

Findings of the Stock-taking Exercise on PSA Environment in PULSAR Countries

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Public Sector Accounting and Reporting Program

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Objectives and Timelines

Objectives and Intended Outcome



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- On the project: **comparative study on PSA environment** in PULSAR countries based on a stocktaking exercise
- **Deliverable** under Subtask 1 which focusses on raising awareness and the rationale to reform
- **Intention and objective** of the project
 - inform the initial rollout of the PULSAR project and individual country reforms
 - identify reform potential
 - describe good practices which will stimulate peer to peer learning
 - aid in creating awareness among the preparers, policy makers and other stakeholders
- The comparative study should create a genuine **baseline scenario** against which progress can be evaluated
- The study will be delivered in **cooperation** with our longstanding partners from the **ZHAW**

On the Stocktaking Exercise



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- Detailed questionnaire **comprising 130 questions** sent out to government officials of the 13 PULSAR countries in June, 2018
- **Key areas** covered:
 - Legal frameworks, Accounting Basis & Reporting Standards
 - Relation with PAOs
 - Budgeting, GFS, IFMIS
 - Internal & External Audit
 - PSA Education & Capacity Building
 - PFM Reforms
- **Response rate of 98%** was generated – THANK YOU!
- Survey facilitated data collection which will then serve as **input for the study**

Timelines and Milestones



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NOVEMBER, 2018

- Preliminary results of the stocktaking exercise presented at the SOW

APRIL, 2019

- First draft of the comparative study will be discussed at the April COPs
 - chance to review and comment on findings
- Quality Enhancement Review
 - external experts help generate a high quality product that adds value for our clients

MAY, 2019

- Comparative study will be finalized, printed & distributed





Preliminary Results

Why Public Financial Management matters



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- Good PFM systems support effective and efficient public service delivery (Manila Consensus, 2011)
- Recent research shows that financial markets do consider government's assets and liabilities (including non-bond liabilities), and not only debt and deficit
- IMF (2018) demonstrates that fiscal policy is enriched by balance sheet approach

Integrated Public Financial Management Process



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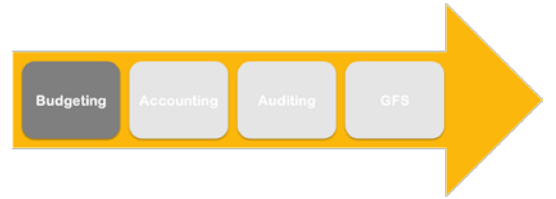
Scope the analysis: PULSAR beneficiary countries



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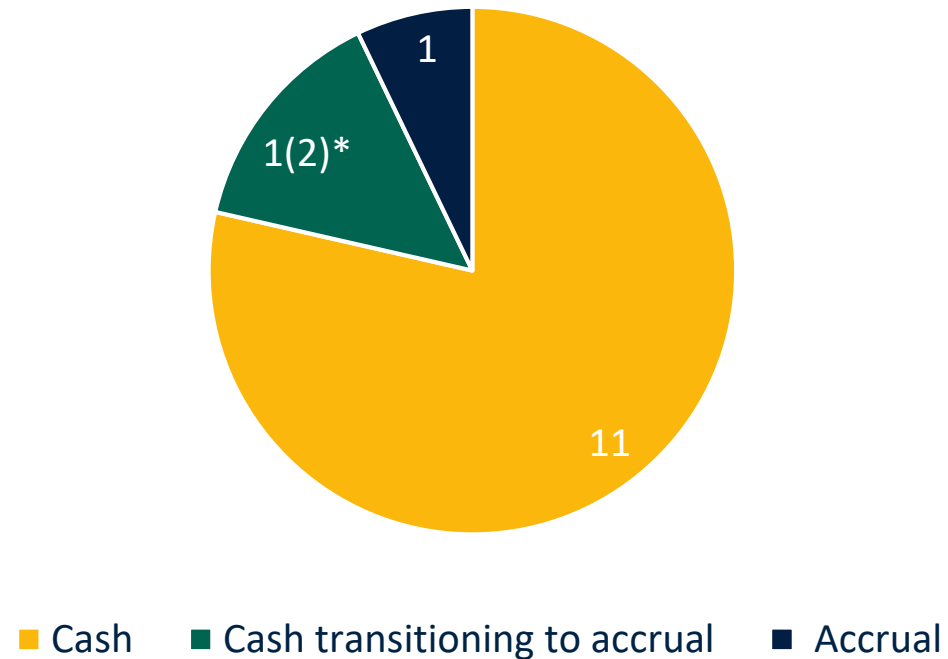


