

PUBLIC SECTOR ACCOUNTING ASSESSMENT (PULSE) FRAMEWORK

Launch event

April 27, 2023



CFRR >>
Centre for Financial
Reporting Reform




PULSAR 

Public Sector Accounting and Reporting Program

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Presentation's structure



- ✓ **PULSE Launch event: objectives and agenda**
- ✓ **PULSE Pilot objectives**
- ✓ **PULSE Background and objectives**
- ✓ **Benefits of accrual basis PSA systems**
- ✓ **PULSE, PFM, and other assessment tools**
- ✓ **PULSE Characteristics, structure, and assessment process**
- ✓ **PULSE Coverage, scope, and assessment modes**
- ✓ **PULSE Framework**
- ✓ **PULSE Scoring methodology and examples**
- ✓ **PULSE Supporting documents and data sources**
- ✓ **PULSE Roles and responsibilities**
- ✓ **PULSE Quality Assurance process and Check**
- ✓ **PULSE Concept note and final report**
- ✓ **PSA reform action**
- ✓ **PSA reform design, planning, and implementation**
- ✓ **Online tool overview**

PULSE Launch event: Objectives



✓ **The main objective of the event are:**

- Introduce the members of both assessment team (Armenia and Ukraine), given that some of us, e.g. PULSAR and External Validators teams will be covering both assessments.
- Provide general and more specific information useful for the assessment process.

PULSE Launch event: Agenda



✓ The proposed agenda is:

- Introduction of the participants
- PULSE presentation, including the assessment process, framework, and online tool
- Discussion of the next steps and timeline
- Questions and answers

PULSE Pilot objectives



- ✓ The **objectives** of this pilot are:
 - **Test the implementation** of the **PULSE web-based assessment tool**;
 - Identify **framework and/or tool inconsistencies** during this initial exercise;
 - Detect any potential **web-based tool glitches** during the pilot test.
- ✓ **Pilot application** is currently taking place in **Armenia, Brazil, and Ukraine**.
- ✓ **Potential countries for the second round of pilot are: Albania, Azerbaijan, Georgia, and Moldova**

PULSE Background



- ✓ **PULSE (Public Sector Accounting Assessment):**
 - Provides a **single tool** to measure and report on both the **conceptual and actual implementation of accrual accounting standards** for the public sector according to IPSAS.
 - Enables the identification of **disconnects between the national and international PSA frameworks** as well as the level of actual **compliance with IPSAS based practices**

PULSE Objectives



- ✓ **Support** national and subnational **governments** in developing efficient and effective **PSA systems**.
- ✓ Help public sector entities to develop an **understanding** of:
 - **Local PSA system and environment;**
 - **The gap between national and international PSA frameworks;**
 - **The gap in actual application between national PSA standards and IPSAS.**

Benefits of accrual basis PSA systems



Accountability

- ✓ Higher quality and improved reliability and comparability of the financial information.
- ✓ Enhanced political participation and inclusiveness.
- ✓ Improved trust in governments.

Transparency

- ✓ Complete picture of public finances.
- ✓ Better quality of financial information.

Financial management

- ✓ Improved basis for decision-making.
- ✓ Improved management of fiscal risks.
- ✓ Strengthened management and disclosure of assets and liabilities.

PULSE and PFM



An open and well-structured **PFM which uses accrual basis IPSAS** is one of the elements which helps achieve the three suggested **budgetary objectives**:



Ensuring fiscal stability and the promotion of national economic growth.



Improving the acceptability and credibility of governments.



Improving and enhancing the quality of public services provided.

PULSE and other assessment tools



- ✓ PULSE was designed to **complement other PFM assessment tools**. In particular, it is closely aligned to the following three diagnostic instruments:
 - **Report on the Enhancement of Public Financial Reporting (REPF)**. It should be noted that the PULSE methodology aims to replace the REPF.
 - **PEFA**. The PULSE framework was designed to closely align with the fundamental principles of a PEFA assessment, including the principles of evidence-based scoring and mandatory QA procedures.
 - **Fiscal Transparency Evaluation (FTE)**. The PULSE framework considers the Fiscal Transparency Handbook (2018) and Fiscal Transparency Code, issued by the International Monetary Fund.

PULSE Characteristics



- ✓ It is a free “*global good*” and a user-friendly **web-based self-assessment tool**.
- ✓ Designed for **national and subnational governments** but may be also applied by **any reporting entity**, such as international organizations, central banks, public corporations, and other government agencies.
- ✓ Systematically collect information on the **current performance of PSA systems, standards, and practices**.
- ✓ As mentioned, offers one single tool to **measure and report on both the conceptual and actual** implementation of accrual accounting standards for the public sector.

PULSE Characteristics

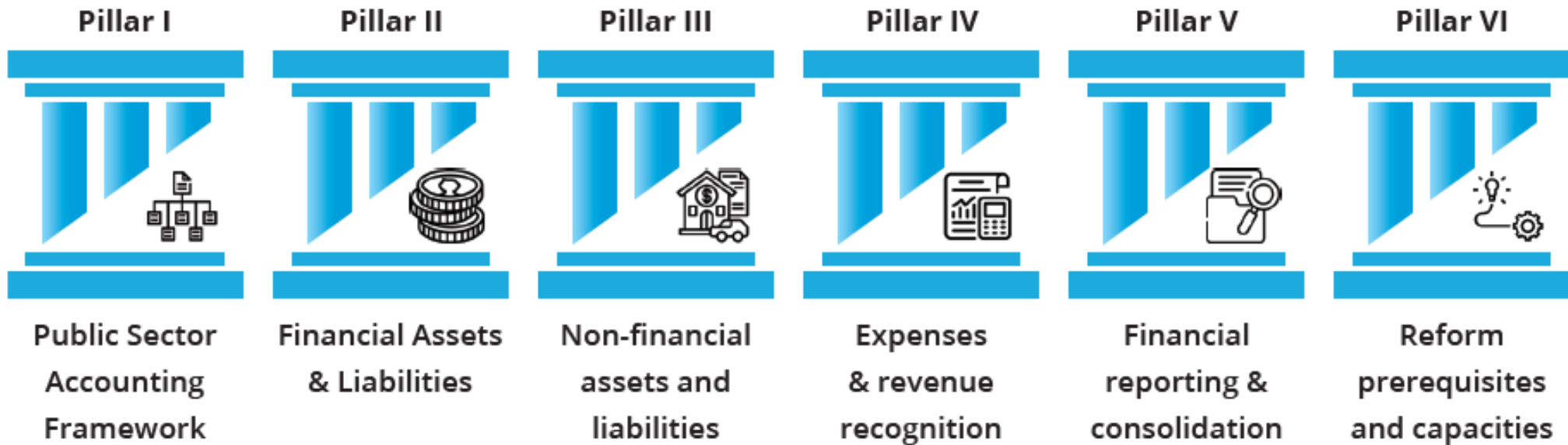


- ✓ Provide **inputs** for development of a comprehensive **PSA reform strategy and roadmap**.
- ✓ Use the assessment to develop policy recommendations and action planning to enable further strengthening of **PSA systems** and practices.
- ✓ The assessment **methodology** is **based on**
 - The **PEFA** assessment framework
 - The latest set of **IPSAS pronouncements**, but also go beyond the IPSAS framework by assessing the current status of PSA systems and the state of reform.
- ✓ The quality of the assessment and the final report is ensured through **multilayer QA arrangements**, including an external validation process and the **PULSE Check**.

