

# Rationale for Public Sector Accounting Reform – Key takeaways from Survey

PULSAR Launch Event  
Vienna, 11 December 2017

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**CFRR** >>  
Centre for Financial  
Reporting Reform

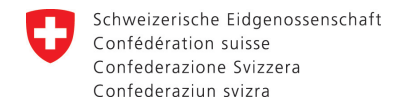


**PULSAR** 

Public Sector Accounting and Reporting Program

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PULSAR Program is co-funded by:



# Survey on current PSA environment



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- To take stock of the current status and to inform PULSAR on the most needed areas and to help focus on priorities for two CoPs

## Financial Reporting Framework – FinCOP Education - EduCop

- *More comprehensive survey will be developed in 2018, and results will be presented during Ministerial Conference in November 2018*

# Survey - Financial Reporting Framework



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**Legal framework - Public sector accounting and reporting requirements** **mostly** embedded in Law on Accounting or Law on Budget and Fiscal Responsibility often supported with several secondary regulations/rulebooks/instructions.

**Challenges**— *fragmentation, inconsistency, complexity, risk of potential reversal of the reform if conceptual framework and requirements to prepare faithful financial statements are not included in the high rank law*

# Survey – Reforms plans



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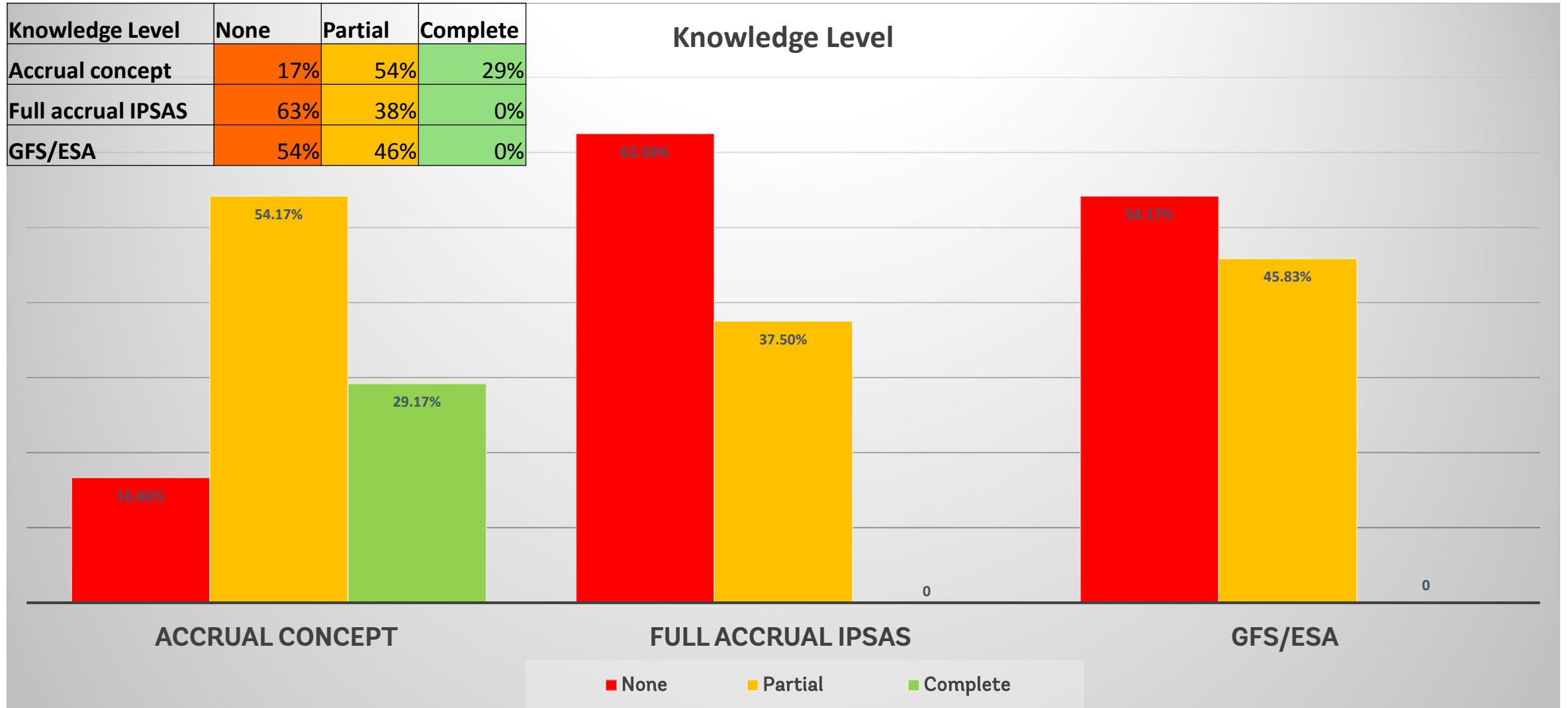
- **Reform Plans envisaged** – at central government level – 71%, subnational level - 42%, non commercial organizations 12%, other organizations 29%
- **67% of reform plans are based on IPSAS** – cash 17% or accrual 50%
- 62-70% - have PSA strategy, roadmap, action plan which are often linked with PFM reform
- Main leader of the reform is MOF – 92% , Treasury - 33%, MOF Steering Committee - 30%, government -21%
- **Other key stakeholders of the reform include legislative** - 54%, and Supreme Audit Office – 70% and Government 67%
- Also noted that Legislative 37% and SAI 25% are sometimes excluded from the reform

