



### What's New

#### **The Public Sector Accounting and Reporting Program: PULSAR Website**

The new website for the PULSAR program has been launched and can be visited at [www.pulsarprogram.org](http://www.pulsarprogram.org). It contains general information on PULSAR and its implementation status as well as a comprehensive online repository for the knowledge products and learning materials generated under the program, and a wide-ranging collection of useful links. On the webpage, you can also find presentations and videos of all face-to-face and virtual events organized under the program.

#### **PULSAR Infographics to Support Awareness Raising Activities**

Government activity accounts for a major part of gross domestic product (GDP). It is therefore important that public funds and assets are effectively managed and that governments are accountable for this management to their citizens, their representatives, investors, and other stakeholders. High-quality financial information results in better decision making to support the generation and allocation of resources. It builds accountability of governments, increases fiscal transparency, and enhances the quality of public service delivery. These are fundamental outcomes for the public sector and as such, better performance of governments leads to shared prosperity and contributes to development.

The PULSAR team developed two infographics which are made available to you to support awareness raising activities of PULSAR member countries. One explains how the promotion of public sector accrual accounting based on international standards and good practice correlates with the twin development goals of the World Bank Group and contributes to development. The other visual tool focuses on the benefits arising from implementing accruals-based public sector accounting. A brochure on benefits of accruals-based public sector accounting including these infographics is being developed in all PULSAR languages and made available to members. The pictures can also be [downloaded separately](#) and used in presentations.

#### **A Strong Case for Public Sector Accrual Accounting (PSAA): IMF Fiscal Monitor, October 2018**

The October 2018 edition of the [IMF Fiscal Monitor](#) makes a strong case for public sector accrual accounting (PSAA) and improving public sector accounting standards, and thus supports PULSAR's mission to promote PSAA based on international standards and good practice. The report presents a new database featuring comprehensive estimates of public sector assets and liabilities for a broad sample of 31 countries, covering 61 percent of the global economy, and provides tools to analyze and manage public wealth. Better balance sheet analysis and management enables countries to increase revenues, reduce risks, and improve fiscal policymaking. It helps governments identify how public wealth can be better used to meet society's economic and social goals while building transparency and accountability.

The report explains how public sector balance sheets provide the most comprehensive picture of public wealth. They bring together all the accumulated assets and liabilities that the government controls, including public corporations, natural resources, and pension liabilities. They thus comprise everything that the state owns and owes, offering a broader fiscal picture beyond debt and deficits. The tools introduced in the report allow governments to identify risks within the balance sheet, and act to manage or mitigate those risks early, rather than dealing with the consequences after problems occur.

Moreover, PSAA is not only about the liability side of things to better manage fiscal risk, but also supports better management of assets which can lead to gains from returns on asset. Once governments understand the size and nature of public assets, they can start managing them more effectively, raising considerable additional revenue. The report presents practical experience from Australia, New Zealand, the United Kingdom, and Uruguay which can guide countries on how to increase the effectiveness and returns on assets, while reducing risk across both sides of the balance sheet.

### **Latest Developments in the Standard Setting: IPSAS 41 Released**

IPSASB has recently released IPSAS 41 on the topic of “Financial Instruments”. IPSAS 41 is based on IFRS 9 and replaces IPSAS 29 “Financial Instruments: Recognition and Measurement”. The development of IPSAS 41 maintains convergence with IFRS and prescribes the requirements for classifying, recognizing and measuring financial instruments. The standard:

- Provides a principles-based approach for classification and measurement
- Applies a single classification and measurement model for financial assets
- Prescribes a single forward-looking expected credit loss model which should provide users with more useful and timely information
- Provides for an improved hedge accounting model aligned with an organization’s risk management practices.

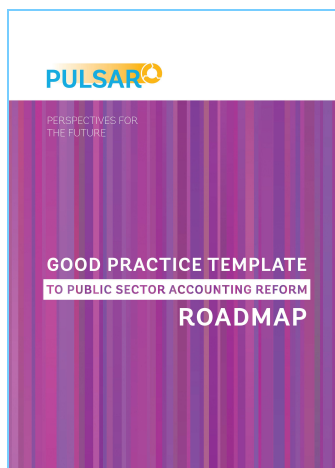
Further, IPSAS 41 includes specific guidance for public sector entities on (i) concessionary loans (ii) measurement guidance related to the valuation of unquoted equity instruments; and (iii) equity transactions with non-exchange components.

The effective date for IPSAS 41 implementation is January 1, 2022.