Recognition Basis for the Budget



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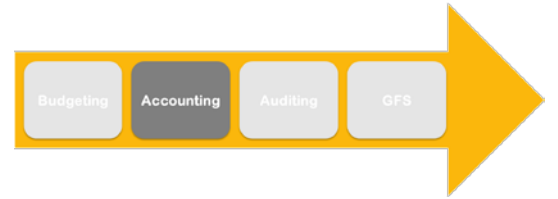
Recognition Basis for the Budget



- Cash is still the predominant recognition basis for the budget

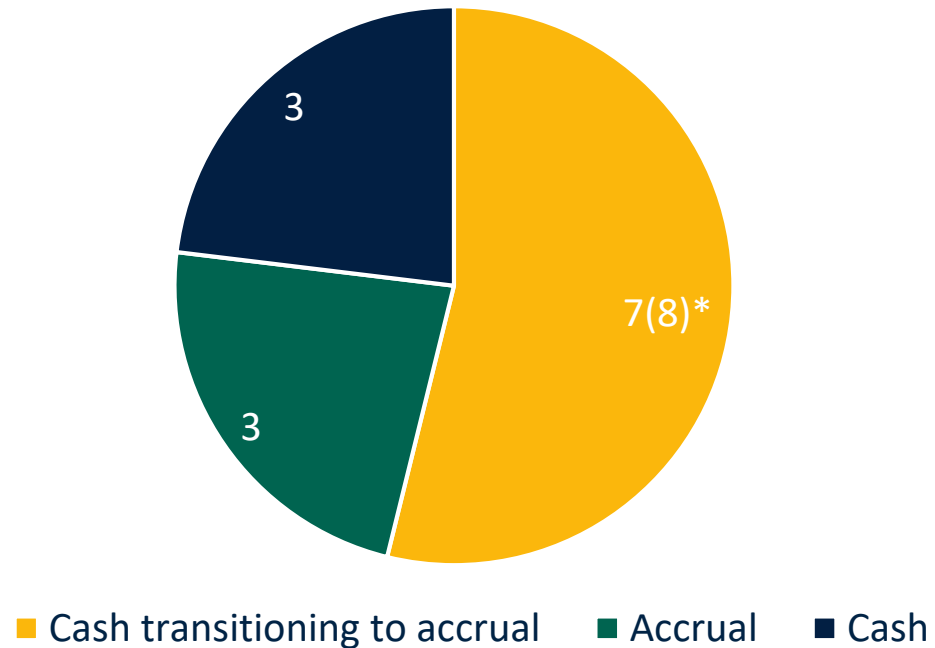
* The information obtained from Bosnia & Herzegovina yielded different results from different entities

Accounting Basis



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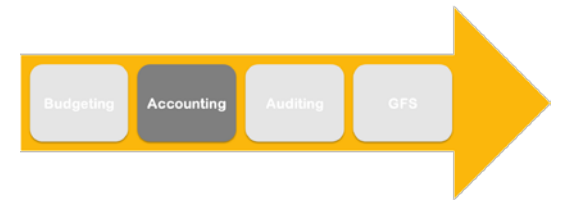
Accounting Basis



- The majority of countries is either already following the accrual basis or is on the path towards accrual accounting

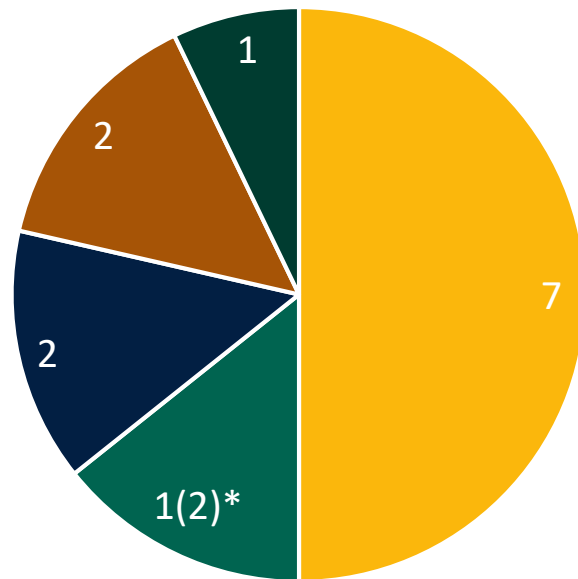
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Financial Reporting Standards



