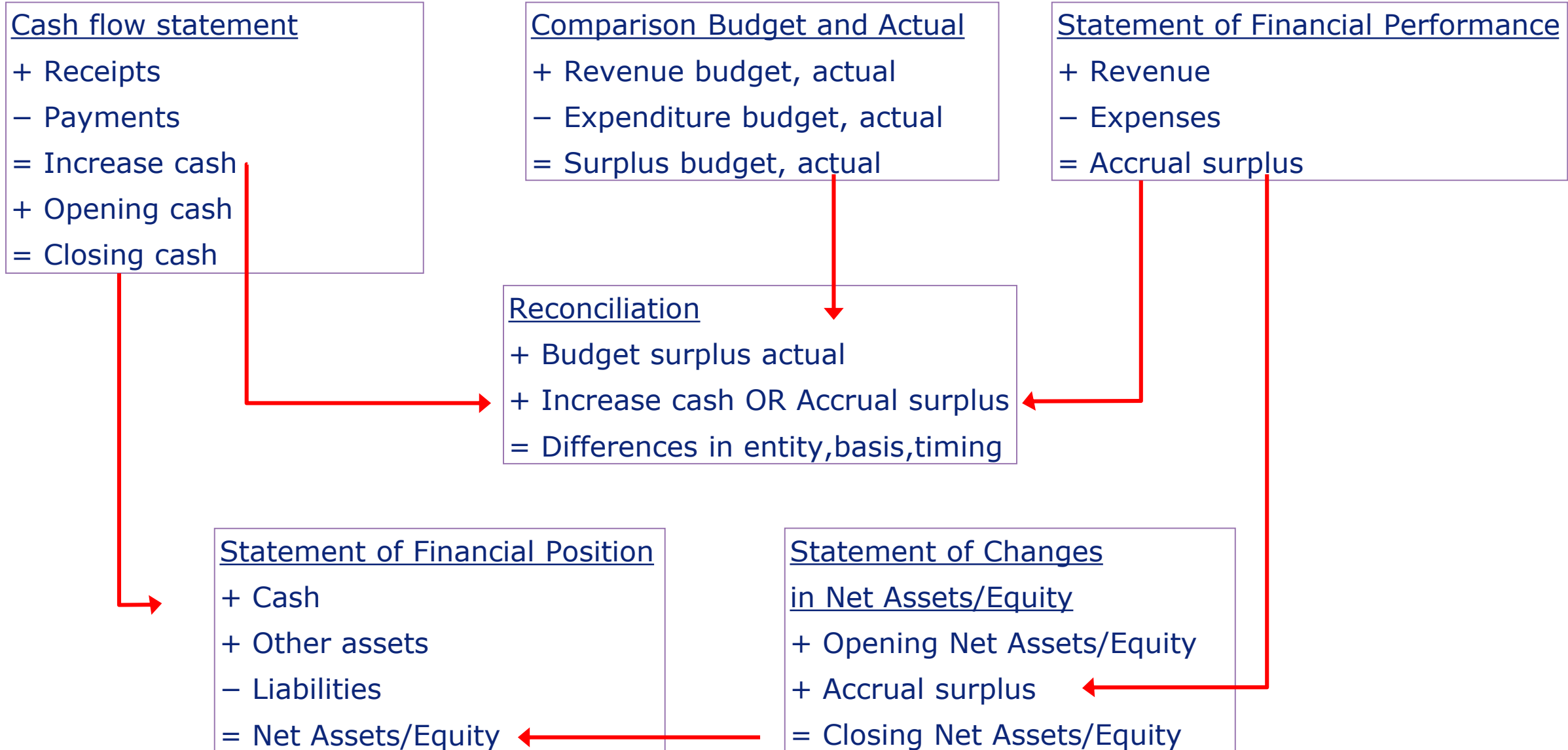
Pension liabilities keep on rising because of low interest rates and widespread lack of funding



Public debt in many countries is still reeling from financial crisis



COVID-19 impact on government financial statements



COVID-19 impact on government financial statements



- When preparing government financial statements, consider:
 - Events after the reporting date
 - Arrears
 - Extraordinary items
 - Guarantees
 - Public debt
 - Undrawn borrowings
 - Consolidated financial statements
 - Rainy-day funds
 - Quasi-fiscal activities

