



International  
Federation  
of Accountants®

## PULSAR EDUCOP Virtual Event

IFAC's Initiatives for  
the Public Sector

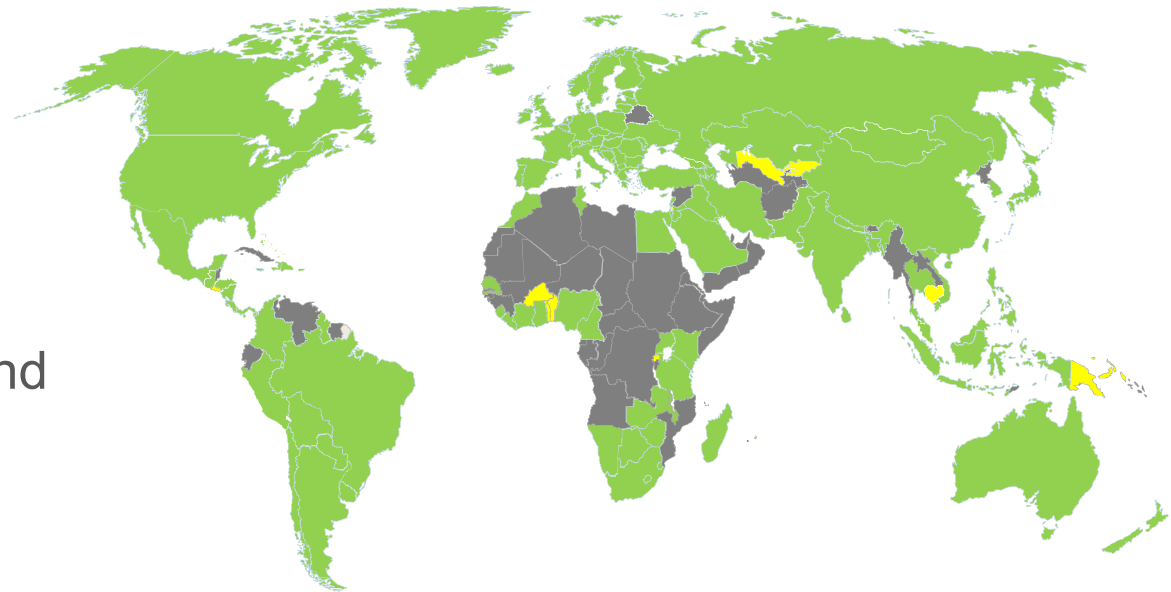
Alta Prinsloo,  
Executive Director, Quality and Development

Linda Lach,  
Director, Quality and Development

June 27, 2018

## IFAC—A Global Profession

- Founded 1977
- 175+ members organizations
- 130+ countries & jurisdictions
- Almost 3 million professional accountants in private sector and **public sector**
- Public interest focus