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Financial Reporting Standard



- Other national financial reporting standard
- National standards based on IFRSs
- IPSASs adopted indirectly via national standards
- National standards using IPSAS as a reference point
- International Public Sector Accounting Standards (IPSASs) adopted directly

- Strong emphasis on national reporting standards...
- Accrual based standards such as IPSAS or IFRS serve as a reference point for many countries

* The information obtained from Bosnia & Herzegovina yielded different results from different entities

Possible Advantages of IPSAS application

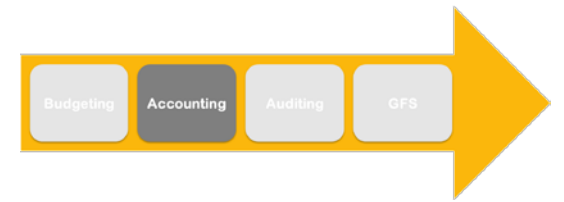


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Possible reasons in favor of an application of IPSASs (directly or indirectly)

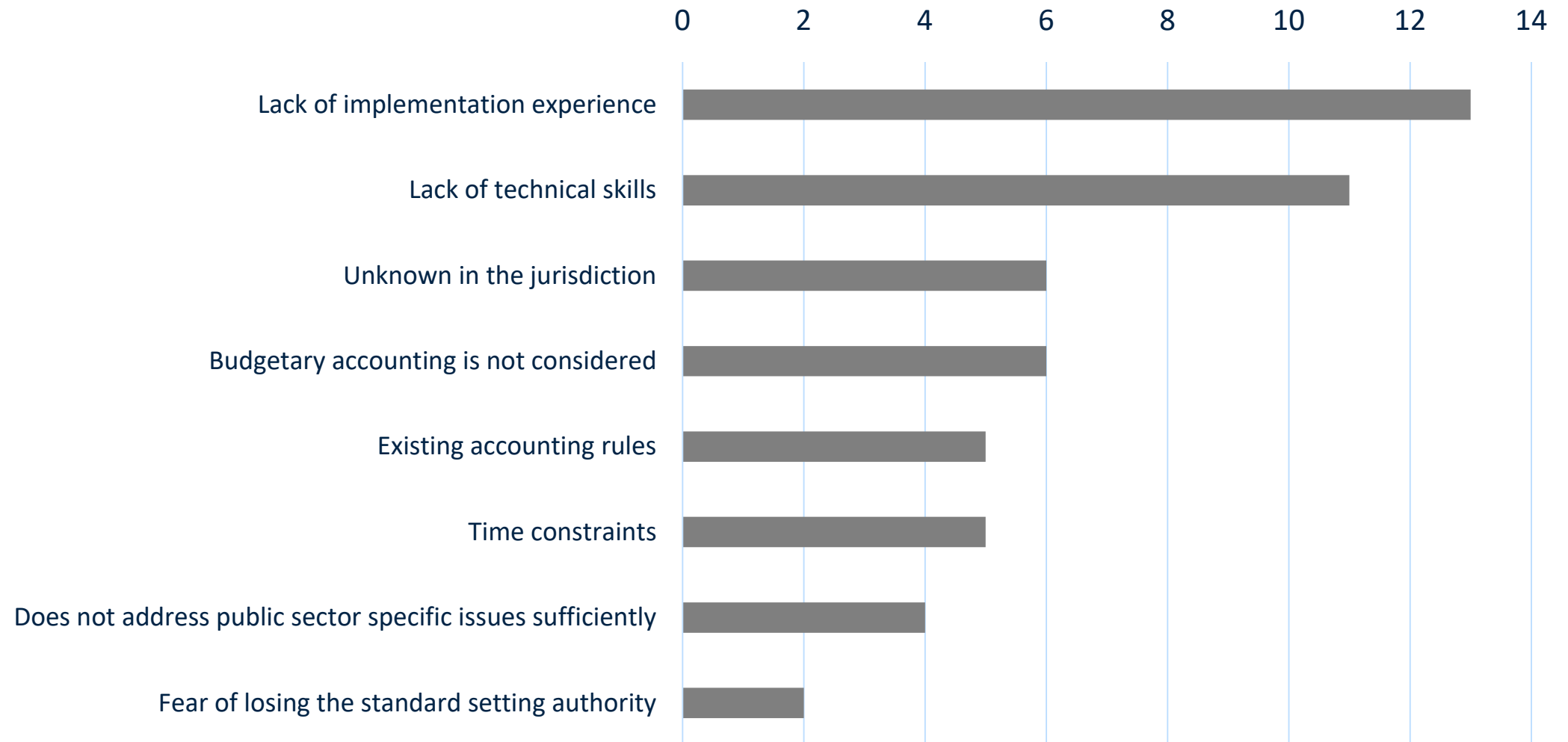


