

# PUBLIC SECTOR ACCOUNTING DIAGNOSTIC TO COMPARE NATIONAL TO INTERNATIONAL STANDARDS

TCoP Thematic Group on Accounting  
Standards – November 11 2014

## Objectives

- ❑ To explain the objectives of a diagnostic assessment report on enhancing public sector financial reporting
- ❑ How Governments might conduct this diagnostic work
- ❑ Using diagnostics in your country context

## Objectives of the Diagnostic

- ▣ To provide each interested stakeholders with a common understanding of where countries stand against international norms of financial reporting
- ▣ To assess prevailing variances
- ▣ To assist in charting paths for improved compliance with international standards
- ▣ To provide a basis for measuring compliance with international standards over time

### What are Reports on the Observance of Standards and Codes (ROSC)?

1. Data Transparency
2. Fiscal Transparency
3. Monetary & Financial Policy Transparency

**Transparency standards**



4. Banking Supervision
5. Securities
6. Insurance
7. Payments Systems
8. Anti-Money Laundering

**Financial sector standards**

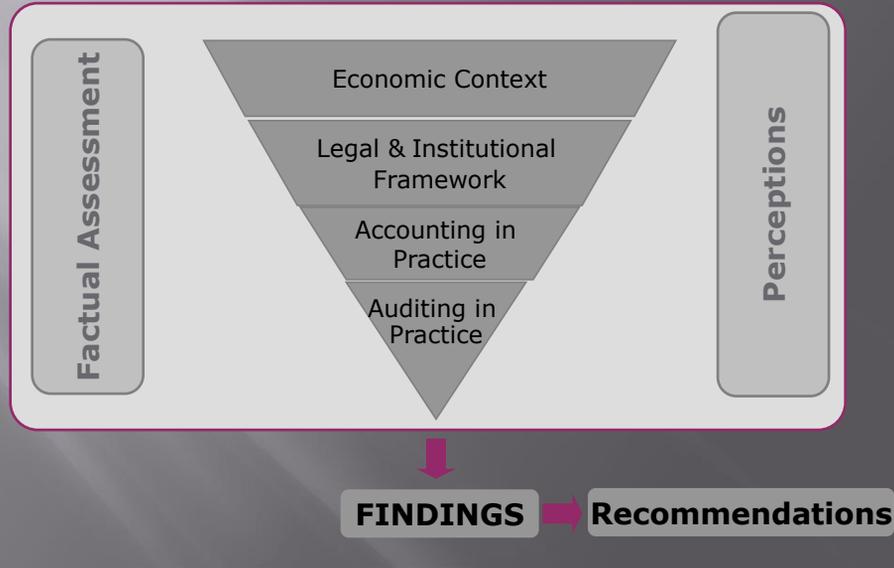


9. Corporate Governance
10. Accounting
11. Auditing
12. Insolvency and Creditor Rights

**Market integrity standards**



## Accounting and Auditing ROSC Methodology Methodology



## Use of Assessment Questionnaires

- I Assessment of Public Sector Accounting Environment
  - II Assessment of Cash Basis Public Sector Accounting Standards
  - III Assessment of Accrual Basis Public Sector Accounting Standards
  - IV Assessment of Actual Accounting Practices
  - V Assessment of Financial Reporting for State Owned Enterprises
  - VI Assessment of the value to be added by adopting the various underlying concepts and specific IPSAS standards
- N.B. Modular - questionnaires/content of report will vary depending on circumstances

## **I Assessment of the Public Sector Accounting Environment**

- I Statutory Framework
- II Academic Education, Professional Standards, Training
- III Setting Accounting Standards (Accounting Standards, Code of Ethics, Standard Setting Body)
- IV Budget Reporting
- V Government Financial Statistics (interaction between financial reporting and GFS)
- VI Audit, Monitoring and Enforcement
- VII Quality and Availability of Financial Reporting
- VIII Staff Levels

## **II Assessment of Cash Basis Public Sector Accounting Standards**

Assesses the comparability of any national accounting standards (cash basis) that are used with IPSASs; and the degree of actual compliance with the applicable standards.

### III Assessment of Accrual Basis Accounting Standards

- ▣ Assesses national standards (accrual basis) in direct comparison with the IPSAS.
- ▣ Review conducted standard by standard
- ▣ Comparison identifies possible gaps and shows where public sector accounting is at a high standard already
- ▣ Three levels of achievement (a) no achievement whatsoever; (b) national standards observed but no compliance with IPSAS or (c) IPSAS or national standards based on IPSAS observed

### III Assessment of Accrual Basis Accounting Standards (cont)

- ▣ Standards assessed individually which allows step by step implementation

## IV Assessment of Actual Accounting Practices

- ▣ Assessment of actual accounting/ financial reporting with national/IPSAS standards and/or rules
- ▣ Review a sample of reports from a range of public sector institutions

## Applications

- ▣ South Asia – Formal World Bank AAA
- ▣ Europe and Central Asia (Kazakhstan, Russia, Tajikistan and Georgia)
- ▣ 2014 - Colombia

## Methodology

- ▣ International experts, moderated self assessment, self assessment
- ▣ Government v development partner financed
- ▣ Diagnosis as an input to strategy/action plan

Thank You