## IFAC—A Global Vision and Mission

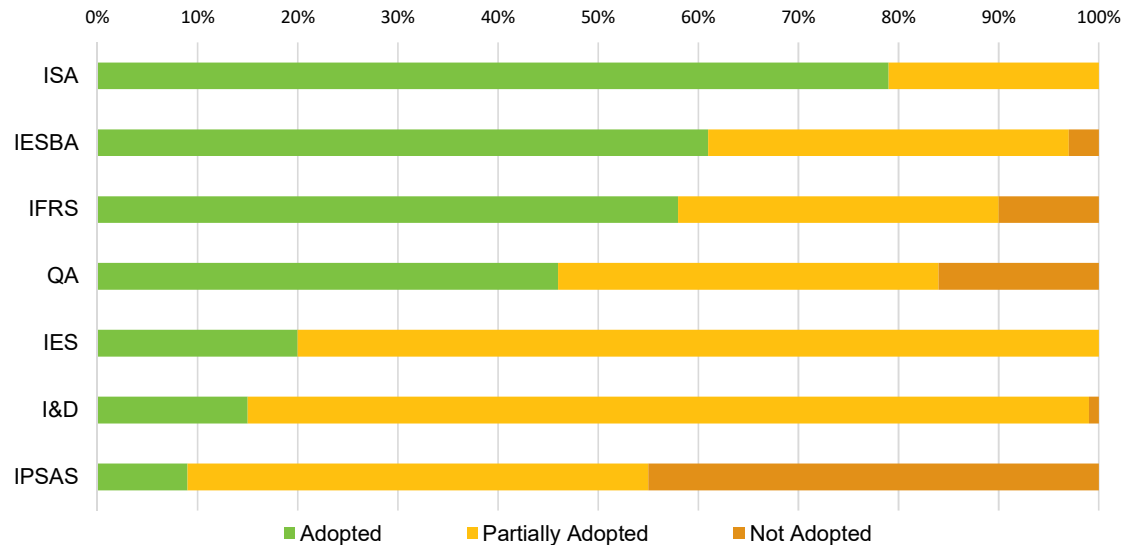
- IFAC’s vision is for the global accountancy profession to be recognized as essential to strong and sustainable organizations, financial markets, and economies
- Serving the public interest and strengthening the accountancy profession by:
  - Supporting the development of high-quality international standards
  - Promoting the adoption and implementation of these standards
  - Building the capacity of professional accountancy organizations
  - Speaking out on public interest issues
- Uniquely positioned to spearhead initiatives that demand:
  - A global reach
  - Freedom from commercial and political interests
  - The ability to create dialogue and debate

# International Standards: 2017 Global Status Report



# Jurisdiction Adoption of International Standards

**STATUS OF ADOPTION IN JURISDICTIONS**  
(Most to Least Complete Adoption)

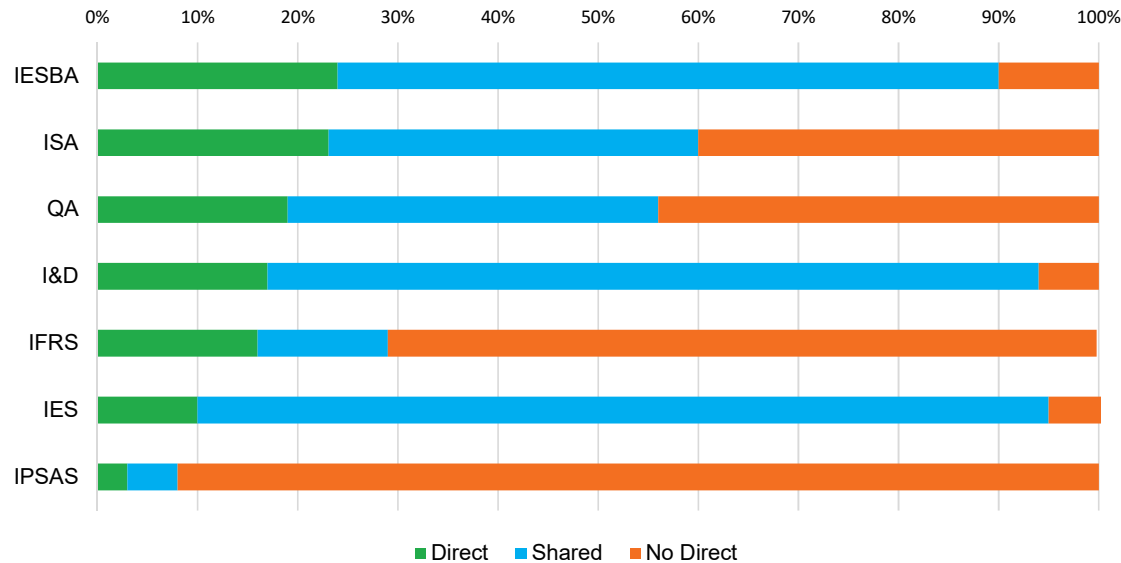


- Green + Yellow = Usage
- Significant progress but long-term endeavor
- 79% adopt ISA
- 61% adopt IESBA Code\*
- 20% adopt all IES\*