IPSASB has published a webinar, summary and the detailed standard/final pronouncement which can be accessed here: <https://www.ifac.org/publications-resources/ipsas-41-financial-instruments>

## **Editorial**

### **Roadmap to Public Sector Accounting Reform: Good Practice Template**



Many countries have found that developing a reform roadmap at the initial phase of public sector accounting reform is helpful in conceptualizing the approach and sequencing of actions. This is because implementing and sustaining public sector accounting reforms is a complex and challenging task. It involves consideration of various interlinked facets such as legislation, business processes, prevailing accounting principles, practices, capacity, and professionalization of the accounting function in government. One of the challenges for implementing countries is also to manage discrepancies between budget and financial reporting and decide on the extent to which government accounting will align with budget execution. More fundamentally it requires educating politicians, senior management, and other key stakeholders about the costs and benefits of undertaking far reaching reforms over several political cycle.

At the first Financial Reporting Frameworks Community of Practice (FinCoP) meeting participants identified the development of a good practice template on the design of a reform roadmap as a priority for the Community of Practice. The key areas which the roadmap should address were deliberated further by FinCoP members together with internationally recognized experts on public sector accounting. The resultant first knowledge product, Good Practice Template for Public Sector Accounting Reform Roadmap on sequencing of PSA reforms, has now been developed with the support from Zurich University of Applied Sciences (ZHAW), FinCoP members and World Bank staff.

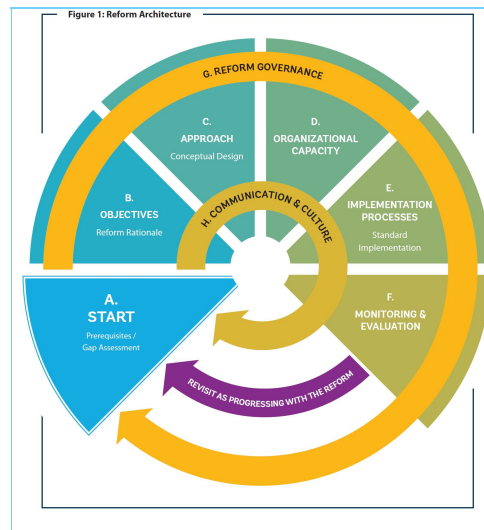
The roadmap template addresses the fundamental questions that need to be answered while undertaking public sector accounting reforms. It recognizes that reforms are complex and require a multi-layered approach, which can be summarized in eight broad elements including (i) Current Capacity, (ii) Objectives, (iii) Approach, (iv) Organizational Capacity, (v) Implementation Process, (vi) Monitoring & Evaluation, (vii) Reform Governance, and (viii) Communication and Culture. The roadmap process should be repeated as

reform progresses to take account of reform implementation and changing circumstances. The roadmap template builds upon approaches taken on the subject by the IMF, CIPFA and ZHAW. However, its fundamental value lies in the fact that it has been developed with the participation of PULSAR countries using their own unique experiences and benchmarking these where possible.

The document exemplifies knowledge sharing and collaboration and aims to inform and support governments in preparing and implementing reforms by highlighting key issues. This good practice template summarizes the main considerations to be made in the development of a national reform concept and implementation roadmap. It outlines an overarching framework covering existing practice and thoughts on reform of key cross-cutting elements of governance. The lessons of other countries, while useful, are no substitute for a careful, well thought through implementation strategy based on the elements outlined in this document. FinCoP recommends that roadmaps are developed at a high level with broad stakeholder involvement and agreement. Transparent and clear communication of the reform vision to help strengthen

reform understanding and increase acceptance of change should be maintained throughout the implementation period. International experience suggests that they must also remain flexible to change during the implementation as not all challenges can be predicted from the outset and it will be necessary to revisit and adjust or revise many roadmap details during implementation.

The roadmap is available on the PULSAR website and can be accessed [here](#).



## Voices on Public Sector Accounting

### Latest Developments on Public Sector Accounting (PSA) Reform in Ukraine

In 2017, Ukraine adopted the new PFM Strategy 2017-2020, with the primary objective is to put in place a modern and effective public financial management system capable of facilitating high-quality public services and better resources allocation. This endeavor encompasses PSA reform and implementation of the International Public Sector Accounting Standards (IPSAS) by the Ukrainian Ministry of Finance. Learn more about the World Bank Group's engagement in this project from Dmitri Gourfinkel (WBG) in the video.



