



PERSPECTIVES FOR
THE FUTURE

SEMIANNUAL PROGRESS REPORT

March 1, 2019 - September 10, 2019

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**PULSAR REGIONAL PROGRAM
SEMIANNUAL PROGRESS REPORT**

**Reporting period from
March 1, 2019 to
September 10, 2019**

Date of the report: September 12, 2019

SUBTASK 1: RAISING AWARENESS OF REFORM RATIONALE

Key Project Data

Subtask title: Subtask 1: Raising Awareness of Reform Rationale (P165094; TFA5779: parallel window)

Duration of project: September 15, 2017 - June 30, 2022

Progress to date

Overall performance of Subtask 1 is on track.

Component 1a – Stocktaking of PSA environment: The preliminary results of the stocktaking exercise, which included self-assessment perception survey filled in by representatives of the PULSAR beneficiary countries were presented at the PULSAR Senior Officials Workshop in November 2018. The first draft of the comparative study was delivered by ZHAW and is in the process of refining to address review comments including clarity of the messages and links with PULSAR objectives, reliability of the self-assessment answers.

Component 1b – Awareness raising events: During the period no awareness raising events took place. Dissemination of the final report on comparative study will take place in 2020 using the opportunity of CoP events.

Component 1c – Knowledge creation and sharing: The PULSAR program website, that contains a comprehensive library for PSA related documents and info sites as well as an online forum for both EDUCOP and FINCOP participants, is available online under www.pulsarprogram.org. The website is continuously updated with information on upcoming and past PULSAR events including presentations and other learning materials, knowledge products translated into main languages of PULSAR. The most recent knowledge products were: “A Good Practice Outline of the Multipurpose Chart of Accounts”, “Accrual Based Accounting Core Competency Framework for Public Sector Finance Professionals”. The Library provides also links to other external publications related to PSA.

Next steps

The comparative study is planned to be finalized by end of January 2020 to allow for addressing comments, preparation of the graphic layout, external peer review process including for donors’

review and comments. The next newsletter will be issued in fall 2019. During the next period the preparatory work will start on the second phase deliverables including scientific products: empirical study on ascendancy of PS accrual accounting over budget execution reporting, and case study on drivers for accrual accounting reform.

SUBTASK 2: FINANCIAL REPORTING FRAMEWORKS

Key Project Data

Subtask title: Subtask 2: Financial Reporting Frameworks (P165095; TFA5788: parallel window)

Duration of project: September 11, 2017 - June 30, 2022

Progress to date

The performance of the subtask 2 is on track.

Overall significant progress has been achieved under the subtask in terms of activities/deliverables, and in terms of progress made towards the objectives of the subtask, particularly: (i) Financial Reporting Frameworks Community of Practice (FINCOP) has been established following nomination from MOFs and Treasuries of 13 PULSAR beneficiary countries, (ii) FINCOP identified priority topics and knowledge products and ranked these in order of importance; (iii) four face-to-face, including working group, meetings have been organized; (iv) the first thematic virtual workshop has been delivered – branded by FINCOP as Smart Interactive Talk (SIT); (v) the first three knowledge products have been developed through direct engagement of the FINCOP members, and the planned update of the REPF toolkit has been finalized. In addition, a core team of volunteers from FINCOP has been established. This core team is actively consulted on all the FINCOP activities, including coverage and scope of the agenda for the FINCOP events.

FINCOP's inaugural meeting was held at a workshop in Vienna on December 12-13, 2017. The workshop considered latest developments in International Public Sector Accounting Standards (IPSAS) as well as progress made towards the introduction of European Public Sector Accounting Standards (EPSAS). Further, participants discussed the PSA reform challenges their countries face, their key priorities as well as the factors that can lead to PSA reform failure. The second FINCOP workshop took place on April 23-25, 2018 in Vienna to: (i) explore similarities and differences between GFSM/ESA/SNA and IPSAS/EPSAS; (ii) understand good practices on sequencing of IPSAS implementation and roadmap development; and (iii) discuss requirements for consolidation of financial statements at the entity and whole of government levels; as well as key developments under the EU EPSAS project.

A Smart Interactive Talk ("SIT") on the topic of Accrual Budgeting was delivered on July 10, 2018. This topic had been identified by the FINCOP as one of the priority areas for a virtual

meeting. The SIT was run in four languages in parallel, connecting 14 video sites and numerous WebEx participants with many questions addressed interactively.