# General knowledge level of public sector accountants – assessment by respondents



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Knowledge Level	None	Partial	Complete
Accrual concept	17%	54%	29%
Full accrual IPSAS	63%	38%	0%
GFS/ESA	54%	46%	0%



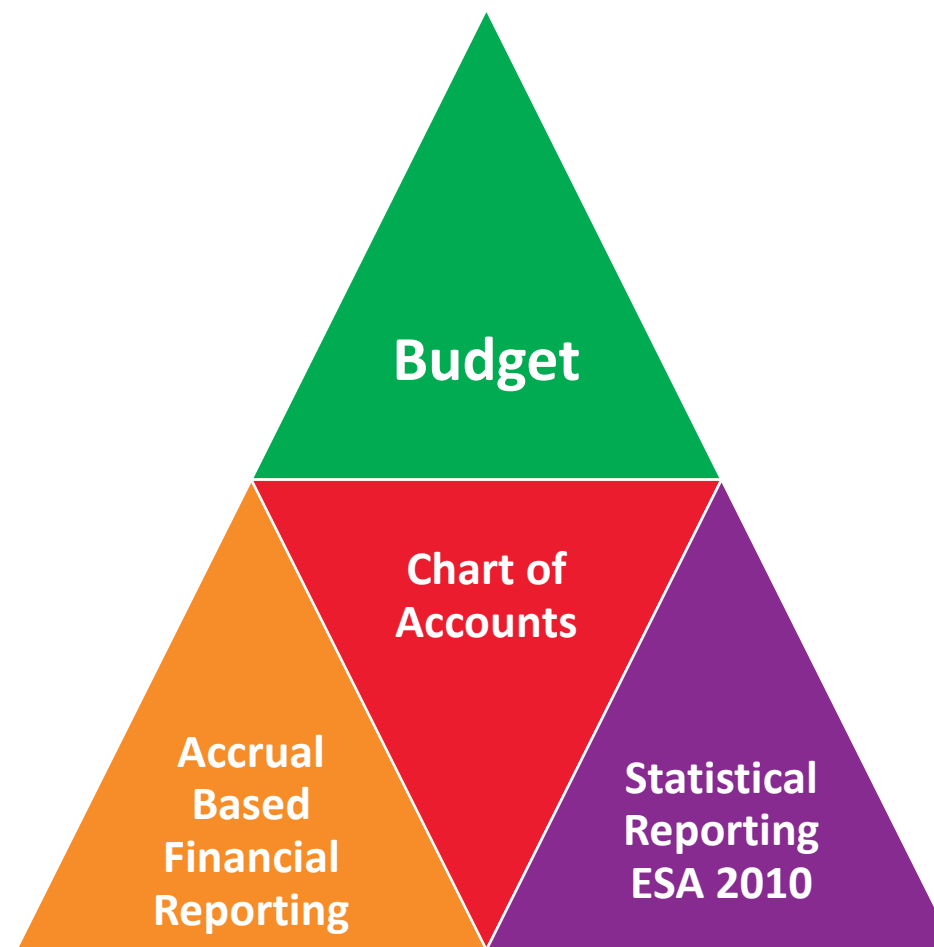
# Survey - Financial Reporting Framework



