



What's New

1. Benchmarking Guide: Integrating Public Sector Accounting and Government Finance Statistics

The PULSAR *Benchmarking Guide for Integrating Public Sector Accounting (PSA) and Government Finance Statistics (GFS)* aims to inform practitioners and public sector accounting reforms by highlighting the differences between International Public Sector Accounting Standards (IPSAS) and GFS reporting guidelines such as the IMF Government Finance Statistics Manual and the European System of Accounts. This Guide facilitates an integrated view of IPSAS and GFS, outlines a process to approach differences between IPSAS and GFS reporting guidelines, and discusses fundamental challenges and corresponding mitigation strategies.

Link to [Benchmarking Guide](#)

2. Latest developments in the standard setting: Social Benefits (IPSAS 42)

Accounting for social benefits has been the International Public Sector Accounting Standards Board's (IPSASB) longest running and most controversial topic to date. With some gaps, the Board has been working towards a social benefits standard for almost sixteen years. It was therefore a cause for celebration when the IPSASB approved IPSAS 42, Social Benefits, at its December 2018 meeting in Kuala Lumpur, Malaysia. IPSAS 42 fills a glaring gap in public sector financial reporting. For the first time, governments reporting under IPSAS will be required to present information about the financial performance and financial position of their social benefit schemes.

For more information: <https://www.ifac.org/publications-resources/ipsas-42-social-benefits>

3. International Public Sector Financial Accountability Index

Analyzing data captured by IFAC and CIPFA's International Public Sector Financial Accountability Index, this 2018 Status Report analyzes information from 150 jurisdictions across the globe to develop an understanding of public sector financial reporting. The results paint a positive picture for future accrual and adoption efforts globally. Within five years, it is projected that 65% of governments will report on accrual. The greatest opportunities for accrual reform during this time will be across Africa, Asia and Latin America, and the Caribbean.

Link to [publication](#)

4. Accrual Based Accounting Core Competency Framework for Public Sector Finance Professionals

The Core Competency Framework has been prepared under the PULSAR Program to support Governments in implementing and sustaining reforms toward the adoption of accrual based accounting by defining the necessary competencies required by finance professionals to carry out such reforms. In doing so, the Framework provides guidance to the fundamental questions of "Who to train?", "What to train?" and "To what extent to train?" when embarking on accrual based accounting reforms. The Framework is meant to be used as a guide, or starting point, in defining core

competencies with respect to accrual based accounting for various functional job categories within Government.

[A link to Core Competency Framework](#)

5. 9th Annual ACCA Global Public Sector Conference

A World Bank team consisting Bonnie Sirois and Jarett Decker traveled to Prague, Czech Republic on 28 February-1 March 2019 to speak on various themes at the 9th Annual ACCA Global Public Sector Conference. The theme of the event was *A Sustainable Public Sector*. The event explored a wide range of issues and topics about how the profession in the public sector can evolve to offer a sustainable future. The Bank team presented the PULSAR program and attended technical panel discussions on the role of accountants in infrastructure projects, building the global accountancy profession, and regulating the profession.

A link to the conference web page, can be found [here](#).

6. Joint WB/IPSASB/IMF Seminar “Leveraging Government Financial Reporting for Fiscal Policymaking and Management of Public Wealth”

As part of the World Bank’s Global Engagements, the Governance Global Practice co-hosted a one-day seminar on March 11, 2019 with the International Public Sector Accounting Standards Board (IPSASB) and the IMF. The event theme of *Leveraging Government Financial Reporting for Fiscal Policymaking and Management of Public Wealth* follows on the 2017 joint seminar, which focused on transparency and harnessing the power of accrual in managing public finances. The event emphasized the message in the [October 2018 IMF Fiscal Monitor](#) which recognized that public sector balance sheets provide the most comprehensive picture of public wealth.

For more information on the event, click [here](#).

7. Report: 19th Annual Meeting of OECD Senior Financial Management and Reporting Officials

On 4-5 March, 2019, the PULSAR team participated in the 19th Annual OECD Senior Financial Management and Reporting Officials Symposium. The annual conference provides an opportunity for OECD member countries and international organizations to discuss, update each other, and exchange lessons learned on budgeting and public expenditures. The key topics presented and discussed during this year’s event included standard setting, the Balance Sheet approach to complement fiscal analysis that goes beyond debt and deficit, consolidated accounts for central or general government, and the role of Charts of Accounts in streamlining fiscal reporting. The team presented the PULSAR program, including guidance and tools developed under the program in the area of public sector accounting as well as the Bank engagement in OECD countries, and other Bank resources including an on-line PSA repository and website.