PULSE Structure



- ✓ 6 Pillars
- ✓ 29 Indicators
- ✓ 102 Dimensions



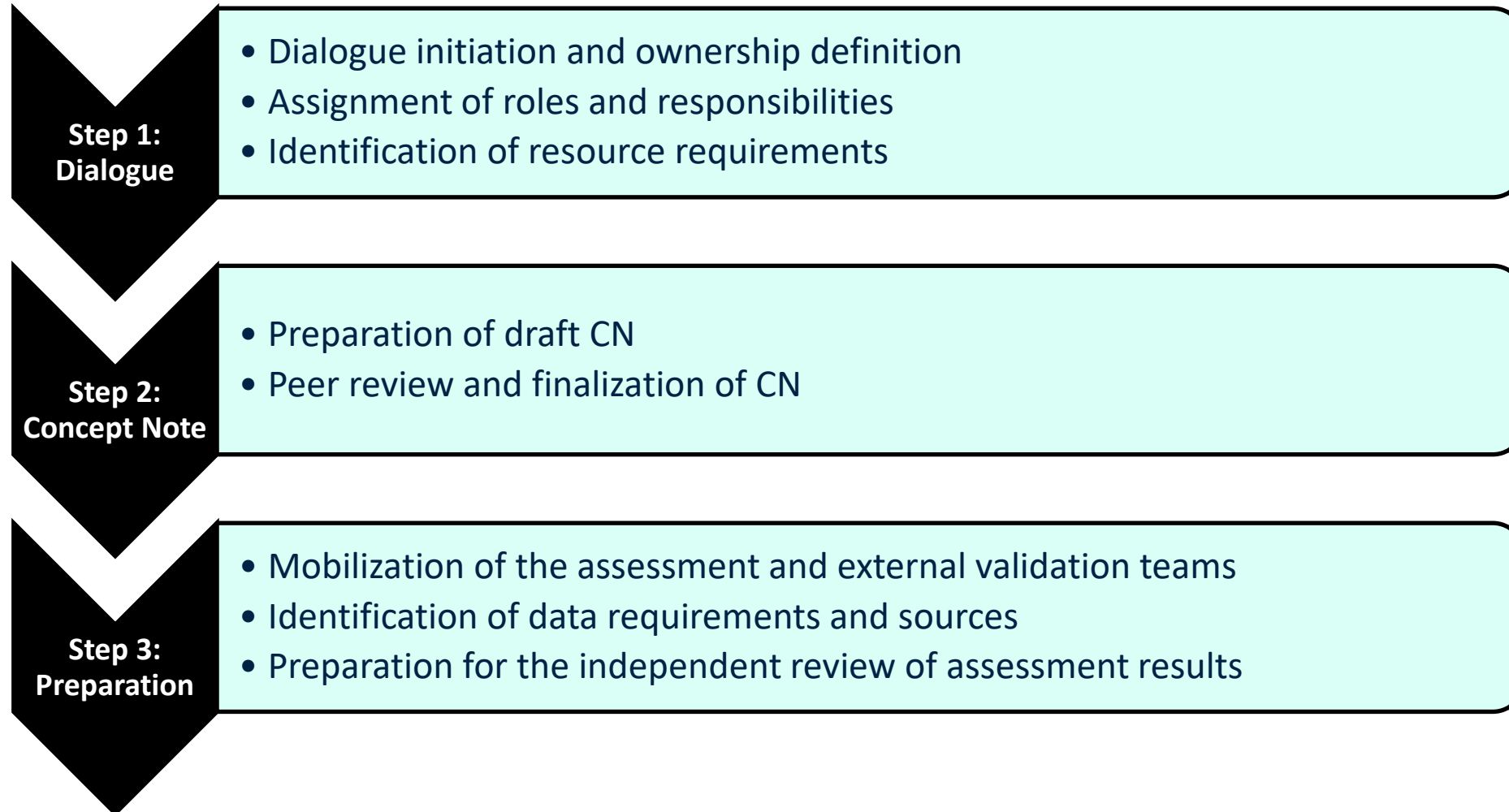
PULSE Assessment process



- ✓ The PULSE process has **4 phases and 10 steps**.
- ✓ The **estimated duration** of the entire assessment process is about **6 months**.



PULSE Assessment process – Phase 1: Planning



PULSE Assessment process – Phase 2: Assessment



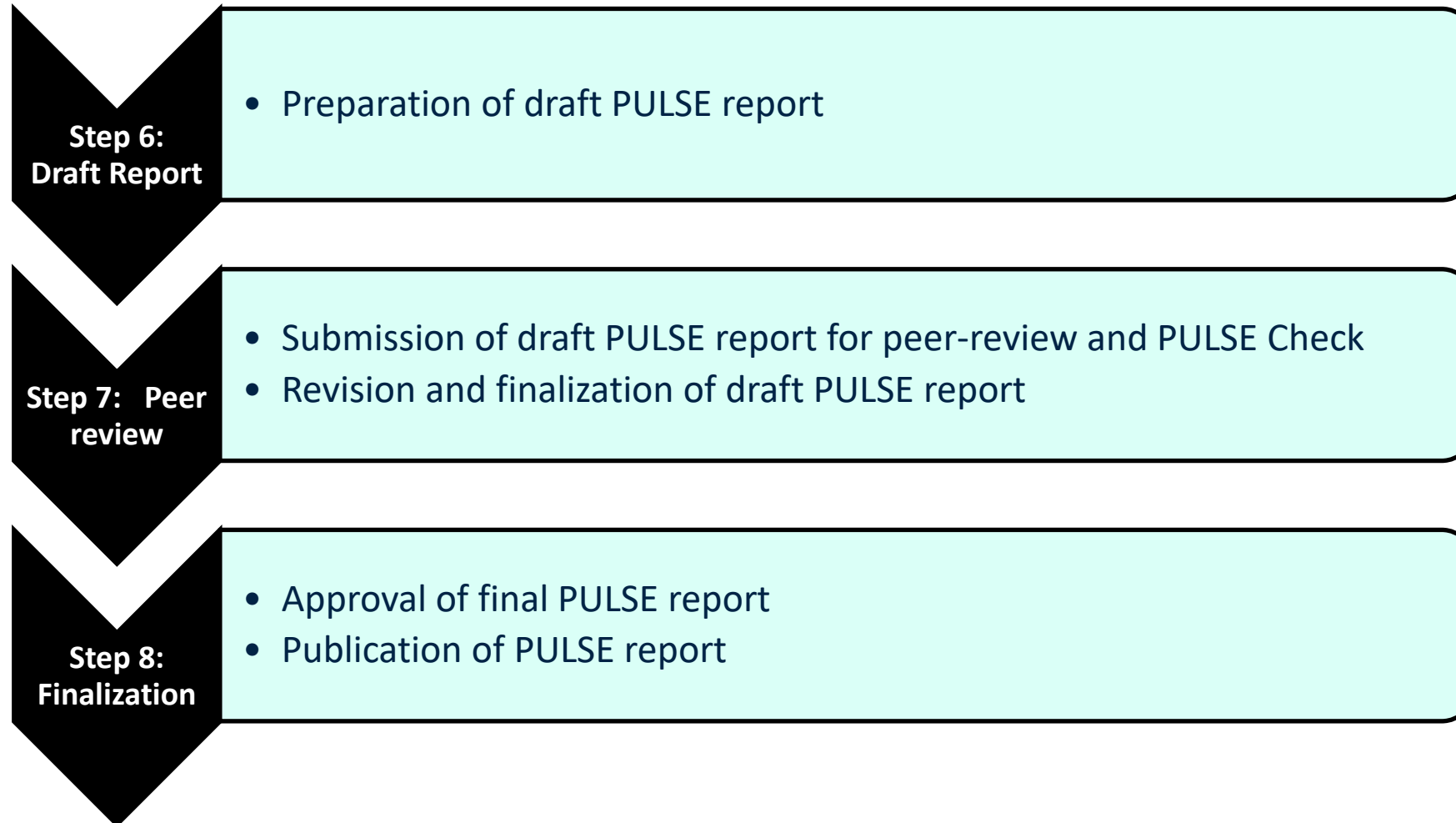
Step 4: Assessment Launch

- Senior government officials' workshop
- Technical workshop

Step 5: Data collection and analysis

- Preparation and compilation of all relevant documentation and data
- Assessment of performance indicators and dimensions in adherence with the methodology
- External validation of raw data and revision

