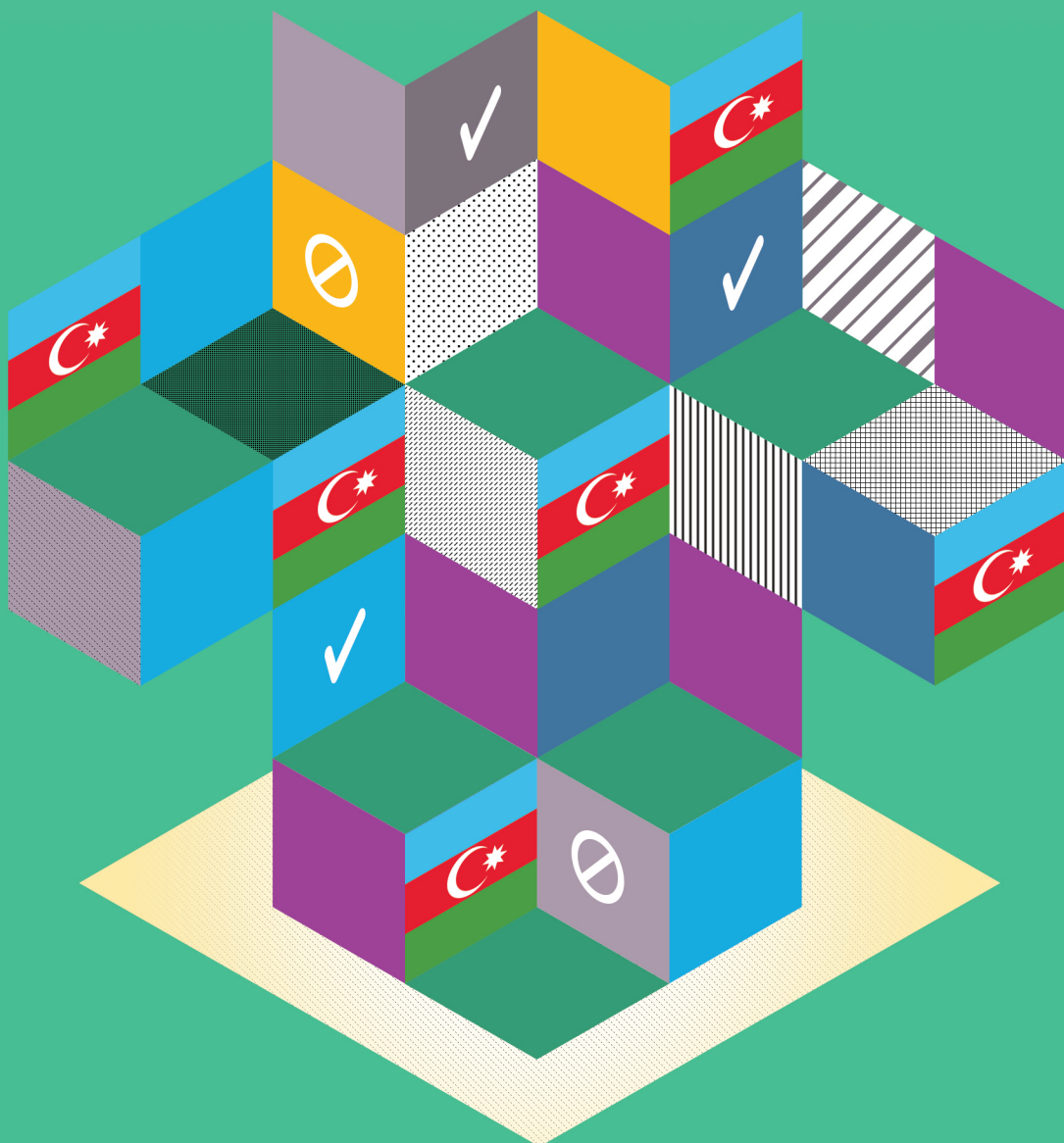


STOCKTAKING OF PUBLIC SECTOR ACCOUNTING
AND REPORTING ENVIRONMENT
IN PULSAR BENEFICIARY COUNTRIES

COUNTRY FACT SHEET:
AZERBAIJAN



CFRR»

**Centre for Financial
Reporting Reform**



WORLD BANK GROUP

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PULSAR

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In cooperation with:

Zurich University
of Applied Sciences



**School of
Management and Law**

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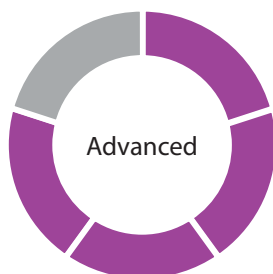