*\* for all professional accountants*

# Responsibility of Member Organizations

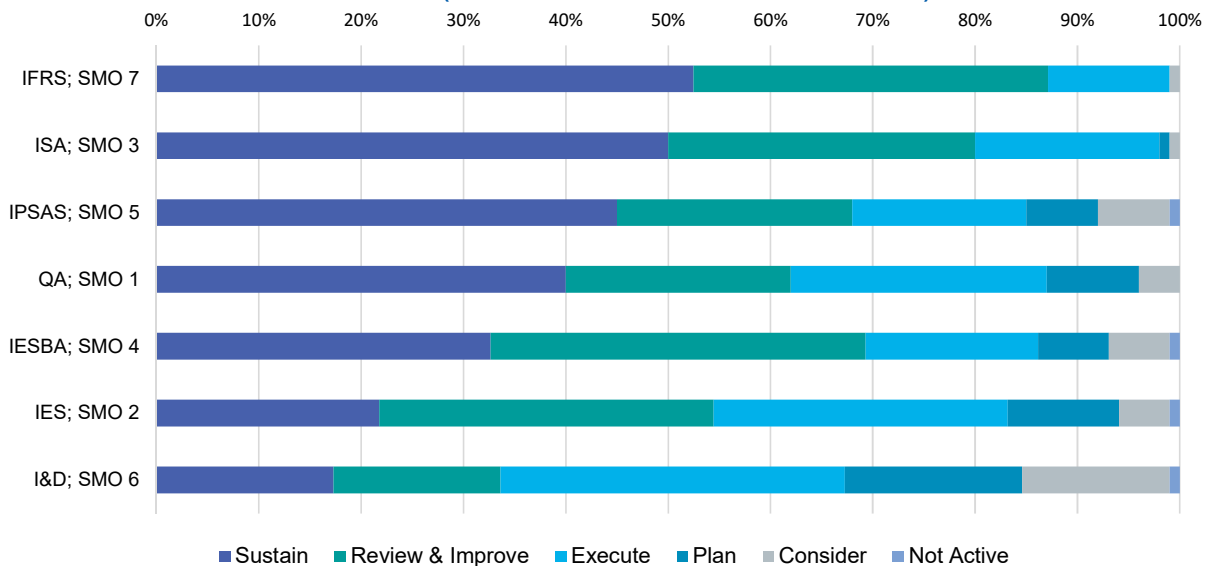
**PAO RESPONSIBILITY**  
(Most to Least Direct Responsibility)



- PAOs drive adoption through promotion and support
- Varied roles, complex environments
- Multi-stakeholder process

# SMO Fulfillment by Member Organizations

**SMO FULFILLMENT BY PAOs**  
(Most to Least SMO Fulfillment)



- Commitment to SMOs
  - Adopting, implementing
  - Promoting, supporting
- Progress influenced by
  - National contexts
  - Regulation
  - Resources and tools
  - Know-how
  - Governance
  - Commitment

## Key Findings

- **Analysis on International Public Sector Accounting Standards (IPSAS)**
  - Lowest adopted standard globally
  - Lowest responsibility amongst IFAC member organizations
  - Third highest at Sustain
- **Professional Accountancy Organizations (PAOs)**
  - PAOs are trusted advisors to government and other relevant stakeholders
  - PAOs have tools to strengthen public sector accountancy capacity
  - PAOs have access to the professionals in the public sector



# Accountability. Now. — The message is simple



GOOD PUBLIC FINANCIAL MANAGEMENT? GOOD PUBLIC SERVICES.