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54% - unified chart of accounts for statistical/budget and financial reporting

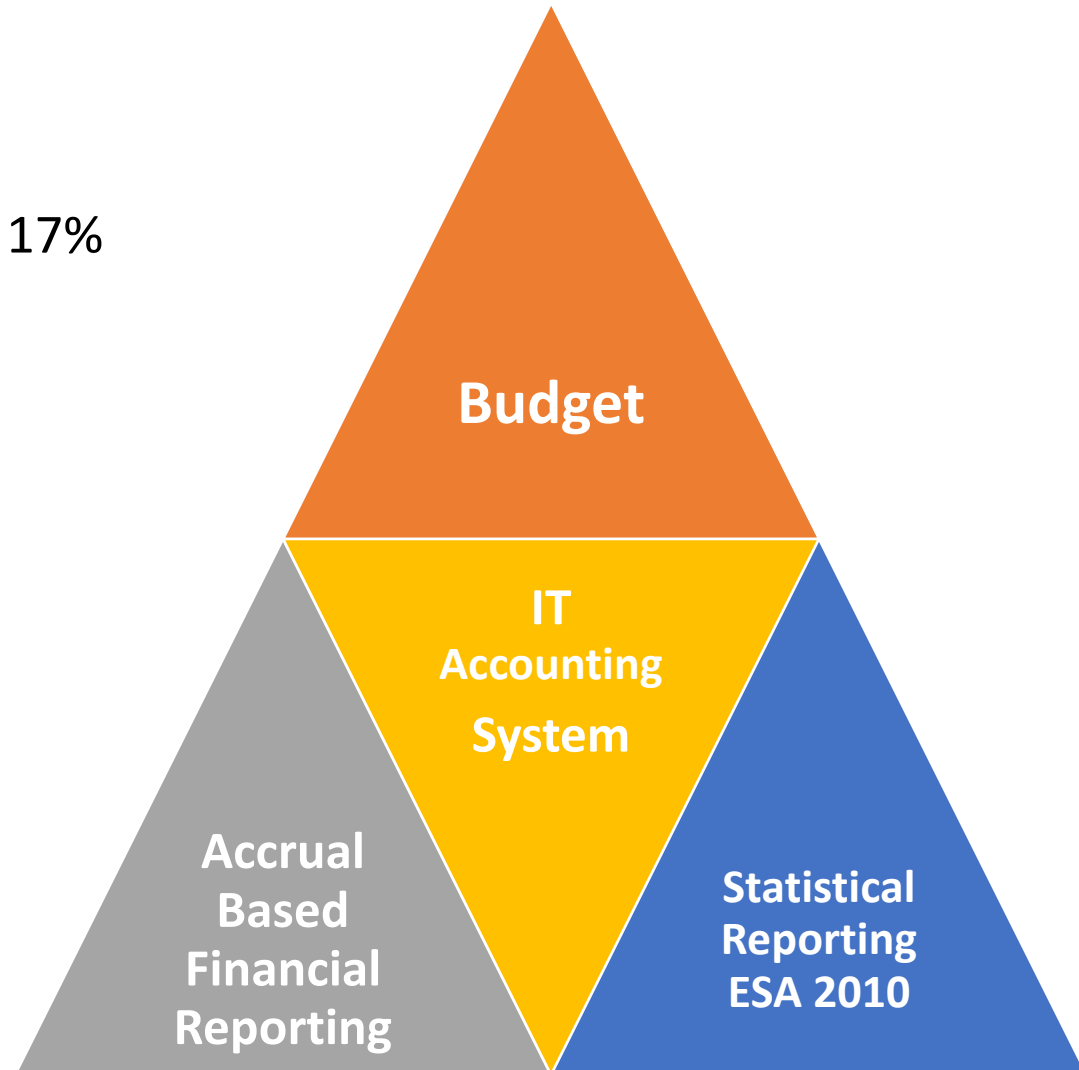
budgetary reporting is based mainly on cash basis. Few are using elements of accrual for receivables and liabilities or GFS.



