

# Updated REPF tool and planned improvements

4 June 2019

Ranjan Ganguli, IPSAS Consultant (ranjan@ganguli.co.uk)



**CFRR**»  
Centre for Financial  
Reporting Reform




Public Sector Accounting and Reporting Program

---

PULSAR Program is co-funded by:

 Federal Ministry  
Republic of Austria  
Finance

 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

---



**A REPF is:  
a Report on the Enhancement of Public  
sector Financial Reporting**

## Background and purpose of a REPF



3

- The Report on the Enhancement of Public Sector Financial Reporting toolkit (REPF) was developed by the World Bank's Europe and Central Asia region on the back of work in Azerbaijan in 2004
- The purpose of a REPF is to assess a country's public sector financial reporting framework and more generally to help it prepare to transition to public sector accrual accounting standards.
- Preparation for the transition to public sector accrual accounting requires an understanding of the public sector accounting environment as well as the gap between current accounting standards and accrual accounting based on international standards such as International Public Sector Accounting Standards (IPSAS).
- A REPF enables the systematic collection of information on a country's public sector financial reporting framework comprising
  - i. information on its public sector accounting environment; and
  - ii. an assessment of the gap between the country's public sector accounting standards and IPSAS

# Structure of REPF and REPF Toolkit



4

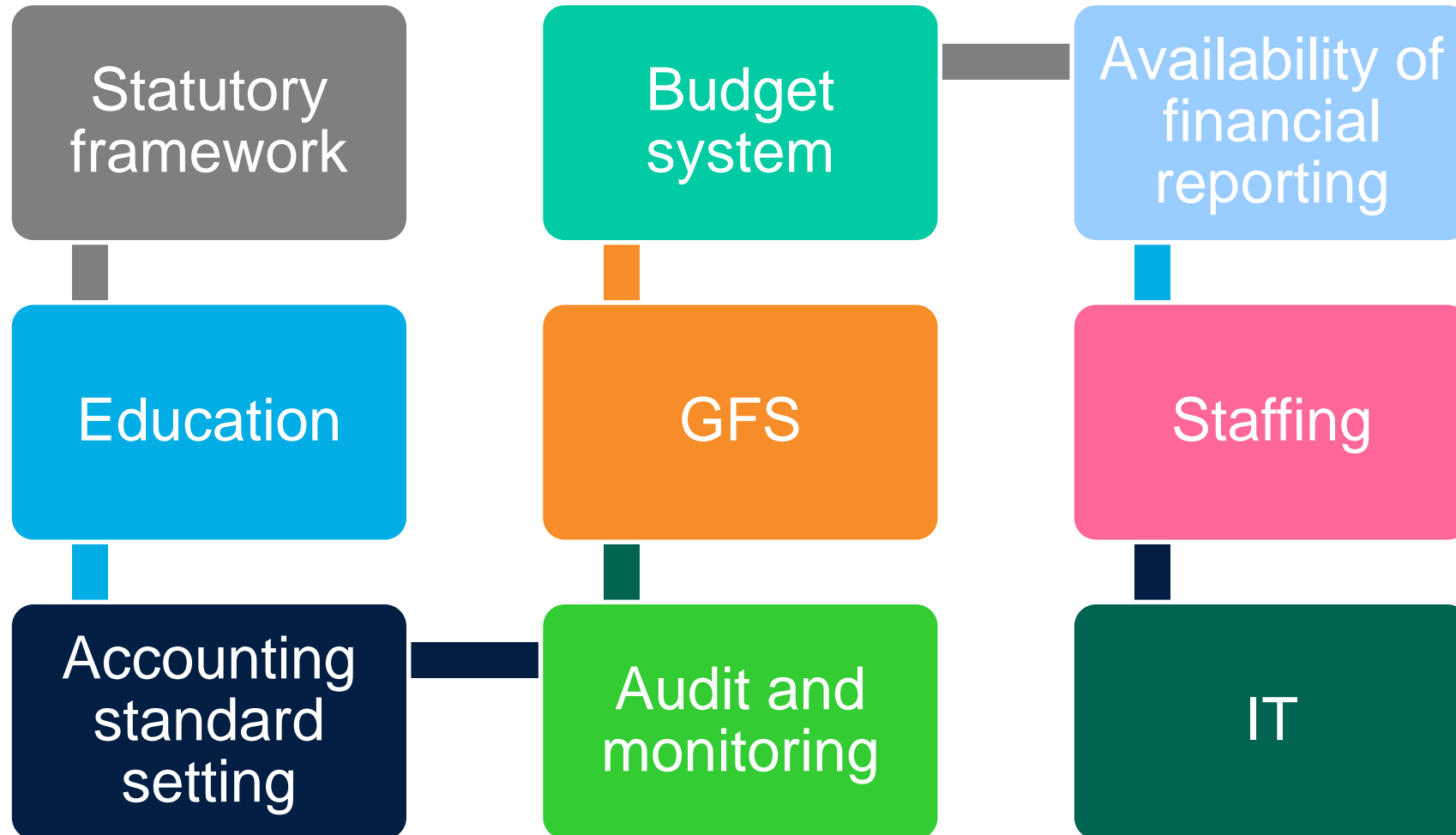
- Part 1 – Assessment of public sector accounting environment.
- Part 2 - Assessment of public sector accounting standards as designed.
- Part 3 - Assessment of Actual Accounting Practices.
- Part 4 - Assessment of potential in-country added value of adopting IPSASs.