**IFAC** International Federation of Accountants®

**ACCOUNTABILITY. NOW.**  
www.accountability-now.org

**ACCOUNTABILITY. NOW.** A campaign for:

- HIGH-QUALITY PUBLIC SECTOR FINANCIAL REPORTING
- MORE INFORMED GOVERNMENT DECISION MAKING
- EFFECTIVE, EFFICIENT PUBLIC SECTOR SPENDING
- BETTER QUALITY PUBLIC SERVICES
- ENHANCED TRANSPARENCY AND ACCOUNTABILITY
- INCREASED TRUST IN GOVERNMENT

**IFAC** International Federation of Accountants®

Visit [accountability-now.org](http://accountability-now.org) for more information.  
#AccountabilityNow

## Accountability. Now.

- A global campaign for enhanced public financial reporting
  - Supported by a broad coalition
  - Replicated at the regional and national level
- Main areas of focus
  1. Raising Awareness
  2. Facilitating Public-Private Partnerships
  3. Building Public Sector Accountancy Capacity

**ACCOUNTABILITY. NOW.**

[www.accountability-now.org](http://www.accountability-now.org)

## The power of roundtables — facilitating partnerships

- Utilizing the power of roundtables
  - Build public—private partnerships
  - Establish the accountancy profession as trusted advisor to government
  - Equip Accountants Generals, Auditor Generals to move from adoption to implementation through knowledge sharing
  - Give rise to communities of interest

Ghana  
May 2015

Senegal  
Oct 2015

UAE  
Nov 2015

Caribbean  
Apr 2016

Ethiopia  
Mar 2016

Madagascar  
Oct 2016

Fragile States  
March 2018

## Public Sector Financial Accountability Index: Objective

- Undertaken jointly by IFAC and CIPFA, with the Zurich University of Applied Sciences (ZHAW) as knowledge partner
- Provide an accurate picture of the extent of **accrual accounting** and **IPSAS adoption** globally
- An indicator of the **quality** of public sector financial reporting around the globe
- Better understanding of **PFM reform plans** globally
- **Stimulate PFM reform**, especially through improved public financial accounting and reporting
- Complementary to International Budget Partnership's Open Budget Survey which primarily focuses on the **transparency** of public financial information

# Public Sector Financial Accountability Index: Questions/Content

Index focuses on the ***quality*** of financial accountability information:

- Financial Statements/Reports
  - Current accounting basis used in financial statements (cash, transitioning to accrual, accrual)
  - Financial reporting standards used and approach to presentation for various items
  - Relevant public entities included within financial statements/reports
- Financial Reporting Standard Setting Structure and Processes
  - Relevant standard setters
  - Mechanisms of implementation for requirements
- Current recognitions basis for budgets
- Financial reporting and budget reform plans
  - Any change in accounting basis or reporting standards in the next 5 years
  - Reform drivers: Relevant sponsors and laws