# Survey – IT Solutions

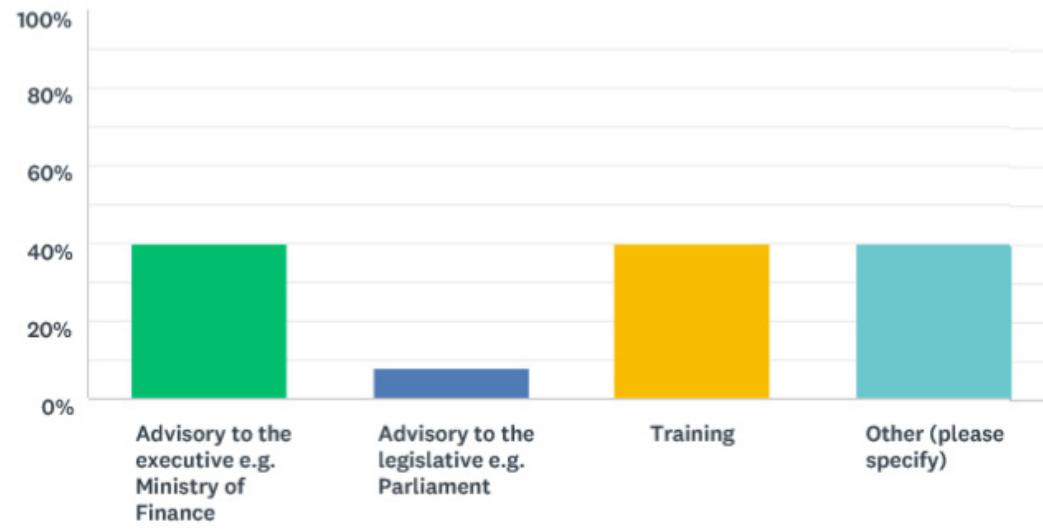
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- IT solutions for consolidation – 25%, manual consolidation – 58%
- Standardized IT system for all budget entities – 17%
- Vs heterogenous IT systems – 67%

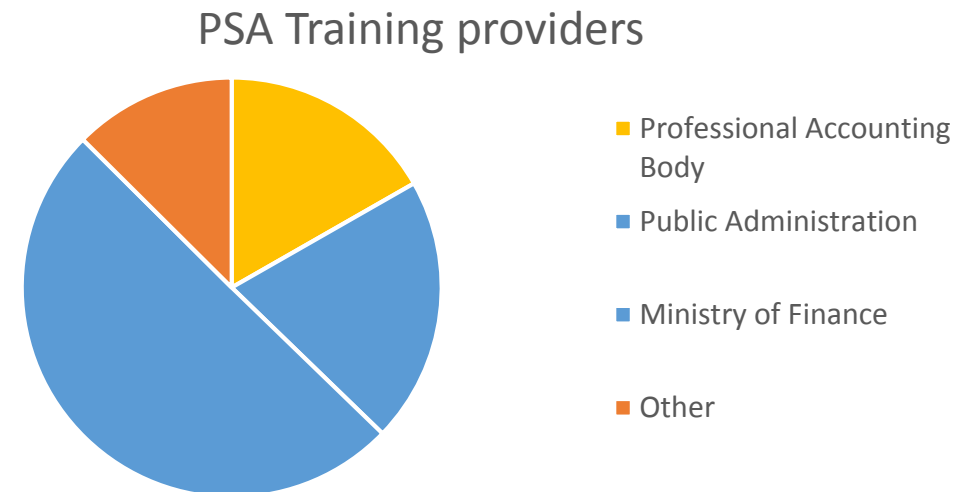


# Survey –Leveraging the Private Sector to Implement Reform

- 40% of respondents leverage the private sector for training or advisory services to the Ministry of Finance
- 36% of respondents reported no existing cooperation with the private sector



- 70% of training for public sector finance professionals is completed internally within Government





# Accrual information in decision making process



Cash budget prevailing

Financial reports available but are they used by decision makers?

New information - assets, net worth, liabilities, risk ?

**GOV DEFICIT/GDP -  
2.4%**

**GOV DEBT /GDP  
54.4 %**



**FINANCIAL  
REPORTING**



fiscal indicators are also not fully using accrual information

New KPI needed