Possible Disadvantages of IPSAS application



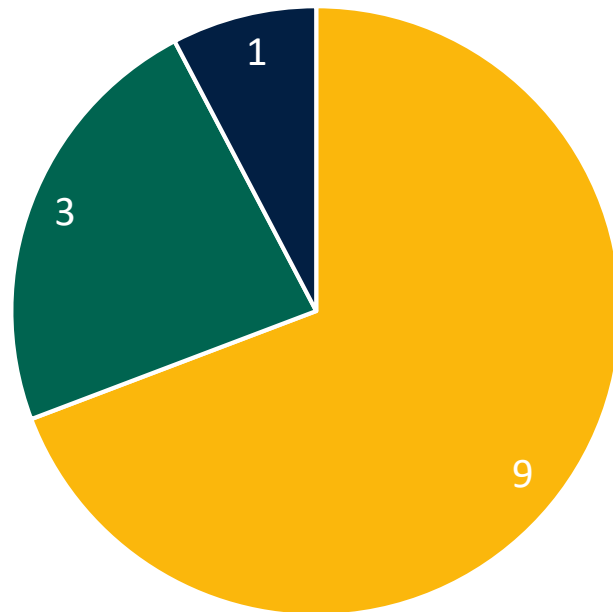
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Possible reasons against an application of IPSASs (directly or indirectly)





Does the Supreme Audit Institution (SAI) provide an opinion on the financial statements?

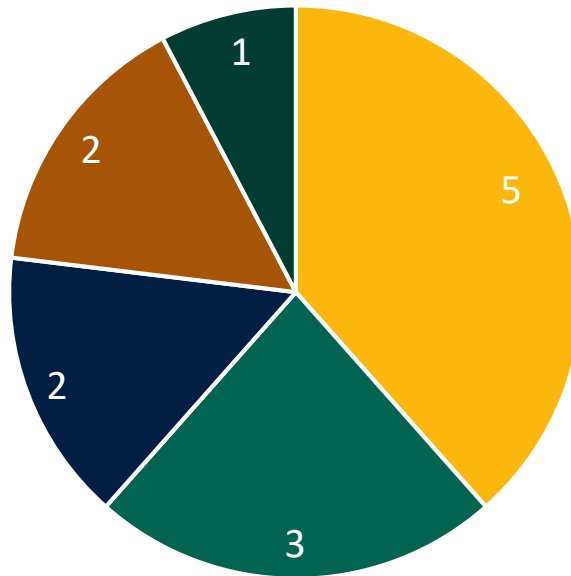


- Yes, according to ISSAI Standards
- Yes, according to national standards
- No, there is no opinion provided

- Only 5 out of the 9 countries applying ISSAI Standards require a professional license for the position/profession of an external auditor...
- But 7 of out those 9 countries have professional education requirements for the position/profession of an external auditor



Which international guidelines are applied in preparing the Government Finance Statistics?

