

Public Sector Accounting Assessment

# PULSE Methodology

Key features

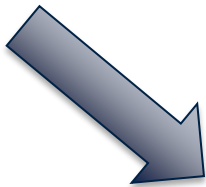
5 April 2022

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# Background



- 22 years
- Highly standardized
- Broad Public Financial Management (PFM)
- Modelled on the budget process



## FTE

- 8 years
- Highly standardized
- Broad Fiscal Transparency
- Modelled on Fiscal Transparency Code



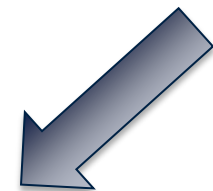
## «Matriz»

- 4 years
- Highly standardized
- Public Sector Accounting
- Modelled on exact IPSAS wording



## REPF

- 18 years
- Little standardized
- Public Sector Accounting (PSA)
- Modelled on ROSC AA, i.e. observance of standards



Public Sector Accounting Assessment

**PULSE** 

- Highly standardized
- Public Sector Accounting (PSA)
- Modelled on PEFA, PSA and IPSAS
  - Self assessment mode

# What is PULSE?

- A standardized assessment
- of Public Sector Accounting (PSA)
- assessing either
  - the gap between national standards and IPSAS, or
  - the gap in application of national standards
- using a standardized scale, based on PEFA.

# The PULSE assessment process

- PULSE is a free global good
  - A user-friendly web-based self-assessment framework
- But there is a strongly recommended Assessment process, with defined roles;
- and there is a Quality Assurance (QA) process.

## “Self-assessment mode”

(alternative modes: external assessment or blended)

# The PULSE assessment process

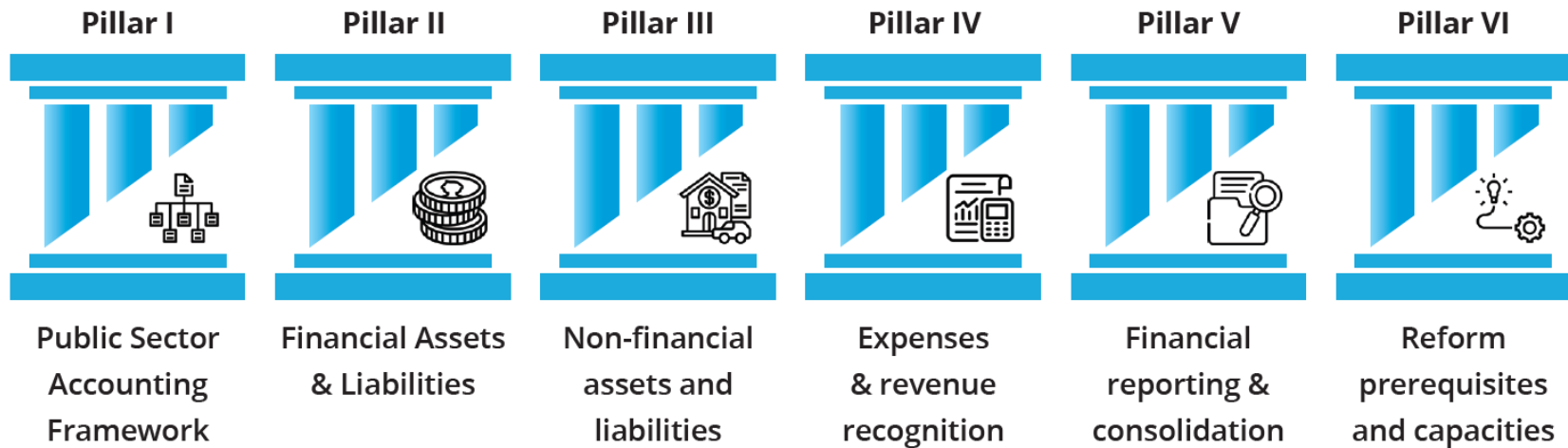


# The PULSE assessment process

## Quality Assurance (QA) process

- External validation team
  - External validation team: min. 3 international PSA experts plus 1 local PSA expert
  - Review of draft concept note, raw data and draft PULSE report
- PulseCheck
  - PULSAR team
  - Based on revised PULSE report

# The six pillars of PULSE



29 indicators

105 dimensions

# The six pillars of PULSE



Overarching IPSAS principles, including the definition and application of IPSAS qualitative characteristics (QC), the definition of the reporting entity, changes to accounting policies and to estimates, and the capturing and reporting of transactions in foreign currency.