# Structure of REPF and REPF Toolkit

## Part 1 Assessment of public sector accounting environment



5

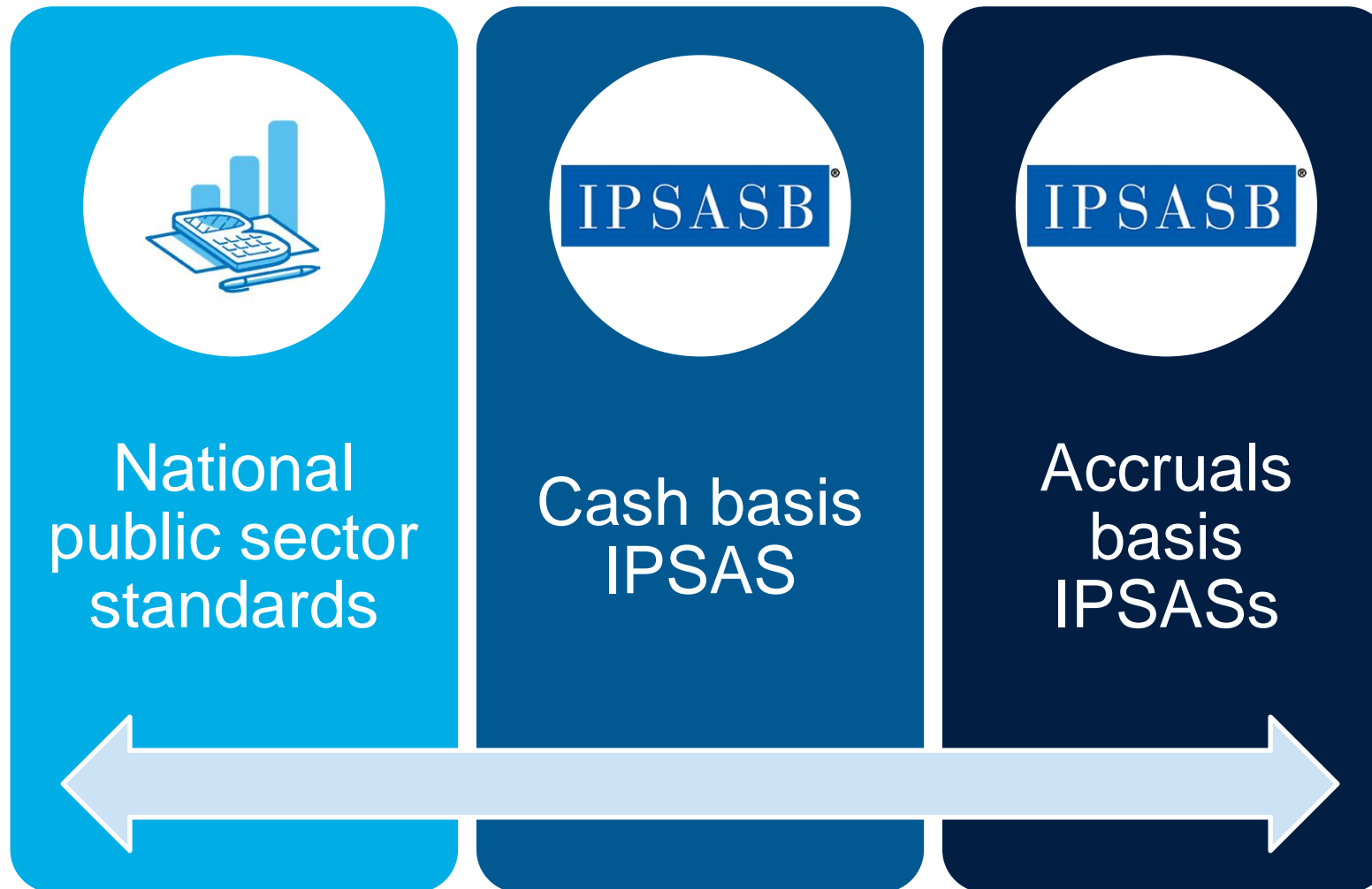


# Structure of REPF and REPF Toolkit

## Part 2 Assessment of public sector accounting standards as designed



6



# Structure of REPF and REPF Toolkit

## Part 2 Assessment