PULSE Assessment process – Phase 3: Reporting



PULSE Assessment process – Phase 4: PSA reform action



Step 9 - Reform Dialogue

- Management of the reform dialogue
- Reform design, planning, and implementation

Step 10 - Monitoring & Evaluation

- Monitoring, evaluation, and follow-up

PULSE Coverage



- ✓ PULSE recognizes that governments and other public sector entities are **organized differently around the world** – ministries, departments, secretaries, etc.
- ✓ The **framework** was designed to be usually conducted **by national or subnational governments**, but could also be used for other entities such as SOEs, central banks or **other reporting entities**.
- ✓ The **coverage of consolidated entities** – according to IPSAS definition - or subnational governments will **depend on the local context** and the number of controlled entities by the reporting entity.

PULSE Scope



- ✓ PULSE is usually based on the **most recently completed fiscal year**.
- ✓ The **scope** of each indicator **may vary depending on the organizational structure** of the reporting entity.
- ✓ It is imperative to **clearly define the scope**, based on the reporting entity that is being assessed, in the **planning phase**.
- ✓ During the assessment, **information on aspects of defense, public order, and safety functions** may in rare cases be **unavailable** for reasons of **national security**.
- ✓ **Any limitations** of this nature should be **noted** in the **introduction** of the report.

PULSE Assessment modes



- ✓ **Full self-assessment approach**, as a primary assessment mode. In this case, the PULSE is undertaken by the lead agency with mandatory **external validation**.
- ✓ In **exceptional cases**, the following two modes are also possible:
 - **External assessment mode**, which is conducted by external experts; and
 - **Blended mode**, which combines self-assessment with the assistance of external experts.
- ✓ The **option** to choose these modes **depends** on the **jurisdictional situation**, including resource availability and institutional capacity.

PULSE Framework



Pillar	Indicator	Dimension	IPSAS
I. PSA Framework	1. Conceptual framework	1.1 Qualitative Characteristics 1.2 Reporting Entity 1.3 Elements	Conceptual Framework
	2. Accounting policies, estimates, errors, and events after the reporting date	2.1 Accounting policies 2.2 Estimates 2.3 Errors 2.4 Reporting of events after reporting date	IPSAS 3, 14
	3. Foreign currency transactions and hyperinflation effects	3.1 Initial recognition of exchange differences resulting from foreign currency transactions 3.2 End of year reporting of foreign currencies transactions 3.3 Compliance with hyperinflation requirements	IPSAS 4, 10

PULSE Framework



Pillar	Indicator	Dimension	IPSAS
II. Financial assets and liabilities	4. Financial assets	4.1 Short-term receivables at cost 4.2 Financial assets at amortized cost 4.3 Financial assets at fair value through surplus and deficit 4.4 Financial assets at fair value through net assets/equity	IPSAS 5, 41
	5. Financial liabilities	5.1 Short-term payables at cost 5.2 Financial liabilities at amortized cost 5.3 Financial liabilities at fair value through surplus and deficit 5.4 Financial liabilities with other bases of measurement	IPSAS 5, 41
	6. Derivatives, hedge accounting, loss allowance and borrowing cost	6.1 Derivative instruments 6.2 Hedge accounting 6.3 Loss allowance 6.4 Borrowing costs	IPSAS 5, 41
	7. Presentation, offsetting, and disclosures	7.1 Presentation 7.2 Offsetting 7.3 Disclosures relating to significance of financial instruments 7.4 Risk management disclosures	IPSAS 28, 30

PULSE Framework



Pillar	Indicator	Dimension	IPSAS
III. Non-Financial assets and liabilities Part 1	8. Inventories	8.1 Definition and recognition 8.2 Measurement 8.3 Disclosure	IPSAS 12
	9. Biological assets	9.1 Definition and recognition 9.2 Measurement 9.3 Disclosure	IPSAS 17, 27
	10. Leases	10.1 Definition and classification 10.2 Recognition from the perspective of lessor and lessee 10.3 Measurement (Finance Lease) 10.4 Disclosure	IPSAS 13
	11. Property, plant & equipment - recognition and measurement	11.1 Definition and recognition 11.2 Initial measurement 11.3 Subsequent measurement: Cost model 11.4 Subsequent measurement: Revaluation model	IPSAS 16, 17
	12. Property, plant & equipment – First time adoption and depreciation	12.1 Measurement at first time adoption 12.2 Depreciation 12.3 Disclosure	IPSAS 16, 17, 33

PULSE Framework



Pillar	Indicator	Dimension	IPSAS
III. Non-Financial assets and liabilities Part 2	13. Intangible assets	13.1 Definition and recognition 13.2 Initial measurement 13.3 Subsequent measurement 13.4 Disclosure	IPSAS 31
	14. Service concessions	14.1 Definition and recognition: control of asset by grantor 14.2 Recognition of liability 14.3 Recognition of guarantees made by a grantor	IPSAS 32
	15. Impairment	15.1 Identification and recognition 15.2 Measurement 15.3 Loss reversal 15.4 Disclosure	IPSAS 21, 26
	16. Provisions, contingent liabilities, and contingent assets	16.1 Definition and recognition of provisions and contingent liabilities 16.2 Definition and disclosure of contingent assets 16.3 Estimation of provisions 16.4 Disclosures in respect of provisions and contingent liabilities	IPSAS 19
	17. Employee benefits	17.1 Short-term benefits 17.2 Defined benefit plans 17.3 Other long-term employee benefits 17.4 Termination benefits	IPSAS 39

PULSE Framework



Pillar	Indicator	Dimension	IPSAS
IV. Expenses and revenue recognition	18. Exchange transactions	18.1 Rendering of services 18.2 Sale of goods 18.3 Interest, royalties, and dividends or similar distributions	IPSAS 9
	19. Revenue from non-exchange transactions	19.1 Tax revenues 19.2 Transfer revenues 19.3 Revenue or liability recognition 19.4 Measurement of non-exchange revenue	IPSAS 23
	20. Social benefits	20.1 Scope 20.2 Recognition and measurement 20.3 Disclosure	IPSAS 42