**Dmitri Gourfinkel** is a Senior Financial Management Specialist at the World Bank's Governance Global Practice and has 14 years of professional experience in public financial management and fiduciary compliance in a number of countries. Before joining the Bank in 2007, Mr. Gourfinkel held several posts in both national and sub-national governments in Mexico, including Adviser to the Minister of Finance, Chief Adviser to the Deputy Treasurer of the Federation, and Chief Adviser to the Auditor General of Mexico City. He is a Certified Public Accountant by Mexican Institute of Charter Accountants and holds a master's

degree in Public Administration from the Maxwell School of Citizenship and Public Affairs at Syracuse University.

## PULSAR Housekeeping

### **Reminder: PULSAR events in November 2018**

Several important PULSAR events will take place in the last week of November 2018 in Vienna. On Monday, 26 November, the Senior Officials Workshop is held at the Intercontinental Hotel, followed by the main event on Tuesday, the Ministerial Conference, taking place at the Hofburg Imperial Palace. The FinCoP and Education Community of Practice (EduCoP) will hold their meetings in Vienna on Wednesday and Thursday, 28-29 November 2018.

[Please visit the PULSAR website for more information.](#)

### **Yet to come: Stocktaking of Public Sector Accounting Environment**

Recently, a stocktaking exercise on the public sector accounting (PSA) environment of the 13 PULSAR beneficiary countries was conducted by the PULSAR team together with its academic partner, the School of Management and Law of the Zurich University (ZHAW). An online survey comprising questions on legal frameworks, accounting basis and reporting standard, relations with professional accountancy organizations (PAOs), budgeting, Government Financial Statistics, Integrated Financial Management Information Systems, internal & external audit, PSA education and planned PFM Reforms was sent out to PULSAR members, generating a response rate of 98%. The preliminary results will be presented at the Senior Officials Workshop on 26 November. The data obtained will be further analyzed in a comparative study to be published by the end of May 2019.

### **Past Events: Virtual FinCoP and EduCoP meetings**

On June 27, the EduCoP Virtual Event introduced participants to the Accountability. Now. initiative of the International Federation of Accountants (IFAC), including the International Public Sector Financial Accountability Index. The workshop began with an overview of the initiative and went on to explore the good practice example of a project in Zimbabwe to strengthen the capacity of public sector accountancy professionals. Finally, the professionalization initiative of AFROSAI-E was presented to the group.

[Learn more about the event and download learning materials.](#)

A PULSAR FinCoP organized Smart Interactive Talk (SIT) – this virtual workshop was held on July 10, 2018 on the subject of “Accrual Budgeting: Advantages and Disadvantages”. This subject had been identified as a priority area by FinCoP participants with particular reference to if and when countries should introduce accrual budgeting in the public sector and its linkages with accrual accounting. This discussion is particularly relevant for public sector accrual accounting policy-makers and reform leaders to inform their decisions on the reform sequencing and planning.

[Learn more about the event and download learning materials.](#)

## New PULSAR Team Members



**Oxana Druta**, Financial Management Specialist, The World Bank, is a Chartered Public Finance Accountant with 17 years of experience both in the private and public sector. She is based in the World Bank Country Office in Moldova and covers project fiduciary activities, public finance management development, and corporate financial reporting development. She also covered provisionally the Bank's portfolio in Ukraine and Romania and offered cross-support in countries such as Armenia, Azerbaijan, Georgia, Kyrgyz Republic, and Uzbekistan. Prior to joining the Bank, Oxana worked as Financial Specialist in the banking sector and in various sectoral project units implementing World Bank projects. Oxana is a team member of the PULSAR subtask on Awareness Raising and Reform Rationale.



**Lamija Marijanovic**, Senior Financial Management Specialist, The World Bank, is a Fellow of the UK Association of Chartered Certified Accountants (ACCA) and has more than 15 years' experience in accounting and auditing in both the private and public sector. Since joining the World Bank in 2007, she has contributed to several public finance management projects in Croatia and Bosnia and Herzegovina. Her previous experience includes working as an auditor in a Big 4 audit firm. Lamija is a Team Member of the PULSAR subtask on Accounting Education.

## Let us know what you think

We hope you find this issue of the newsletter interesting and useful. Please let us ([pulsar@worldbank.org](mailto:pulsar@worldbank.org)) know if you have any comments or suggestions for topics that could be featured in future editions.

## PULSAR Sponsors



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,  
Education and Research EAER  
State Secretariat for Economic Affairs SECO

 **Federal Ministry  
Republic of Austria  
Finance**