of public sector accounting standards as designed



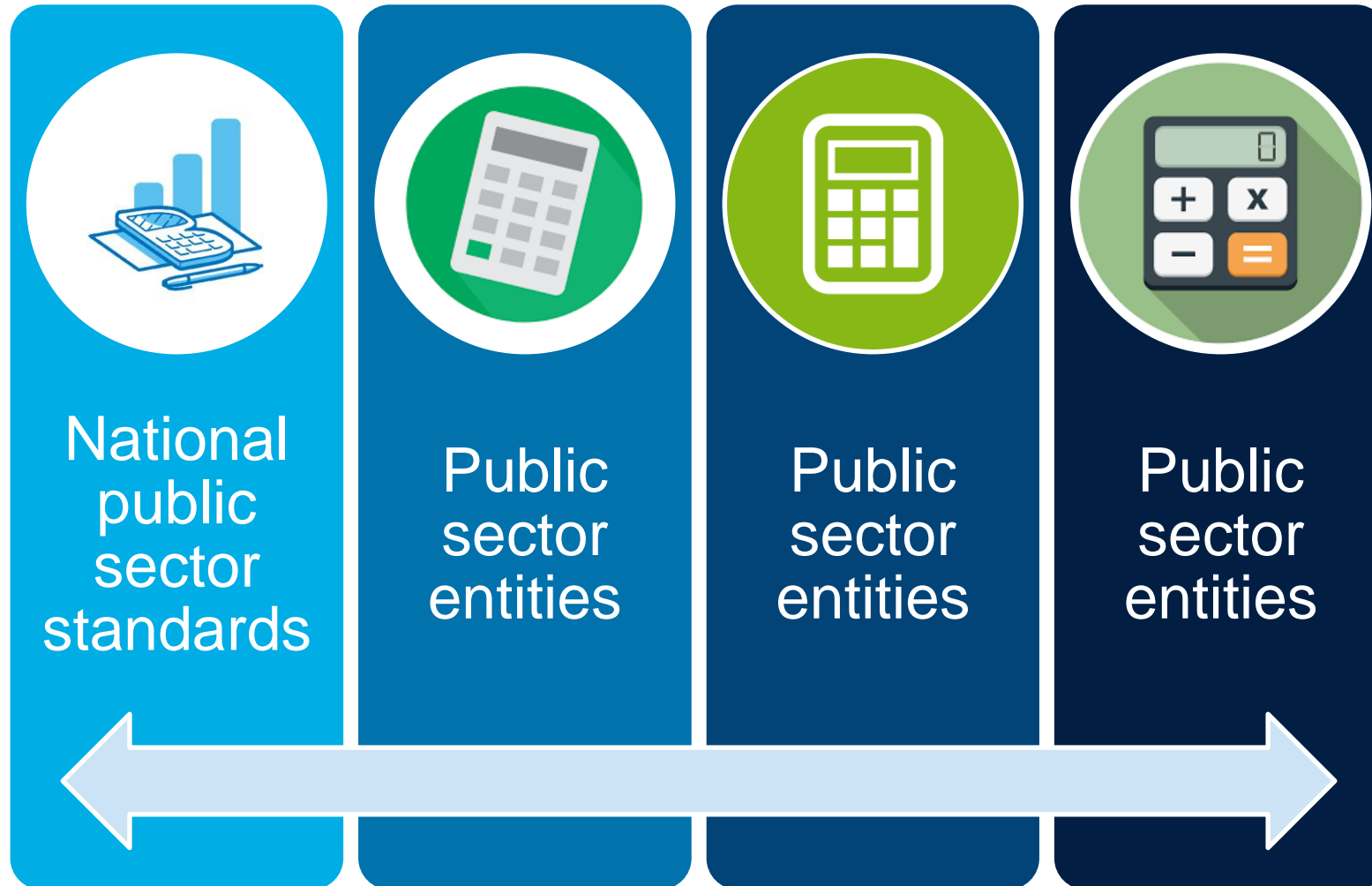
- Areas of national public sector standards that are most consistent with IPSAS
- Areas of national public sector standards that are least consistent with IPSAS
- IPSAS on which national public sector standards are entirely silent