PULSE Framework



Pillar	Indicator	Dimension	IPSAS
V. Financial reporting and consolidation	21. Presentation of financial statements	21.1 Degree of completeness: statement of financial position 21.2 Degree of completeness: statement of financial performance 21.3 Degree of completeness: statement of changes in net assets/equity 21.4 Degree of completeness: cash flow statement	IPSAS 1, 2
	22. Notes	22.1 Notes 22.2 Degree of completeness: budget information 22.3 Segment reporting 22.4 Key management personnel	IPSAS 1, 18, 20, 24
	23. Accounting for non-controlled entities and public sector combinations	23.1 Associates and joint ventures/Equity method 23.2 Joint operations 23.3 Public sector combinations	IPSAS 36, 37, 38, 40
	24. Consolidated financial statements	24.1 Reporting scope and investment entities 24.2 Consolidation procedures 24.3 Transactions between related parties 24.4 Disclosures of interests in other entities	IPSAS 20, 35, 38

PULSE Framework



Pillar	Indicator	Dimension	IPSAS
VI. Reform prerequisites and capacities	25. Integration with other PFM systems	25.1 Multipurpose CoA 25.2 Treasury Single Account	Not applicable
	26. Integrated Financial Management Information Systems	26.1 Accrual information 26.2 Capturing of transactional information 26.3 Integration of accounting and PFM systems 26.4 Automated consolidation process	Not applicable
	27. Human resources and capacity	27.1 Accrual accounting competencies 27.2 Professionalization of the PSA function 27.3 Appropriate staffing level	Not applicable
	28. Accounting function	28.1 Accounting function 28.2 Independence of standard-setter 28.3 Independence of standard-setting process	Not applicable
	29. Reform ownership	29.1 Mandate for reform 29.2 Political commitment 29.3 Stakeholder involvement	Not applicable

PULSE Scoring methodology



- ✓ The **scoring** and assessment methodology has been aligned to the **PEFA methodology**, including a four-point calibration scale between A and D for each dimension.
- ✓ **Each dimension is scored separately** on a four-point ordinal scale: **A, B, C, or D**, according to precise criteria established for each dimension.
- ✓ For each indicator/pillar, **the score of individual dimensions/indicator is averaged** to obtain an **overall score** for the indicator/pillar respectively.
- ✓ To justify a particular score for a dimension, **every aspect specified in the scoring requirements must be fulfilled**. If the requirements are only partly met or the criteria are not satisfied, a lower score should be given.

PULSE Scoring methodology



✓ There are two exceptions:

- While “D” score indicates performance that falls below the basic level, “**D***” score is warranted **when sufficient information is not available** to establish the actual level of performance.
- “**NA**” (not applicable) is assigned instead of a score **when an indicator or dimension may not be applicable to the reporting entity being assessed**. This situation might arise if certain laws and regulations prohibit a reporting entity from being in possession of certain assets or liabilities (e.g. derivative instruments, intangible assets or contingent liabilities).

For the assessment to be meaningful, only a few dimensions can be deemed “NA.” If more than 25% (i.e., 26 or more out of 102) of dimensions are deemed “NA”, the entire assessment cannot be subject to external validation and therefore will not qualify for the PULSE Check.

PULSE Scoring methodology



A

- High performance level with full compliance with the respective requirements of the standards

B

- High degree of compliance, but still certain gaps to the IPSAS requirements exist

C

- Basic level of performance for each indicator and dimension, consistent with good international practices, aligned with IPSAS

D

- Feature being measured is nonexistent or presented at less than the basic level of performance

PULSE Scoring methodology



- ✓ The **aggregate score** is obtained depending on the **number of dimensions per indicator**.
- ✓ A **conversion table** determines an **aggregate score** according to the number of dimensions – *example:*

4-Dimensional indicators				Indicator score
C	B	B	B	B
C	B	B	A	B
C	B	A	A	B+
C	A	A	A	B+
B	B	B	B	B
B	B	B	A	B+
B	B	A	A	B+
B	A	A	A	A
A	A	A	A	A

PULSE Scoring methodology



Each dimension is evaluated separately

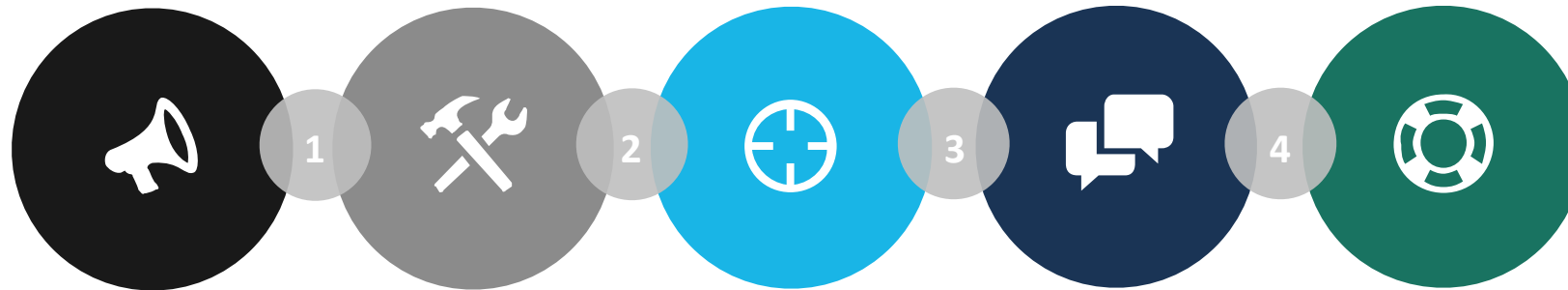
Most indicators have 2, 3 or 4 dimensions

Compliance

All the features have to comply with the requirements

Sampling can be used

when justified. Orientations will be given in specific indicators



Scoring **starting from “C”** is considered as a basic performance level

Materiality is relevant

The terms “all”, “most” and “majority”, are defined in the framework and are systematically applied in all the set of indicators – *more details in next slide*

PULSE Scoring methodology



- ✓ **Materiality, size and significance according to handbook**

“All” refers to 90 percent or more (by number of items/elements)

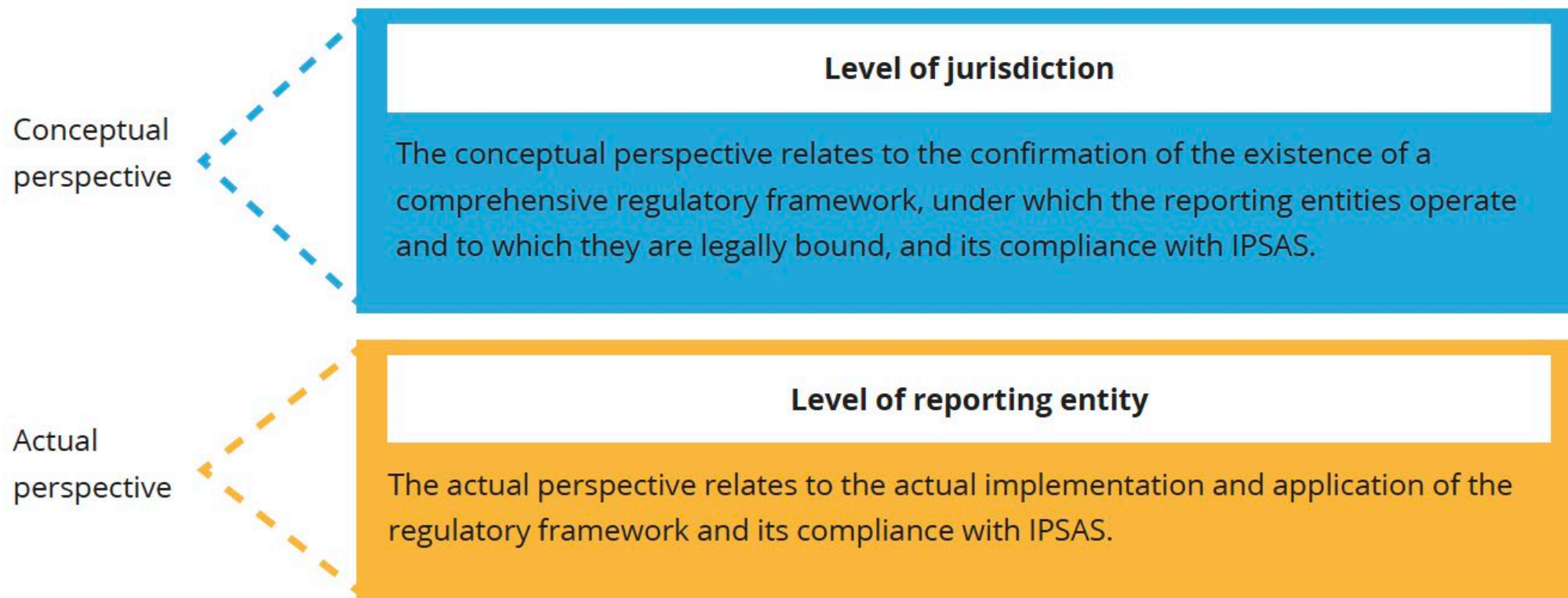
“Most” refers to 75 percent or more (by number of items/elements)