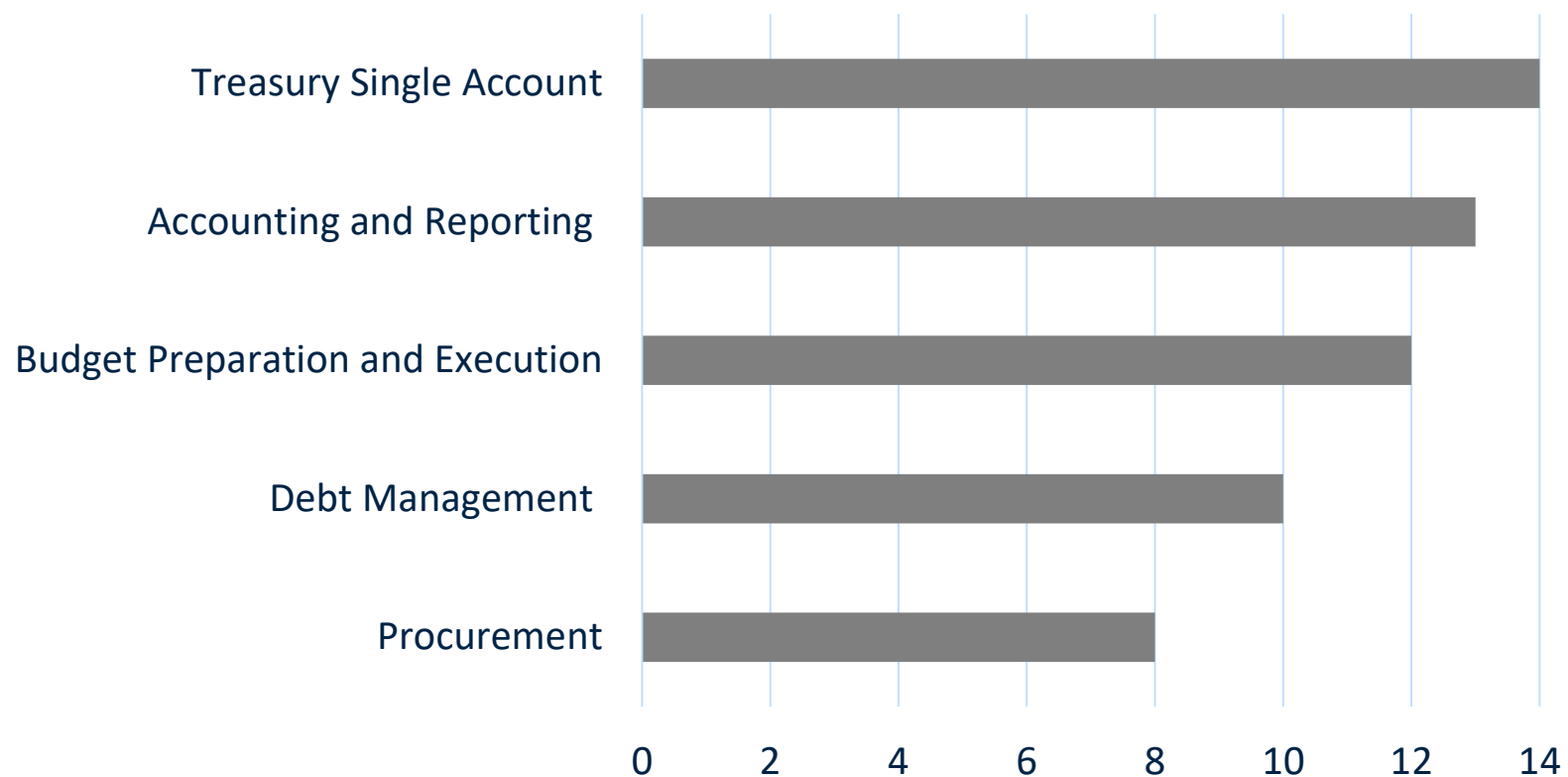


- GFSM 2014 (or in adoption)
- GFSM 2001
- ESA 2010
- Other
- SNA 2008

- All countries which apply GFSM 2014 or ESA 2010 do have an accrual accounting basis, or are transitioning towards accrual accounting