# Structure of REPF and REPF Toolkit

## Part 3 - Assessment of Actual Accounting Practices



8

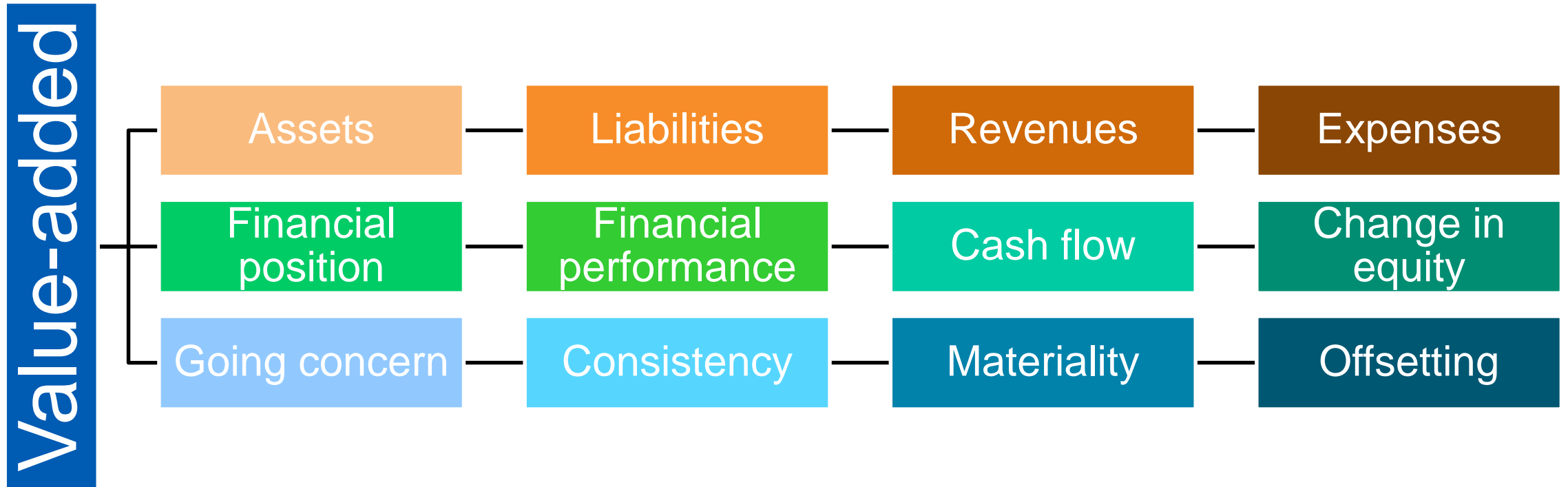


# Structure of REPF and REPF Toolkit

## Part 4 - Assessment of potential in-country added value of adopting IPSASs



9



## Warning – limitations of a REPF



10

- A REPF can inform the design of any prospective program of public sector accounting reform. The elements of a REPF assessment are necessary to inform the design but in themselves are insufficient. **You cannot design a full program of public sector accounting reform based solely on the results of a REPF!**
- A 2016 IMF technical note makes clear that the preparation will typically also involve the following preliminary tasks, none of which are addressed or assessed in a REPF:
  - ❑ Clarify the reform objectives
  - ❑ Establish a representative reform team
  - ❑ Estimate the costs of reform
  - ❑ Establish a mechanism for setting accounting standards
  - ❑ Training and change management
  - ❑ Develop an action plan for the transition