“Majority” refers to 50 percent or more (by number of items/elements)

PULSE Scoring methodology



- ✓ **Consider both conceptual and actual perspectives**



PULSE Scoring methodology



- ✓ Consider both conceptual and actual perspectives

Example: PI-20, social benefits

Accounting manual and regulations in place specify that cash transfers to specific individuals or households, which mitigate social risks, should be presented as social benefits – **CONCEPTUAL PERSPECTIVE**

The financial statements show that cash transfers to specific individuals or households, which mitigate social risks, are registered as general advance payments – **ACTUAL PERSPECTIVE**

PULSE Scoring methodology: examples



Score	Requirement 1	Requirement 2	Requirement 3	Requirement 4
A	Exchange differences resulting from transactions with monetary and non-monetary items are recognized in the surplus or deficit in the period they arise	In addition, the total amount of exchange differences is disclosed in the notes		
B	Exchange differences resulting from transactions with monetary and non-monetary items are recognized in the surplus or deficit in the period they arise.			
C	Exchange differences resulting from transactions with monetary items are recognized in the surplus or deficit in the period they arise			
D	Performance is less than required for a C score			

Example: PI-3 - Foreign currency transactions and hyperinflation effects

Dimension PI-3.1: Initial recognition of exchange differences resulting from foreign currency transactions

PULSE Scoring methodology: examples



Score	Requirement 1	Requirement 2	Requirement 3	Requirement 4
A	Financial assets at fair value through surplus and deficit fulfill the requirement of recognition.	All requirements of initial measurement.	All requirements of subsequent measurement.	And all requirements of derecognition.
B	Financial assets at fair value through surplus and deficit fulfill the requirement of recognition.	At least two requirements of initial measurement.	At least two requirements of subsequent measurement.	And at least three requirements of derecognition.
C	Financial assets at fair value through surplus and deficit fulfill the requirement of recognition.	At least one requirements of initial measurement.	At least one requirements of subsequent measurement.	And at least two requirements of derecognition.
D	Performance is less than required for a C score			

Example: PI-4 – Financial assets

Dimension PI-4.3: Financial assets at fair value through surplus and deficit

PULSE Scoring: examples



PI 3 - Foreign currency transactions and hyperinflation effects

Dimension PI-3.1: Initial recognition of exchange differences resulting from foreign currency transactions

Exchange differences resulting from transactions with monetary and non-monetary items are recognized in the surplus or deficit in the period. However, the total amount of exchange differences is NOT disclosed in the notes, following what is indicated in the accounting policies in place.

Thus, the score for this dimension is B, both for the actual perspective and **conceptual perspective**.

PULSE Scoring: examples



PI 21 – Presentation of financial statements

Dimension PI-21.4: Degree of completeness: cash flow statement

As stipulated in IPSAS 2, the accounting manual specifies that the financial statements must include a cash flow statement, which classifies the flows of cash or cash equivalent by operating, investing, and financing activities. It also specifies that cash flows from operating activities must be calculated directly. However, the entity prepares a cash flow statement which classifies only the cash flows by operating, investing, and financing activities – not cash equivalent.

According to the **conceptual perspective**, the score for this dimension is A.

Considering the **actual perspective**, the score for this dimension is C.

PULSE Scoring: examples



PI 24 – Consolidated financial statements

Dimension PI-24.2: Consolidation procedures

The accounting regulations in place specify that consolidated financial statements must be prepared using uniform accounting policies, on a line-by-line basis, eliminating all transactions between the entities. However, the consolidation financial statements were prepared, in the last two completed fiscal years, using uniform accounting policies, on a line-by-line basis, eliminating 10,523 out of 12,567 transactions between the entities.

According to the **conceptual perspective**, the score for this dimension is A.

Considering the **actual perspective**, the score for this dimension is B.

PULSE Scoring: examples



PI 26 - Integrated financial management information systems

Dimension PI-26.2: Capturing of transactional information

There are 322 budget entities in the public sector. The FMIS captures, records and processes in the general ledger transactional information of 167 budget entities only.

Thus, the score for this dimension is C

PI-26 does not require to differentiate scores for actual and **conceptual perspectives**.

PULSE Supporting documents



Access to public documents

- ✓ Can be accessed without restrictions or registration;
- ✓ Available to public;
- ✓ Link to websites is encouraged.

Use document repository on web-based tool

- ✓ Entire documents should not be included in a specific dimension – only appropriate section;
- ✓ For example, “Accounting manual” is not a valid supporting document for a specific dimension.

There are two types of supporting documents:

- ✓ **General documents**, which need to be completed at the beginning of the assessment – for example, laws or bylaws for accounting, accounting standards, policies, etc.
- ✓ **Supporting documents for individual dimensions** – for example, specific sections of financial statements, IFMIS screen shots, list or register of fixed assets, valuation criteria of financial instruments.

PULSE Supporting documents



Data sources applicable to...	Conceptual perspective	Actual perspective
The constitution under which the reporting entity operates	x	
Any laws and bylaws relating to budget and/or accounting	x	
Annual budget law/documentation/estimates, as appropriate, approved by the legislature	x	
Accounting standards	x	x
Accounting policies/frameworks	x	x
Accounting manual/procedures	x	x
Internal memos/guidelines/process descriptions	x	x
Asset register for fixed and non-fixed assets		x
Chart of accounts		x
Annual financial statements or reports		x
Interim (e.g., monthly, quarterly, etc.) financial statements or reports		x
Audit reports		x
FMIS outputs/screenshots		x
Job profiles/responsibilities		x