Information System Elements in place*



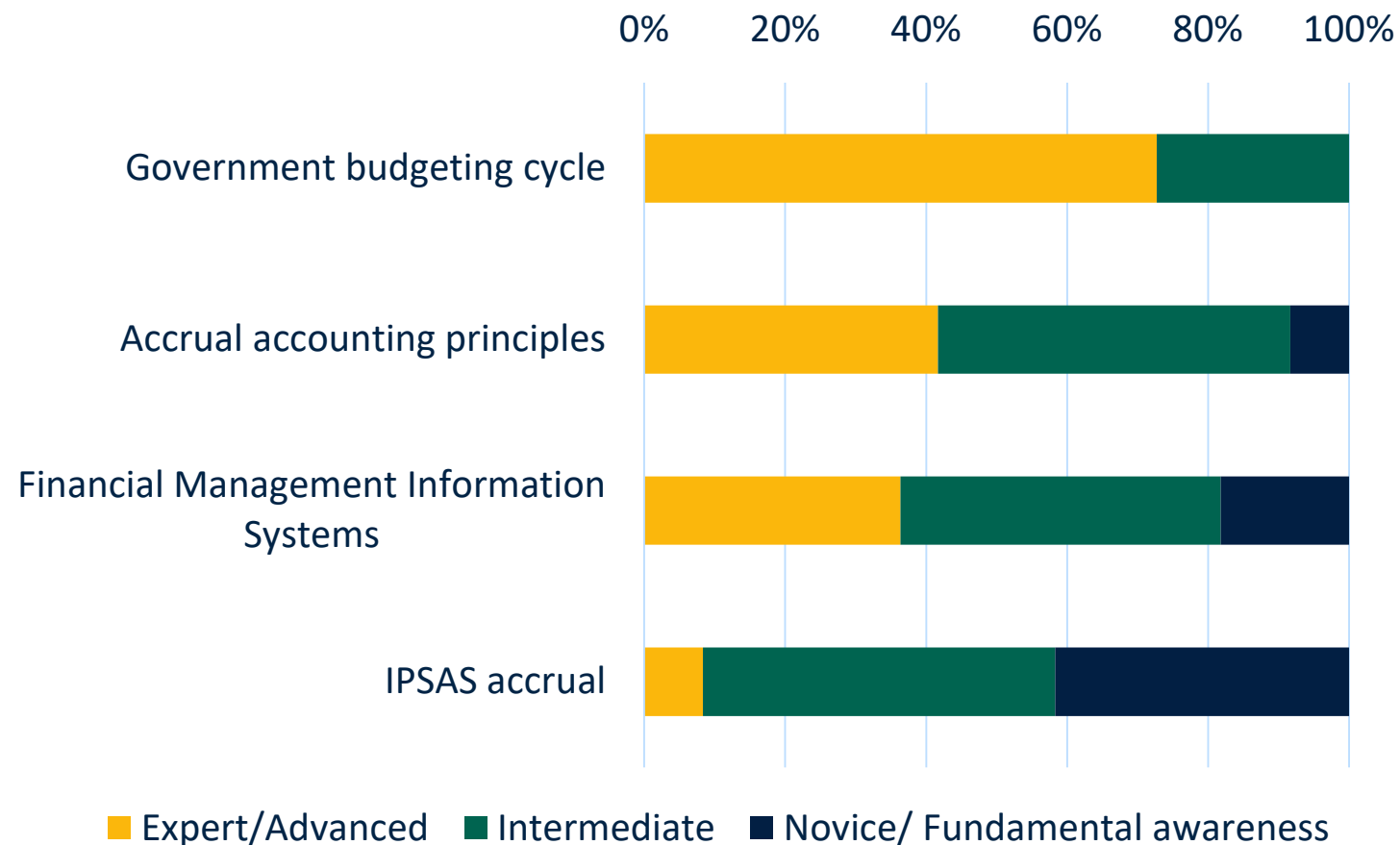
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- Solid knowledge base regarding the budget cycle and accrual accounting principles
- Opportunity to increase capacity building in the areas of financial management information systems and IPSAS based accrual accounting

Please rate the level of knowledge of government personnel in the following areas