## Public Sector Financial Accountability Index: Quality Assurance

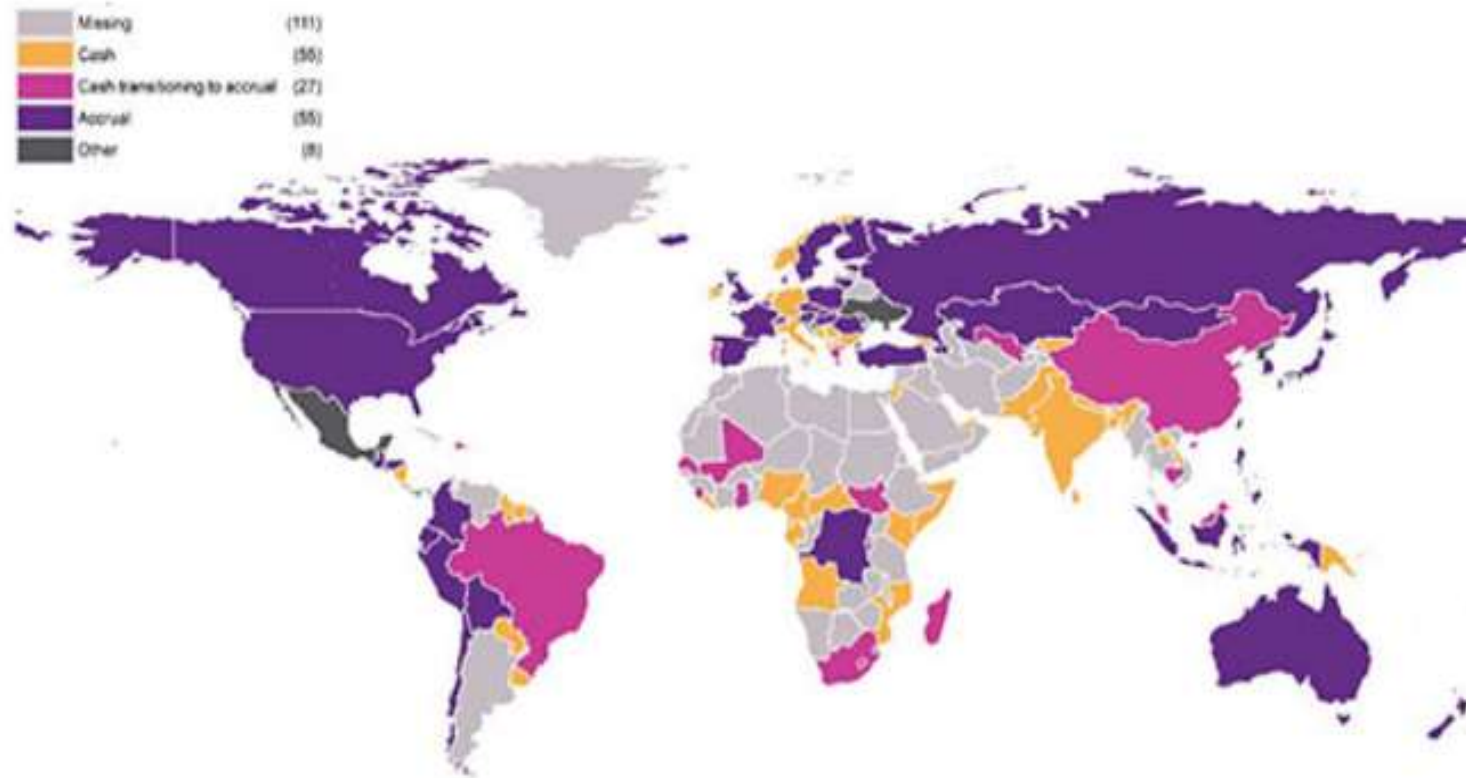
### Structured process for developing the Index:

- Existing data / reports as basis for initial Index
- Invitation to national standard setters and others to complete
- Requirement for supporting information – cross-checks built in to assess whether really on accrual

## Public Sector Financial Accountability Index: Outputs

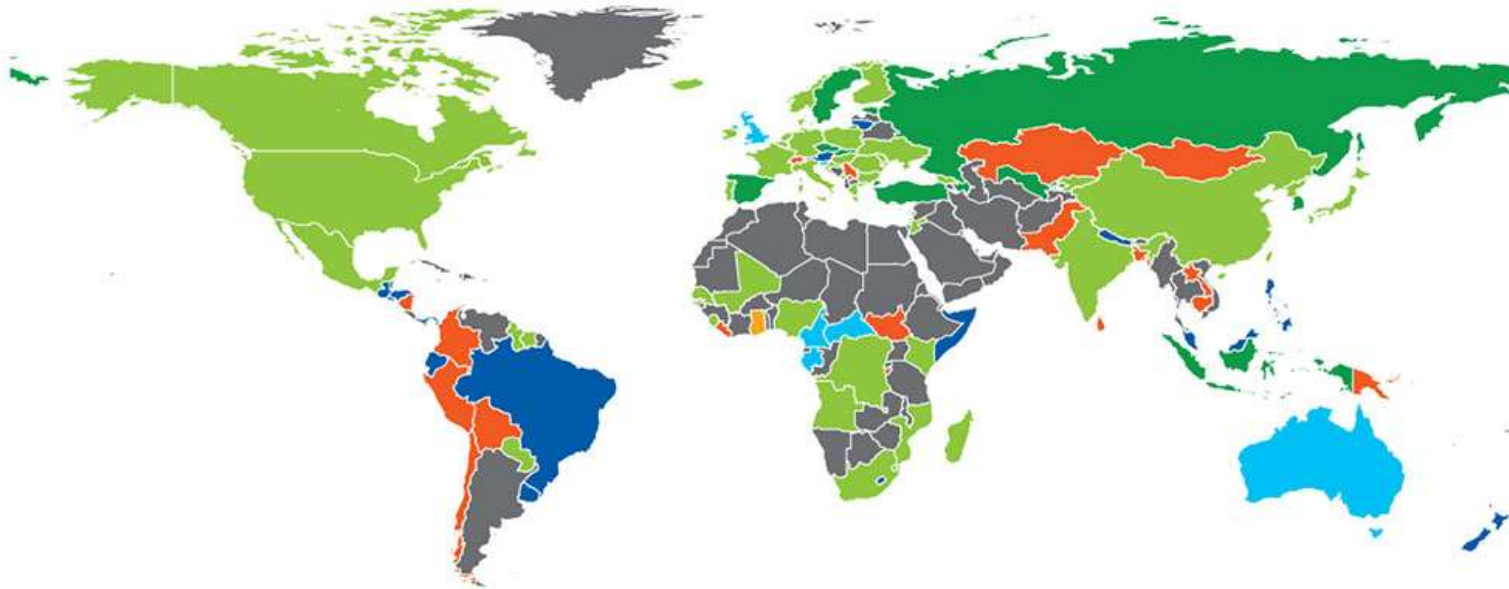
- Main output will be a database, providing information on a country-by-country basis
- Publication of first report to be available in November 2018, in time for the World Congress of Accountants
- The initial focus will be on central government level, expanded subsequently to cover state/provincial and local levels