Roles and responsibilities of stakeholders



Stakeholder	Description - responsibilities
Lead agency	Main sponsor of PULSE – usually MoF, who could delegate to PSA or Treasury
Assessment team leader	Day-to-day manager of the PULSE process and ultimate responsible person for the quality of the assessment
Oversight team	PFM or PSA reform steering committee, or a technical task force reporting to a high-level steering committee
Assessment team	Lead agency’s officials with potential support of external consultants – must have good analytical and written communication skills
External validation team	International and/or national PFM/PSA experts who are familiar with the national/jurisdictional PSA system and reform
PULSAR team	World Bank officials and/or consultants who are involved in the implementation of the PULSAR Program
External stakeholders	Relevant actors such as (i) line ministries; (ii) SAI; (iii) development partners and donors; (iv) accounting standard setters and PAOs; (v) PFM/PSA related NGOs and civil society groups; (vi) academia
Peer reviewers	identified and nominated by the assessment team leader, in consultation with the lead agency and oversight team

PULSE Quality assurance process



No.	QA Elements	Reference	Responsibility
1.1	The draft CN is prepared	Chapter 2	Assessment team leader
1.2	The draft CN is submitted for peer review	Chapter 2	Assessment team leader
1.3	The CN is reviewed and commented	Chapter 2	Peer reviewers, oversight and PULSAR teams
1.4	The CN is revised and submitted for approval	Chapter 2	Assessment team leader
1.5	The revised CN is approved	Chapter 2	Oversight team
1.6	The final CN is shared for information purposes with all peer reviewers and PULSE stakeholders	Chapter 2	Assessment team leader
2.1	The assessment is conducted	Chapter 3	Assessment team and its leader
2.2	The raw data from the assessment is submitted for external validation	Chapter 3	Assessment team leader
2.3	The raw data from the assessment is reviewed and validated	Chapter 3	External validation team
2.4	The raw data from the assessment is revised, as needed	Chapter 3	Assessment team and its leader

PULSE Quality assurance process



No.	QA Elements	Reference	Responsibility
3.1	The first draft of the complete PULSE report is prepared	Chapter 4	Assessment team and its leader
3.2	The first draft of the complete PULSE report is submitted for review	Chapter 4	Assessment team leader
3.3	The first draft of the complete PULSE report is reviewed and commented	Chapter 4	External validation team
3.4	The revised draft PULSE report is prepared along with the matrix of comments received and team responses	Chapter 4	Assessment team and its leader
3.5	The revised PULSE report is submitted for PULSE Check	Chapter 4	Assessment team leader
3.6	The revised PULSE report is commented, and the PULSE Check is conducted	Chapter 4	PULSAR team
3.7	The revised PULSE report is further revised, as needed, and finalized	Chapter 4	Assessment team and its leader
3.8	The pre-final PULSE report is submitted for approval	Chapter 4	Assessment team leader
3.9	The final PULSE report is approved	Chapter 4	Oversight team
4.1	The final PULSE report is distributed to all, including PULSE and external, stakeholders	Chapter 4	Lead agency/ Assessment team leader

PULSE Check



The main PULSE Check objective is to ensure that:

- ✓ **PULSE methodology** has been **applied correctly**.
- ✓ **General scoring** is **evidenced**.
- ✓ Current overall **IPSAS adoption status and financial reporting** basis are properly **documented**.
- ✓ **PULSE report structure and content** follow the **PULSE handbook**.
- ✓ Proposed **recommendations and action plan** are **reasonable and feasible** for implementation.

PULSE Check



Key PULSE Check criteria are:

- ✓ The draft PULSE CN is submitted for peer review before the assessment work starts;
- ✓ The final version of the CN is shared with all peer reviewers and PULSE stakeholders;
- ✓ The first draft of PULSE report is submitted to all members of external validation team for review;
- ✓ Compliance indices for dimensions and indicators, and the report coverage index are higher than 75%.

Use of PULSE Check

- ✓ PULSE Check can be omitted, when the PULSE Report is not intended to be publicly disclosed;
- ✓ However, it is recommended to conduct it whenever possible;
- ✓ The inclusion of the PULSE Check (or the lack of it) is highlighted in the distribution and dissemination version of the PULSE report.

PULSE Concept Note structure



- Country/jurisdiction background and context.
- PSA reform, including the mention of: (i) any recent PSA assessments; and (ii) recent, ongoing, and planned PSA reform.
- Purpose, scope, coverage, and mode of the assessment.
- Timeline, including assessment implementation schedule, and estimated cost of the assessment, including a raw breakdown of the main cost items.
- Assessment management, including: (i) management and oversight arrangements; (ii) composition of the assessment team; and (iii) QA arrangements.
- Approach and methodology, including data collection, structure of the PULSE report.
- Key deliverables, including the workshop to be delivered as part of assessment launch and any PULSE report dissemination event(s), if any.

PULSE Final report and publication



- ✓ **After the PULSE Check**, approval, and finalization of the report, the final **PULSE report should be distributed** to all stakeholders.
- ✓ All reports that have undergone a **complete PULSE Check** will be made available through the **PULSAR website**.
- ✓ Once the final **PULSE report is completed**, it should be made **available to the public** either in print or in readable form on a publicly accessible website.

PULSE Final report structure



Section Title	Content	Max length
General information	Cover page, table of contents, abbreviations and acronyms, acknowledgements.	6 pages
Executive summary	Brief description of: (i) rationale, purpose, scope, coverage, and mode of the assessment; (ii) overview of the main findings on PSA system performance; including the confirmation of the current overall IPSAS adoption status and the financial reporting basis; (iii) action plan for further PSA reform; and (iv) reform monitoring, evaluation, and follow-up arrangements.	4 pages
Introduction	This section should include: (i) rationale, purpose, scope, coverage, and mode of the assessment; (ii) assessment management, including team composition; (iii) QA arrangement, including PULSE Check requirement; (iv) assessment methodology; and (v) report structure.	3 pages
Country background and PSA environment	This section should include: (i) country/jurisdiction background and context; (ii) public sector structure, including entity's concept; (iii) PFM systems and their link with PSA system; (iv) PSA legal and regulatory arrangements; (v) PSA institutional arrangements; (vi) current accounting and financial reporting arrangements; and (vii) recent, ongoing, and planned PSA reform.	5 pages
Results	This section should provide an assessment of the key elements of the PSA system from conceptual and actual compliance perspectives, as captured by the dimension description and indicators, including the documentation of the current overall IPSAS adoption status and the financial reporting basis.	30 pages
Findings and recommendations	This section should include the analysis of key findings and recommendations for: (i) further reforms and action planning (for short, medium, and long terms) to improve the overall performance of the PSA system; and (ii) reform monitoring, evaluation, and follow-up arrangements.	5 pages

PSA reform action



- ✓ **PULSE report** should be used by the government to **start and/or continue** its dialogue with the relevant stakeholders and the **reform process**.
- ✓ The **path to reform is not static** and requires reform plans to be flexible and adaptable to changes to ensure that desired outcomes are achieved.
- ✓ **General guidance** on how to approach any PSA reform can be found in the **good practice template produced by the World Bank**.
- ✓ The **PSA reform action** should **comprise** (*see following slides*):
 - ✓ **Reform dialogue;**
 - ✓ **Monitoring, evaluation and follow-up**

PSA reform action: Reform dialogue



- ✓ **PSA reform dialogue** should involve all **key stakeholders**, such as the government representatives, line ministries, accounting standard setters, SAI, and development partners.
- ✓ **PULSE lead agency** should be **responsible for managing the dialogue** and therefore responsible and accountable for the outcome and the decisions from the dialogue.
- ✓ The **goal** of the reform dialogue is to build and maintain the **foundations** on which the **reform actions can be established and executed**.