SELF-ASSESSMENT

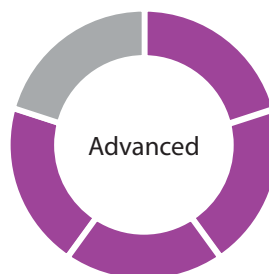
GOVERNMENT
BUDGETING CYCLE



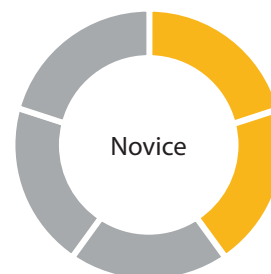
ACCRUAL ACCOUNTING
PRINCIPLES



FINANCIAL MANAGEMENT
INFORMATION SYSTEMS



IPSAS
ACCRUAL



BUDGET

- Budget available to public
- Recognition Basis
- Method of Publication
- Regular in-year budget reporting
- Comparability of budget execution reports and financial reports
- Envisaged budget reforms

Yes

Cash

**Separate from
Financial
Statements**

Yes

Yes

Accrual



ACCOUNTING

- Recognition Basis
- Current accounting basis and reporting standard
- Financial reporting standard setter
- Coverage of Consolidation

Accrual

IPSAS

Ministry of Finance

**Ministries and
other federal/
central government
departments, agencies,
Public agencies,
independent boards
and commissions, Social
security fund(s), SoEs**

Envisaged Accounting reforms

- Accounting basis
- Reporting standard

Accrual

IPSASs adopted directly

AUDIT

Risk-based methodology and professional standards exist

Yes

SAI opinion is provided

Yes

Professional license or education required for audit personnel

Yes (special permission and special education required)

SAI conducts compliance audits

Yes

SAI conducts performance audits

Yes

External auditors have specific expertise in national public sector accounting standards

Yes

CAPACITY DEVELOPMENT & PROFESSIONAL EDUCATION

The PAO contains a unit, membership tier, or committee focused on the Government Sector

Yes

Government sector accountants subject to minimum CPD requirements

Yes

Standards and/or frameworks that are followed in the delivery of PSA education

Bologna Process, CIPFA, ACCA

GOVERNMENT FINANCIAL STATISTICS

International GFS Guideline

GFSM 2014

Reconciliation between GFS & financial statement

Yes

Frequency of GFS reporting

Annually

FINANCIAL MANAGEMENT INFORMATION SYSTEMS

Elements of IFMIS

Budget Preparation and Execution, Treasury Single Account, Debt Management, Accounting and Reporting, Procurement

Entities' degree of autonomy

Entities report directly to the treasury administration

IT governance standards

There are no restrictions with regard to software

IT system used for consolidation

Consolidation under a dedicated IT system such as an IFMIS, manual consolidation using excel or a similar software

INSTITUTIONS & REGULATIONS

Mechanisms for implementation of standards & guidelines related to Public Financial Management

Financial reporting requirements	Law, Regulation, MoF circular
SoEs	Law, Regulation, MoF circular
CFS	Law, Regulation, MoF circular
External audit requirements	Law

Required to follow a code of conduct

Internal auditors	Yes
Public sector accountants	Yes

PFM REFORM PLAN OR STRATEGY

The new fiscal rule was voted into law by Milli Majlis (Parliament) of Azerbaijan on June 29, 2018. It is a vital element of the reforms, which are being implemented in Azerbaijan under the leadership of President Ilham Aliyev with the aim of diversifying the economy.

Application of the rule is to contribute to reducing the state budget dependency on oil revenue volatility and considerably strengthen aggregate fiscal discipline. The fiscal rule sets a mechanism for calculating – based on the country's net financial assets – the upper limits both on oil revenues to be spent in a particular fiscal year and on a consolidated budget expenditure. It is aimed at preventing sharp increases in budget expenditure in the years of high crude oil prices even if it can be afforded by net financial assets, thus constraining the procyclicality of the fiscal policy. The pursuit of a countercyclical budgetary policy in accordance with the advanced international experience is of crucial importance as country enters into a post-oil era.

ACRONYMS

ACCA	Association of Chartered Certified Accountants
CIPFA	Chartered Institute of Public Finance and Accountancy
IFMIS	Integrated Financial Management Information System
SAI	Supreme Audit Institution
CFS	Consolidated Financial Statement
CPD	Continuing professional development
GFS	Government Financial Statistics
IPSASs	International Public Sector Accounting Standards
MoF	Ministry of Finance
PAO	Professional accountancy organization
PSA	Public Sector Accounting
SoEs	State-owned Enterprises



THE PULSAR PROGRAM IS

MANAGED BY:




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**Centre for Financial
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Education and Research EAER
State Secretariat for Economic Affairs SECO