Editorial

Beyond Public Debt

In the public discourse, many often-used keywords like “financial sustainability” are being replaced by new ones like “financial resilience” which would suggest a broadening of the isolated focus on debt and a wider financial analysis by countries but is currently lacking a conceptual basis. Government deficits and debts still represent the core of fiscal economic analysis (e.g. Article IV consultations of the IMF, credit ratings), rules (e.g. fiscal rules), sanctions (e.g. in case of violation of the fiscal rules) as well as academic debates.

As important as efficient debt management may be, today’s established instruments do not respond to the call for sustainable and resilient public financial management (PFM). The traditional fiscal economy deals rather with fiscal risk and the funding aspect of public conduct, a legacy of the financial crisis and the crisis of government debt, whereas economic opportunities and the public service aspects are ignored.

This is the result of a one-dimensional global debate on the question of how sustainable financial leadership should be operationalized and firmly established on a state level. One of the main reasons is that, in many countries, the public sector is traditionally driven by cash flows, and an increase in assets is primarily appraised as cash outflow and exposure of the public budget.

The balance sheet approach is an important up-coming trend, which demonstrates the importance of dealing with state liabilities as well as assets. This instrument provides an integrated view and an expedient framework for discussions on sustainability and resilience which allows us to measure not only financial risks but also economic opportunities. Unfortunately, from a global perspective, PFM by balance sheet analysis is almost non-existent.

Currently, from an economic perspective, there are good arguments for a stronger focus on the public balance sheet. In a comprehensive study, the IMF concludes that states with well-managed balances can react more flexibly to the recession and can quickly return to a path towards growth. Studies focusing on emerging countries prove that strong assets in the balance sheet have a moderating influence on the spreads of government bonds and reduce the probability of a debt crisis.

An underestimated factor is the positive incentive of balance sheet management on public investment management. The opening balance sheet leads to an inventory and evaluation of the national asset portfolios as well as the performance of the government with regard to providing services to its citizens. Questions about ownership, property, and control over financial assets arise, and about which stakeholder holds responsibility for its maintenance. From a scientific perspective, a badly managed asset portfolio leads to financial costs in the form of depreciations or allowances, which also increases the public deficit. On the other hand, a well-managed national asset portfolio offers a huge potential for generating revenue; the IMF estimates this to represent 3% of the gross national product (GNP), comparable to the average corporate tax earnings in industrial countries.

The fact that the average national debt of industrial nations (104% of the GNP) is counterbalanced by national assets of about the same extent (102% of the GNP) spurs the debate about sustainability and resilience of public finances. The management of public assets offers immense potential both on the revenue and the service side. State-of-the-art financial management should integrate the handling of the public service potential (assets) as well as the aspects relating to its financing.

Shortened version - full article published by Sandro Fuchs and Antonia Ida Grafl in March 2019 (in German): <http://www.oekonomenstimme.org/artikel/2019/03/die-aktivseite-der-staatsfinanzen>

For further information see also this article: [October 2018 IMF Fiscal Monitor](#)

PULSAR Housekeeping

8. Past Events: 4th FINCOP Workshop, June 3-4, 2019

The PULSAR Financial Reporting Community of Practice (FINCOP) Working Group meeting was held from June 3-4 in Winterthur, Switzerland. The meeting focused on sharing knowledge and experiences related to international practices for the development of Multidimensional (unified) Chart of Accounts (MCoA) for financial, budgeting, statistical, performance, and management reporting purposes. Participants were also informed about the background and purpose of the updated Bank's REPF toolkit and the salient features of the latest PULSAR knowledge product Benchmarking Guide: Integrating Public Sector Accounting and Government Finance Statistics.

Please visit the [event webpage](#) for a full summary of the event, presentations, and photos.

9. Past Events: 4th PULSAR EDUCOP, Slovenia 2019

The 4th PULSAR Education Community of Practice ("EDUCOP") convened on April 8-9, 2019 in Ljubljana, Slovenia, to further explore the development of quality public sector accounting (PSA) education. The workshop comprised of several working sessions, the main one of which focused on refining 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 familiarized with the work of the [Center of Excellence in Finance \(CEF\)](#) who hosted the event and toured the facility.

Please visit the [event webpage](#) for a full summary of the event, presentations, and photos.

Let us know what you think

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

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