PSA reform design, planning, and implementation



No.	Areas to be covered
1	Political support and willingness of the key stakeholders to initiate and carry out the reform
2	Agreement on a reform strategy and feasible implementation timeline
3	Establishment of proper reform coordination and management arrangements
4	Availability of required resources, including financial, human, and IT
5	Amendment of legal and regulatory frameworks
6	Definition of structure of the new PSA system
7	Definition of risk management and mitigation mechanisms
8	Development of change management and capacity building strategy
9	Integration between different PFM functions, and upgrading the existing or development of a new IFMIS
10	Establishment of monitoring and evaluation arrangements

PSA reform monitoring, evaluation, and follow-up



- ✓ **Monitoring and evaluation** are vital for **continuous learning, risk mitigation**, and for adjusting reform objectives and actions:
 - Monitoring should be undertaken **continuously** and entails using the **relevant PULSE indicators** to measure the **improvement** in PSA systems;
 - **Evaluation is a long-term assessment** of reform initiative to observe the efficiency and effectiveness of the reforms and their impact on the PSA systems.
- ✓ The **best way** to evaluate the PSA reform's results is to conduct a repeated **PULSE every five years**.

PSA reform monitoring, evaluation, and follow-up



- ✓ Monitoring and evaluation can be **incorporated into the PSA reform strategy** as follows:
1. **Establish a PSA reform monitoring body.** It is suggested to make use of the reform's Steering Committee or PULSE oversight team to monitor progress.
 2. **Develop the reform's results framework,** which should clearly capture the essential elements of the logical and expected cause-effect relationships among inputs, outputs, intermediate results or outcomes, and impacts.
 3. **Monitor and analyze the reform progress** by tracking actions and deliverables, prepare and submit semiannual progress reports to the monitoring body.
 4. **Conduct a repeated PULSE every five years,** as needed. This would support the monitoring and evaluation efforts and help to identify any additional PSA areas that need to be further strengthened.

PULSE Online Tool – A secured web portal



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PULSAR

PULSE Online Tool

PULSE, the IT support system for PULSAR, which supports the development of public sector accounting and financial reporting frameworks in line with international standards and good practice

Username / Email

Username to log in with

Password

You must use the password you used to register.

Login

[Forgot your password?](#)

PULSE Online Tool – Methodology



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Pulse Methodology

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Basic Methodology

Pillars	Indicators
<div style="display: flex; align-items: center; gap: 10px;"> ✖ ↑ </div> I. PSA Framework	<div style="display: flex; align-items: center; gap: 10px;"> ✖ ↑ </div> PI-1. Conceptual Framework
<div style="display: flex; align-items: center; gap: 10px;"> ✖ ↑ </div> I. PSA Framework	<div style="display: flex; align-items: center; gap: 10px;"> ✖ ↑ </div> PI-2. Accounting policies, estimations, errors and events after the reporting date
<div style="display: flex; align-items: center; gap: 10px;"> ✖ ↑ </div> I. PSA Framework	<div style="display: flex; align-items: center; gap: 10px;"> ✖ ↑ </div> PI-3. Foreign currency transactions and inflation effects
<div style="display: flex; align-items: center; gap: 10px;"> ✖ ↑ </div> I. PSA Framework	<div style="display: flex; align-items: center; gap: 10px;"> ✖ ↑ </div> PI-4. Financial assets

- PI 2: Accounting policies, estimations, errors and events after the reporting date
- PI 3: Foreign currency transactions and inflation effects

Indicator PI-1: Conceptual Framework

This indicator assesses whether the current conceptual framework adopted by the jurisdiction is consistent with IPSASB Conceptual Framework. This includes key definitions as well as qualitative characteristics.

W

Qualitative Characteristics

The level of conceptual compliance of the regulatory framework in respect to qualitative characteristics (QC) and the constraints as described in the IPSASB Conceptual Framework defines all six qualitative characteristics and all three constraints in accordance with IPSASB.

B: The regulatory framework defines only a minimum of five qualitative characteristics and one constraint in accordance with IPSASB

C: The regulatory framework defines only a minimum of four qualitative characteristics and one constraint in accordance with IPSASB

D: Performance is less than required for a C score



PULSE Online Tool – Concept Note & Final Report Template



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Report

[Download current template](#)

General information Executive summary Introduction Country background and PSA environment **Results** Findings and recommendations

SectionName

Results

ProposedContents

B *I* U [List icons] [Link icon] [Refresh icon] [Table icon] (inherited font) (inherited size) A [Watermark icon]

This section should provide an assessment of the key elements of the PSA system from conceptual and actual compliance perspectives, as captured by the dimension description and indicators, including the documentation of the current overall IPSAS adoption status and the financial reporting basis. The structure of the section is based on the six pillars as follows:

1. Pillar I: PSA Framework
2. Pillar II: Financial assets & liabilities
3. Pillar III: Non-financial assets & liabilities
4. Pillar IV: Expenses & revenue recognition
5. Pillar V: Financial reporting & consolidation
6. Pillar VI: Reform prerequisites and capacities

In turn, the analysis of each dimension should include the following elements:

1. Performance level explanation and evidence for scoring of each dimension, including conceptual and performance compliance, as needed.
2. Reference to specific supporting document(s), including the page numbers, as needed.
3. Performance change since the previous assessment in case repeated assessments, where applicable.

(30 pages)

PULSE Online Tool – Assessments' status













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List of Assessments

[+ Add Assessment](#) [Deleted Assessments](#)

Search

Search

Options	Identifier	Name	Country	Last Status	Last Step	CN	% NA	% D*	% Comp	Report
 	MFU6	Ministry of Finance of Ukraine	Ukraine	STARTED	ConceptNoteReview	-	0 %	0 %	0.0 %	-
 	MFB21	Ministry of Finance of Bosnia and Herzegovina	Bosnia and Herzegovina	STARTED	Configure	-	0 %	0 %	0.0 %	-
 	MFG03	Ministry of Finance of Georgia	Georgia	STARTED	ConceptNoteRevise		0 %	0 %	0.0 %	-
 	MF01	Ministry of Finance Azerbaijan	Azerbaijan	STARTED	AssessmentRevise		10.0 %	0.0 %	100.0 %	-

PULSE Online Tool – Users



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Configure users for the evaluation

On this page you can configure users for an evaluation

[← Back to Assessment Dashboard](#) [📄 Import Users](#) [👤 Create User](#)

Define users for assessment and report preparation, review and approval. The button will be **ENABLED** when the following condition meets:

- Define at least one user for Assessment team

[➔ FinalizeDefineUsers](#)

[Save](#)

User	Project leader	Oversight	External Validation	Peer Reviewer	Assessment	Pulsar Team	Authorized viewer
admin admin	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jose Carlos Gutierrez	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jose Simon Rezk	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

PULSE Online Tool – Assessments' Follow-up



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PULSE Dashboard

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Assessment: MFG03

Process executed for the period of 22-23

Institution: MFG

Ministry of Finance of Georgia

Country: Georgia

Project Leader: admin admin

Status: ConceptNoteReview

4/2/2022

Concept Note: [📄 Draft](#)

AssessmentScore: Not yet started

FinalReport:

Date Started: 4/2/2022

Elapsed Time: 0h 10m

Calculated since first start of the assessment

For Assessment Team Leader only

A draft of the concept note is being reviewed. Please wait until all reviewers have finished to be able to upload your final version.