From 26 - 29 November 2018, several PULSAR events took place in Vienna, including the Senior Officials Workshop and the Ministerial Conference. As part of this event, FINCOP organized its third meeting on November 28, 2018. This was a one-day event organized jointly with STAREP and EU-REPARIS communities of practices. The joint event covered topics of mutual interests, including: (i) impact of recent corporate scandals on the accounting profession, including challenges faced in the public sector; (ii) how technology is changing accounting and auditing; (iii) The accounting professions role in the public and private sector: novelties, challenges; and (iv) State-Owned Enterprises (SOEs) in the scope of public accounts: enhancing transparency and improving accountability mechanisms.

The latest FINCOP working group meeting took place in Winterthur, Switzerland, on June 3-4, 2019. Its main objectives were: (i) explore similarities and differences between GFSM/ESA/IPSAS frameworks; (ii) share knowledge on international practices in multipurpose (unified) Chart of Accounts (MCoA); (iii) learn about MCoA linkages with IFMIS and typical challenges in rolling out; (iv) discuss the updated REPF tool; and (v) learn about developments in EPSAS and IPSAS.

The first knowledge product of the FINCOP - Good Practice Template to Public Sector Accounting Reform Roadmap on sequencing of PSA reforms has been developed and published. The product was drafted during the second FINCOP workshop and has been finalized with support from Zurich University of Applied Sciences (ZHAW), FINCOP members and World Bank staff. The document, which exemplifies knowledge sharing and collaboration, 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 governance.

The second knowledge product, identified by FINCOP participants, was related to a "Benchmarking Guide of Differences between IPSAS/GFS2014/ESA2010". It aimed to be a conceptual guidance note on the linkages, differences and reconciliation between IPSAS, GFS2014, and ESA2010 reporting systems. The guidance note facilitated: (i) a common understanding within the PULSAR countries and support the enhancement of reporting of public sector financial reporting and statistics in line with international standards; (ii) identification of differences between those frameworks; and (iii) recommendations on how to manage the differences. Experts from ZHAW were engaged to develop the product. The knowledge product was presented at a working group meeting of FINCOP in June 2019 and has been published

The third knowledge product related to Multipurpose (unified) Chart of Accounts (MCoA) for financial, budgeting, statistical, performance, and management reporting purposes. The MCoA represent a good practice outline of the structure and function of a multipurpose chart of accounts (MCoA), and its main focus was to enable users to prepare IPSAS based financial statements. This deliverable discusses potential uses of an MCoA and some specific aspects for consideration in its design. It was developed based on studies of the charts of accounts of several countries of the ECA region, as well as collective input from the FINCOP members. The report was published in August for 2019, and its preliminary results were presented and discussed during the latest meeting that took place in June 2019.

The Report on the Enhancement of Public Sector Financial Reporting (REPF) is a PSA Diagnostic Tool of the World Bank, which is deployed for use in different countries to assess the potential value of adopting IPSAS and compares and assesses the conformity between national public sector accounting standards and IPSAS. The tool is used to identify gaps in standards, practices and environment and informs alignment with international standards. In order to keep the instrument up to date it needs to be regularly updated following the developments of new IPSAS or amendments in the existing standards. An update of the PSA diagnostic tool has also been finalized to bring it in line with latest developments in IPSAS. The revised tool was also presented at the latest FINCOP working group meeting. It is planned will be transformed to a more comprehensive public sector accounting assessment methodology, which will be consistent with PEFA methodology, and, hence, will allow to introduce a scoring model.

Conclusions / lessons learned

The participants expressed a need to invite in the future speakers from Supreme Audit Institutions, Public Sector Internal Audit and Budget functions to share their experiences in FINCOP meetings. Further, it was suggested to engage speakers from countries with advanced accrual reporting, such as New Zealand, Australia, Austria, and UK. These suggestions are being incorporated for future FINCOP meetings keeping in view cost/benefit considerations.

Next steps

The next PULSAR FINCOP working group meeting will take place in Vienna, Austria, on November 21-22. The draft agenda has been finalized and discussed with the group of FINCOP volunteers. The main objectives of the meeting will be: (i) foster understanding of the accounting requirements and good practices related to the identification, classification, recognition, measurement, presentation and disclosure of fixed assets and development of asset registers; (ii) examine the importance of using balance sheet information for decision

making and fiscal risk management; (iii) get familiar with good international practices in terms of IFMIS development and implementation, and latest technology trends (including GovTech) impact on the PSA; (iv) explore good practices in integration of PSA into IFMIS; and (v) agree on the next steps for FINCOP work program.