# PULSAR Reform Architecture



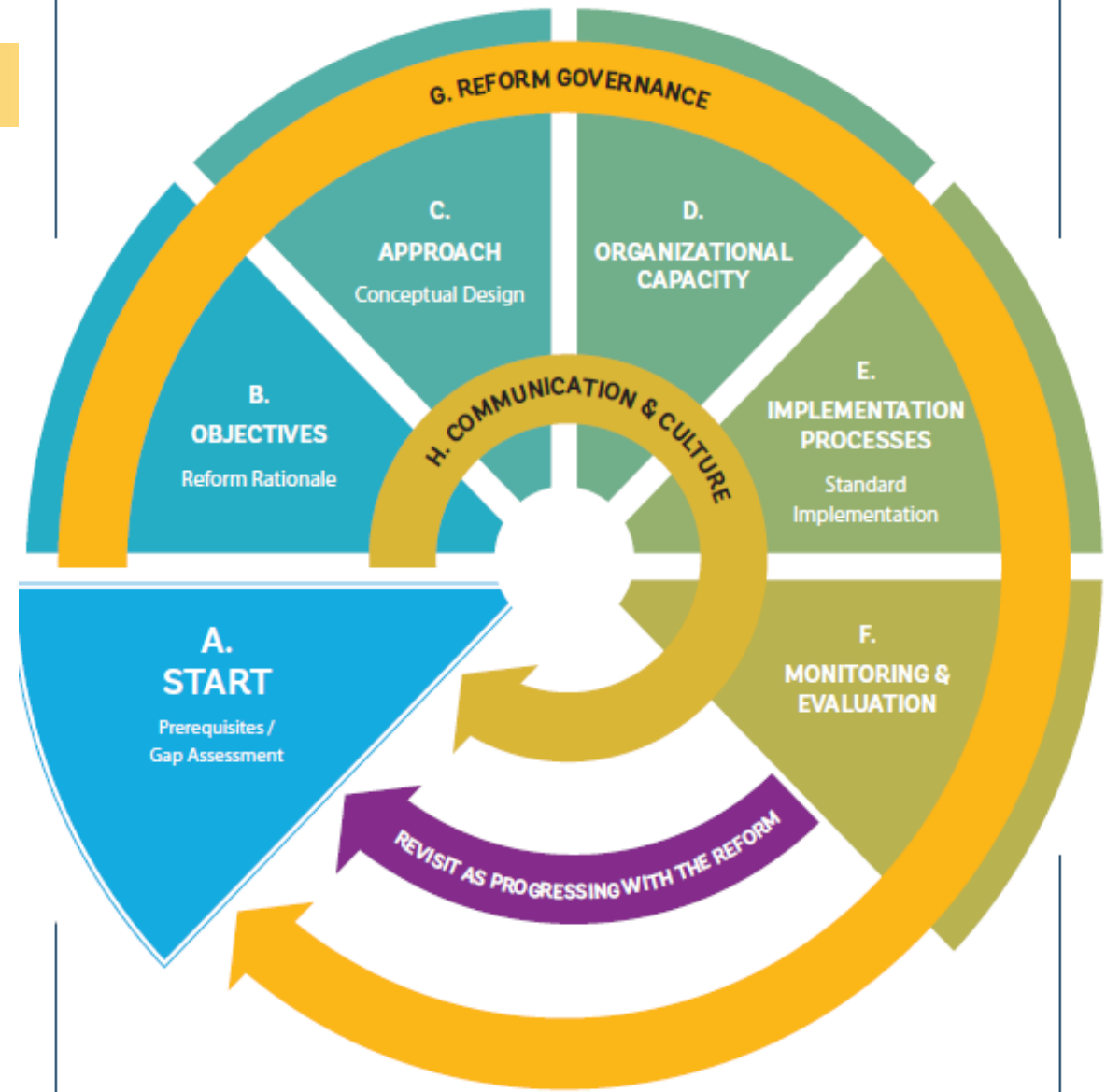
11

<https://www.pulsarprogram.org/>

[Roadmap to Public Sector Accounting  
Reform: Good Practice Template](#)

[https://www.pulsarprogram.org/sites/pulsar/files/libdocs/PSA\\_Reform\\_Roadmap.pdf](https://www.pulsarprogram.org/sites/pulsar/files/libdocs/PSA_Reform_Roadmap.pdf)

Figure 1: Reform Architecture



# Applications of REPF



12

- Albania
- Azerbaijan
- Georgia
- Kyrgyz Republic
- Poland
- Serbia
- Ukraine



## Albania REPF – May 2017

The purpose of this report was to support the development of a plan to make a transition to accruals accounting aligned with IPSAS. It assessed the institutional framework for public sector accounting as well as the gap between Albanian Public Sector GAAP and IPSAS. It made recommendations to sequence the strengthening of both the framework and the GAAP.