IPSAS Conceptual Framework, IPSAS 3, 4, 10, and 14

## Indicators

- 1 – Conceptual Framework
- 2 – Accounting policies, estimates, errors, and events after the reporting date
- 3 – Foreign currency transactions and hyperinflation effects



# The six pillars of PULSE



Presentation, recognition, measurement, and disclosure of financial assets and liabilities.

IPSAS 5, 28, 30, and 41

## Indicators

4 – Financial Assets

5 – Financial Liabilities

6 – Derivatives, hedge accounting, loss allowance and borrowing cost

7 – Presentation, offsetting, and disclosures

# The six pillars of PULSE



Recognition, measurement, and disclosure of non-financial assets (such as, inventories, biological assets, property, plant & equipment, intangible assets), non-financial liabilities (including provisions and contingent liabilities) and cross-cutting issues (such as leases, service concessions, employee benefits, and impairment).

IPSAS 12, 13, 16, 17, 21, 26, 27, 31, 32, 33, 39, and 42

## Indicators

8 – Inventories

9 – Biological assets

10 – Leases

11 – Property, plant & equipment: recognition and measurement

12 – Property, plant & equipment: first time adoption and depreciation

13 – Intangible assets

14 – Service concessions

15 – Impairment

16 – Provisions, contingent liabilities, and contingent assets

17 – Employee benefits

# The six pillars of PULSE



Recognition, measurement, and disclosure of expenses and revenues, including exchange transactions, non-exchange transactions, and social benefits.

IPSAS 9, 11, 23, and 42

## Indicators

18 – Revenue from Exchange transactions

19 – Revenue from Non-Exchange transactions

20 – Social benefits

# The six pillars of PULSE



Presentation of financial statements and their notes, accounting for non-controlled entities, public sector combinations, as well as the key principles of consolidation.

IPSAS 1, 2, 18, 20, 24, 35, 36, 37, and 38

## Indicators

21 – Presentation of financial statements

22 – Notes

23 – Accounting for non-controlled entities and public sector combinations

24 – Consolidated financial statements

# The six pillars of PULSE



Fundamental prerequisites and capacities to be addressed to efficiently and effectively operate PSA systems or to successfully undertake PSA reforms, for example, technical abilities (Information Technology systems) to operate a PSA system, the availability of sufficient human resources and capacities, the organization of accounting (accounting function and standard-setting), the level of integration with other PFM systems and the political capacity (reform mandate and ownership) to conduct PSA reforms.

## Indicators

- 25 – Integration with other PFM systems
- 26 – Integrated financial management and information systems
- 27 – Human resources and capacity
- 28 – Accounting function
- 29 – Reform ownership

# Dimensions and scoring

## Example of a dimension

*Indicator 11 Dimension 3: Subsequent measurement: Cost model*

Score		
Conceptual	Actual	Requirements
A	A	PPE and investment property are subsequently measured at cost less any accumulated depreciation and any impairment losses. The subsequent measurement method is consistently applied for an entire class of PPE or all investment property.
B	B	PPE and investment property are subsequently measured at cost less any accumulated depreciation and any impairment losses.
C	C	PPE and investment property is subsequently measured at cost less any accumulated depreciation.
D	D	Performance is less than required for a C score.

# Dimensions and scoring

## Calibration of scores

- **A: Full compliance with IPSAS**
- B: High degree of compliance
- **C: Basic level of performance on accrual basis**
- D: Less than C requirements

# Dimensions and scoring

*Example of scoring conversion tables*

4-Dimensional indicators				Indicator score
D	D	A	A	<b>C+</b>
D	C	C	C	<b>D+</b>
D	C	C	B	<b>C</b>
D	C	C	A	<b>C+</b>
D	C	B	B	<b>C+</b>
D	C	B	A	<b>C+</b>
D	C	A	A	<b>B</b>



# Bottom line


## PULSE is ...

- focussed Public Sector Accounting (PSA)
- open access and normally self-assessment driven
- aligned with IPSAS requirements but also including more general reform recommendations
- standardized and calibrated.

# Acknowledgements

## Funding

 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**

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# Questions & Answers