SUBTASK 3: ACCOUNTING EDUCATION AND CAPACITY

Key Project Data

Subtask title: Subtask 3: Accounting Education and Capacity (P165096; TFA5772: parallel window)

Duration of project: September 15, 2017 - June 30, 2022

Progress to date

Overall performance of Subtask 3 is on track.

Significant progress has been achieved related to outputs under Subtask 3 as per the Results Framework, particularly: (i) the Public Sector Accounting Education Community of Practice (EDUCOP) has convened four face-to-face Community of Practice events and one virtual event (ii) a benchmarking of Public Sector Accounting (PSA) education was analyzed for strengths, weaknesses, constraints, and opportunities; (iii) the Accrual Based Accounting Minimum Competency Framework for Public Sector Finance Professionals has been finalized and is available on the website (iv) the guide on Educational Pathways for the Public Sector based on IES has been prepared and is being used by the group to assist development of educational pathways at the country level (v) a Good Practice Note highlighting examples of PSA practices within the group is in the process of being drafted (v) and selection of the international consultant for the PSA ToT is being finalized.

The EDUCOP membership includes representatives from Ministries of Finance, universities, and Professional Accountancy Organizations (PAO) of beneficiary countries involved in PSA education development. The first two EDUCOP meetings and the virtual event have been summarized in earlier reports.

The 4th EDUCOP event convened on April 8-9, 2019 in Ljubljana, Slovenia. The event was hosted by the Center of Excellence in Finance (CEF) and reconvened representatives of Ministries of Finance, universities, and PAOs of participating countries throughout the ECA region to further explore the development of quality of PSA education. During the workshop, participants considered factors in the development of a PAO membership tier for public sector accountants, learned more about the exemption model to coordinate the development of accounting professionals among various educational institutions and were presented with model financial statements based on International Public Sector Accounting

Standards (IPSAS). Additionally, the International Monetary Fund presented its paper on Implementing Accrual Accounting in the Public Sector. The workshop included a working session to refine Country Strategy and Action Plans for the rollout of the Public Sector Accounting “Training of Trainers” (“ToT”) activity planned under Phase 2 of the PULSAR Program and participants provided input into the terms of reference for the ToT. The ACCA IPSAS Certification program that will be relevant for the IPSAS ToT was also presented to the group. A key takeaway from the discussion was the critical role of the Ministries of Finance in the administration of the IPSAS ToT rollout. Before concluding the workshop, participants were familiarized with the work of CEF and toured the facility.

The training contract with ACCA is now in place and the dates of the IPSAS ToT trainings have been scheduled (location and dates are outlined below). The objective is to ensure the delivery of the IPSAS TOT course to core groups of trainers from PULSAR participating countries. Six first level trainers from each participant country are expected to participate in the course. Trainers may include individuals from the Ministry of Finance, universities involved in accounting programs, PAO’s or Government training academies.

A Good Practice Note highlighting examples of Continuing Professional Development (CPD) practices for PSA within the group is in the process of being drafted. The group was able to attract participants from Albania, Armenia, Bosnia and Herzegovina, Croatia Kosovo and Montenegro in order to collect some examples. The finalization of the Note is expected by April 2020.

The Accrual Based Accounting Minimum Competency Framework for Public Sector Finance Professionals was finalized and is now available on the PULSAR website.

Conclusions / lessons learned

Participants appreciate the ability to interact with other PSA education stakeholders and MoF representatives. For many, the PULSAR event was the first time that they were brought together to discuss, collaborate, and coordinate on the topic. The frank and open discussions along with sharing detailed practical country experiences are greatly valued. Other priority topics include development of IPSAS knowledge, development of curriculum, materials, trainers, and certifications, and potential partners/resources. These topics will be addressed in large part through the PSA ToT. Because many representatives from government and universities were not familiar with IES technical content, there was a focus on developing foundational knowledge in accounting education, IES and related core competencies throughout EDUCOP’s delivery. Another priority area included increasing the newly established cooperation between Governments, universities and PAOs. To address this, the establishment of a PSA Educational Committee at country levels has been encouraged. In sharing PSA educational pathways, many countries expressed a need for strengthening

dialogue at the country level. In response, the team will strive to support dialogue at the country-level by participating in country-level PSA steering committee meetings.

Next steps

The group is planning for the rollout of the IPSAS ToT by designing first, second and third level tiers, management and accountability mechanisms, and identifying first level trainers to participate in the planned training sessions. The IPSAS ToT will roll out according to the above schedule.

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