# Public Sector Financial Accountability Index Preview: Accounting Basis Applied





# Public Sector Financial Accountability Index Preview: Financial Reporting Standards Used



## Zimbabwe

- Accountability. Now. — awareness, partnerships, accountancy capacity
- Strength of project — national accountancy profession as champion
  - Raised awareness
  - Trusted advisor to government
  - Strengthening public sector accountancy capacity
- Two-pronged approach
  - Supporting migration to accrual accounting based on IPSAS
  - Supporting initiatives to build accountancy capacity necessary to sustain migration
- Flexible, beneficiary-driven approach, focused on local solutions

# Zimbabwe

- Guiding principles
  - Focused on public sector accountancy capacity at foundation, intermediate, and advance levels; and CPD
  - Fit-for-purpose; timely; short-, medium-, and long-term solutions that are effective, efficient, and economical, and avoid unnecessary duplication
  - Focused on building / strengthening institutions in Zimbabwe, and knowledge transfer to locals
- Success factors
  - Optimum project coordination, optimum donor coordination; donor flexibility
  - Government ownership
  - Public Service Commission buy-in and commitment
  - PAO innovation

## Zimbabwe – Progress

- Enhanced Public Financial Reporting
  - Stakeholder consultations, including survey and roundtable; adoption of IPSAS
  - 2<sup>nd</sup> Stakeholder roundtable—confirm commitment; identify challenges; discuss solutions
    - IPSAS Implementation Champion, Team, and Working Group
    - Terms of Reference
    - Quarterly workshops—change management; IPSAS Implementation Strategy and Plan
  - IPSAS Implementation Strategy and Plan
- Adequate Public Sector Accountancy Capacity
  - Roadmap to strengthen public sector accountancy capacity
  - Competency framework for public sector accountancy professionals
  - 2 Pilot PAOs—gap analyses; ICSAZ: quality review of new public sector content of professional qualification; ICAZ: strategy for delivering public sector professional qualification
  - Feasibility of 3-level diploma to be delivered by government training centers
  - AccGen and AuGen as training offices

## Other projects: Building public sector accountability

- Ghana: Roadmap to implement IPSAS
- Nigeria and Rwanda: Enhanced public sector accounting education and training
- Uganda: Roadmap to deliver training to government finance personnel
- Nigeria: An Accountability Index for Nigeria

# Q&A



*Strengthening Organizations,  
Advancing Economies*

[www.ifac.org](http://www.ifac.org)

---