## Albania REPF Highlights – Institutional framework



- Uncertainty re precise number and composition of public sector entities
  - Complex and fragmented statutory framework
  - Too few finance staff – approximately 3,000 staff serving approximately 1,300 entities
  - Universities have low coverage of public sector accounting topics. No public sector professional qualifications or professional body. No regular training or CPD for public sector finance staff.
  - MOF responsible for setting public sector GAAP but no established procedures for preparation and wider discussion. No code of ethics.
- Budget implementation reports are effectively a cash-based subset of Albanian PS GAAP. Only budget reports are published.
  - GFS and Eurostat reporting would benefit from better accrual data.
  - AGFIS IT systems being further developed and rolled out across public sector. Meanwhile public sector entities use local IT systems to make up for lack of full functionality. Critical that AGFIS is fully operational and used by all government units.

# Albania REPF Highlights – Comparison of Albanian PS GAAP with IPSAS



## ● Albanian PS GAAP most consistent with IPSASs:

- IPSAS 1 – Presentation (though no disclosure of key risks)
- IPSAS 4 – effects of changes in foreign exchange
- IPSAS 17 – Property, plant and equipment (though depreciation charged directly to equity and no periodic review of residual value and useful life)
- IPSAS 23 – Revenue from non-exchange transactions i.e. taxes and transfers (though revenues recognised on a cash basis and investment grants recognised directly in equity)

## ● Albanian PS GAAP least consistent with IPSASs:

- IPSAS 2 – Cash flow statements. Different classifications.
- IPSAS 5 – Borrowing costs. Cash basis.
- IPSAS 14 – Events after reporting date. Adjusting and non-adjusting events not considered (save for one-month “supplementary period”).
- IPSAS 31 – Intangible assets. Basic definition as an expense inconsistent with IPSAS 31.
- Albanian PS GAAP silent on IPSASs: 13, 16, 18, 19, 20, 21, 27, 28, 29, 30, 32, 34, 36, 37, 38 and 39.

## Albania REPF Highlights – Recommendations on IPSAS Implementation Strategy



- Partial adoption of IPSAS. Albanian PS GAAP would be modified such that it is consistent with selected parts of selected IPSAS and the different parts of any new requirements in Albanian PS GAAP would be specified as being effective from different dates so as to allow for a phased implementation recognizing issues of: financing the reform; customizing and upgrading AGFIS and as well as other entity-level accounting systems; educating, training and capacity development; and managing links with other ongoing PFM reforms.
- Create demand for reform of public sector accounting
- Address institutional framework
- Translate relevant IPSAS into Albanian
- Fully implement key ongoing PFM reforms - Fixed assets register. Roll-out web-based AGFIS interface. Complete implementation of AGFIS. Centralized payroll system. System to monitor arrears. Implement AFMIS
- Implement selected aspects of selected IPSAS: 5, 14, 23, 17 and 2

# Albania REPF Highlights – Conclusions from REPF workshop on IPSAS Implementation Strategy



- Reinstate as a transitional measure the suite of accounting laws and instructions that are currently being followed
  - Definition and identification of controlled entities and assign responsible party to maintain this list
  - A phased implementation approach will be followed for a controlled and effective strategy implementation
- AGFIS: The IPSAS implementation strategy is needed in order to properly configure AGFIS, however several activities may commence prior to full AGFIS rollout including development of the new legal framework, translation of IPSAS, and some training activities.
  - A Project Implementation Team will be formed which will include key stakeholders, including Treasury and Budget Departments, High State Control, and users



# Future development of REPF

## Future development of REPF



19

- Develop a harmonized and commonly agreed methodology to assess a country's public sector financial reporting framework i.e. obtain buy-in from other regions of the World Bank as well as other development institutions by subjecting to peer review
- Adopt the approach used by PEFA and also link the results of a REPF to relevant PEFA indicators.
  - PEFA is a widely used and highly regarded tool for assessing the status of a country's public financial management (PFM). It provides a consistent and evidence-based analysis of PFM performance at a specific point in time and can be reapplied in successive assessments to track changes over time.
  - Develop evidence-based REPF performance indicators and disaggregated dimensions appropriate to a detailed assessment of a country's public sector financial reporting framework
  - Ensure REPF performance indicators as well as other data gathered during a REPF assessment can feed directly into a PEFA assessment including the relevant PEFA performance indicators and dimensions



**Thank you.**  
**Any questions?**