[➔ Revise Concept Note](#)

Current review status of the concept note

Rem.	Finish	Download	Reviewer	Date	Status
			Dmitri Gourfinkel	4/2/2022 4:21:31 PM	FINISHED

PULSE Online Tool – Concept Note Review phase



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Revise Concept Note

In this page you are able to revise all Concept Note observations and Upload a Final Concept Note

[← Back to Assessment](#)

Assessment: MFG03

Country: Georgia

ProjectLeader: admin admin

Final Concept Note

[📎 ConceptNote Final1.docx \(4 Kb \)](#)

Upload Final Document

Select files...

Upload

The document to be approved has been uploaded. You can change it if necessary or click on the button to submit it for approval.

[➔ Submit for Approval](#)

Reviews:

Document Uploaded	Reviewer	Comments	Date
📎 ConceptNote RevJ1.docx (4 Kb)	Dmitri Gourfinkel	In at imperdiet felis, nec viverra sem. Vivamus et quam ut sem dignissim lacinia sit accumsan rutrum. In hac habitasse platea dictumst. Proin id eros dolor. Ut bibendum posuere tellus a consequat. Cras porttitor sodales eleifend.	4/2/2022 4:21:31 PM
📎 ConceptNote RevJ2.docx (4 Kb)	Jose Carlos Gutierrez	Donec aliquam tortor sit amet tincidunt venenatis. Sed tincidunt auctor facilisis. Nulla hendrerit dolor, et elementum elit massa a mauris. Quisque lacus magna, condimentum	4/2/2022 4:26:48 PM

PULSE Online Tool – Assessment Dashboard



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PULSE

admin admin

Home

Classifiers

Assessments

Pulsar

Security

PULSE Dashboard

[← Back to Assessment's List](#) [Methodology](#) [Users](#) [QA Steps](#) [Status Changes](#)

Assessment: MF01

This is an assessment

Concept Note: [Draft](#) [Final](#)

Approved by Jose Simon Rezk on 4/2/2022 12:42:45 PM

[Score Dimensions](#)

Institution: MFA

Ministry of Finance Azerbaijan

AssessmentScore:

Conceptual: **C+** Actual: **C**

For Assessment Team Leader only

All the dimensions have been measured and we can continue to review the assessment.

[Review Scores](#)

Country: Azerbaijan

FinalReport:

Project Leader: admin admin

Date Started: 4/1/2022

Status: **Assessment**

Elapsed Time: 15h 32m

4/2/2022

Calculated since first start of the assessment

Follow up on the assessment

User	Role	# Dimensions Scored
admin admin	ProjectLeader	6
Dmitri Gourfinkel	Assessment	4

10

Dimensions Measured

100 %

0

Dimensions not Measured

0 %

0

Dimensions D*

0 %

1

Dimensions NA

10 %

PULSE Online Tool – Methodology



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Public Sector Accounting Assessment
PULSE
Julian Laski



Pulse Methodology for Assessment MFU2023

Version 1.1

Home

Assessments

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Copy of: Full PULSE methodology

Pillars	Indicators	Dimensions
I. PSA Framework	PI-1. Conceptual Framework	1.1. Qualitative Characteristics 1.2. Reporting Entity 1.3. Elements of financial statements
	PI-2. Accounting policies, estimations, errors and events after the reporting date	2.1. Accounting policies 2.2. Estimations 2.3. Errors 2.4. Reporting of events after reporting date
	PI-3. Foreign currency transactions and inflation effects	3.1. Initial recognition of exchange differences resulting from foreign currency transactions 3.2. End of year reporting of foreign currencies transactions 3.3. Compliance with hyperinflation requirements
	PI-4. Financial assets	4.1. Short-term receivables at cost 4.2. Financial assets at amortized cost 4.3. Financial assets at fair value through surplus and deficit

PULSE Online Tool – Scoring methodology



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- Create Assessment
- List of Assessments
- Pulsar
- Security

10
Dimensions Measured 100 %

1
Dimensions NA 10 %

0
Dimensions not Measured 0 %

0
Dimensions D* 0 %

C+

Conceptual Score

C

Actual Implementation Score

Pillars	Indicators	Dimensions
I. PSA Framework D+	PI-1. Conceptual Framework C+	1.1. Qualitative Characteristics ⓘ Measured B
		1.2. Reporting Entity ⓘ Measured C
	PI-2. Accounting policies, estimations, errors and events after the reporting date D	2.1. Accounting policies ⓘ Measured D
	PI-3. Foreign currency transactions and inflation effects NA	3.1. Initial recognition of exchange differences resulting from foreign currency transactions ⓘ Measured NA
		3.2. End of year reporting of foreign currencies transactions ⓘ Measured A
		3.3. Compliance with hyperinflation requirements ⓘ Measured C
	PI-4. Financial assets B+ C	4.1. Short-term receivables at cost ⓘ Measured A B
	4.2. Financial assets at amortized cost ⓘ	A D

PULSE Online Tool – Dimension’s Scoring Example



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- Pulsar
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4.3. Financial assets at fair value through surplus and deficit

Indicator: PI-4. Financial assets

Description:

Dimension 4.3 assesses the extent to which Financial assets at fair value through surplus and deficit are recognized, measured and derecognized in accordance with IPSAS 41 – Financial Instruments. This dimension also covers the receivables and debt instruments designated irrevocably at fair value through surplus and deficit. +

Score

Conceptual	Actual	
A	A	Financial assets at fair value through surplus and deficit fulfill the requirement of recognition, the three requirements of initial measurement, the three requirements of subsequent measurement, and the four requirements of derecognition.
B	B	Financial assets at fair value through surplus and deficit fulfill the requirement of recognition, a minimum of two requirements of initial measurement, a minimum of two requirements of subsequent measurement, and a minimum of three requirements of derecognition.
C	C	Financial assets at fair value through surplus and deficit fulfill the requirement of recognition, at least one requirement of initial measurement, at least one requirement of subsequent measurement, and at least two requirements of derecognition.
D	D	Performance is less than required for a C score.
D*	D*	Insufficient Information
NA	NA	Not Applicable

Observation

PULSE Online Tool – Document repository



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Public Sector Accounting Assessment

PULSE

Julian Laski



Document Repository for Assessment MFU2023

You can see the list of documents presented to the assessment either as evidence support or supporting documentation

Documents Evidence Hyperlink

[←| Back to Assessment Dashboard](#) [+ Add Document](#) [ViewAllCategories](#)

The constitution under which the reporting entity operates

Document	Date	Description
No documents uploaded		

Any laws and bylaws relating to budget and/or accounting

Document	Date	Description
No documents uploaded		

Annual budget law/documentation/estimates, as appropriate, approved by the legislature

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PULSE Online Tool – Document repository list



Accounting standards

Document	Date	Description
No documents uploaded		

Accounting policies/frameworks

Document	Date	Description
No documents uploaded		

Accounting manual/procedures

Document	Date	Description
No documents uploaded		

Internal memos/guidelines/process descriptions

Document	Date	Description
No documents uploaded		

Asset register for fixed and non-fixed assets

Document	Date	Description
No documents uploaded		

Chart of accounts (CoA)

Document	Date	Description
No documents uploaded		

Annual financial statements or reports

Document	Date	Description
No documents uploaded		

Interim (e.g., monthly, quarterly, etc.) financial statements or reports

Document	Date	Description
No documents uploaded		



Thank you!




CFRR >>
Centre for Financial
Reporting Reform



Public Sector Accounting and Reporting Program

PULSAR Program is co-funded by:

 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