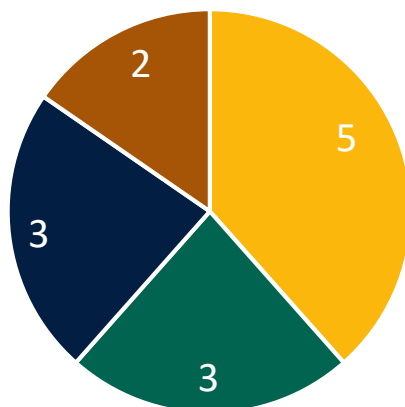


Public Sector Accounting Education & Capacity Building



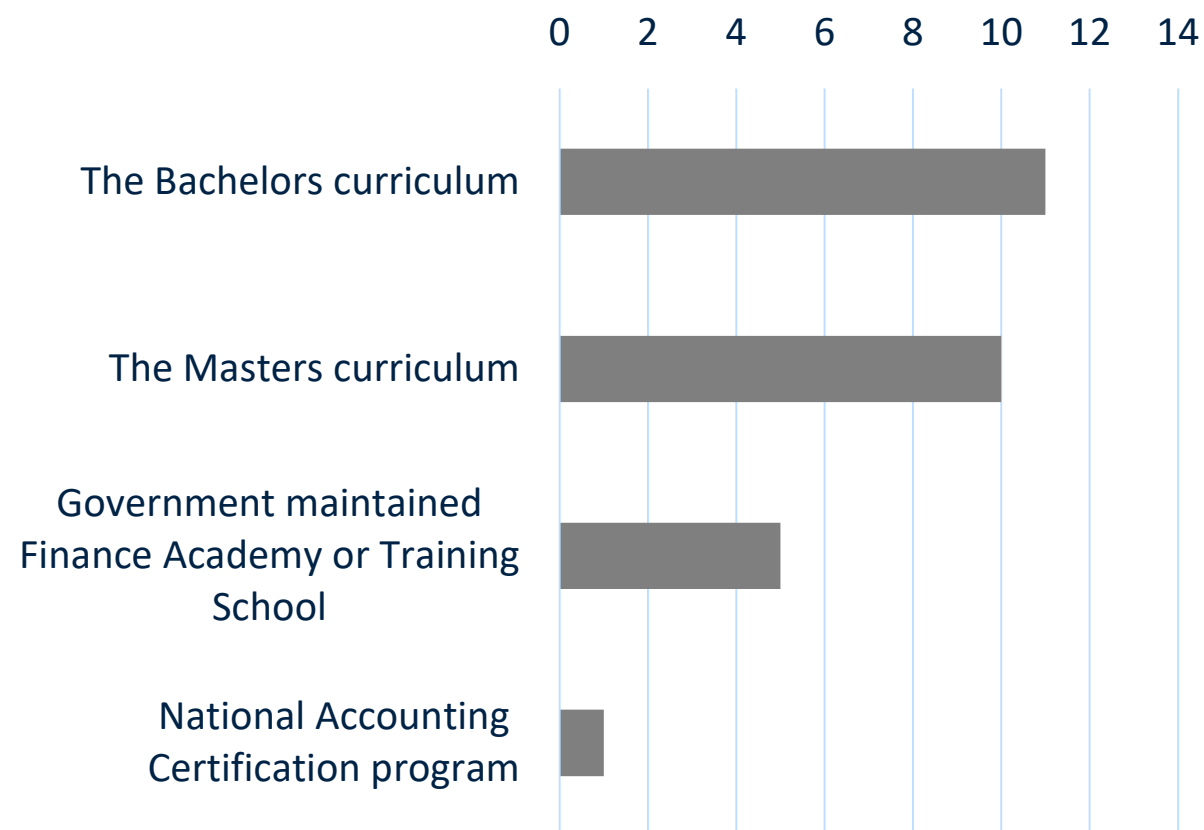
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Does your jurisdiction offer a national or international certification in Public Sector Accounting?



- There is no possibility to obtain a national or international PSA certification
- No information on certifications available
- Yes, we offer a national certification in PSA
- Yes, we offer an international certification in PSA

Public Sector Accounting courses are included in:

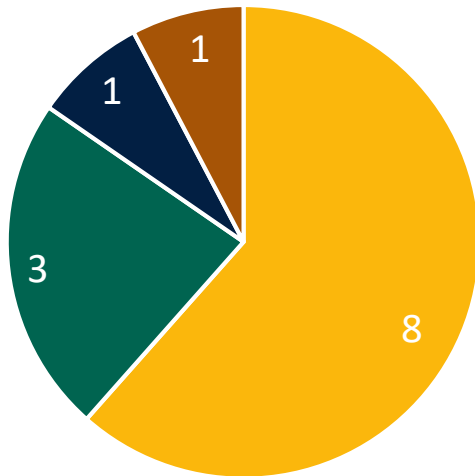


Potential for PFM Reforms - Accounting Basis & Reporting Standard



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Change of Accounting Basis and Reporting Standard



- Yes, both the accounting basis and the reporting standards will change
- Neither will change
- Yes, but only the accounting basis
- Yes, but only the reporting standard

- Shift towards accrual accounting basis and international accrual based financial reporting standards

Potential for PFM Reforms - Main Reform Sponsors



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Readiness for PFM Reforms - Main Providers of Reform Assistance to the Government



Preliminary findings – identification of reform potential



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Solid level of expertise based on the evaluation of results so far

- Resources and knowledge to build upon

Distinct reform potential depending on country and topic

- requires country-specific reforms

Variety of existing expertise in different fields and countries

- calls for peer learning in the region

Conclusion

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- Importance of...
 - an integrated and holistic approach to public financial management
 - balance sheets in particular (assets & liabilities)
 - in-country political support and sponsorship
 - education and continuous professional development throughout all fields of expertise



THANK YOU!



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