



TCOP

Thematic group on
accounting
standards

General Information

Representatives of the following countries participated in the work of the group:

Belarus, Georgia, Kyrgyzstan, Moldova, Montenegro, Tajikistan, as well as representatives of the World Bank

At the beginning of the discussion, the participants presented information on the progress of accounting reforms in their countries. The following aspects were highlighted:

Belarus: Preparation of the accounting reform in the public sector started. Gap analysis between current public sector accounting and reporting practice and international standards is planned for 2015, as well as reform strategy development. It is also planned to improved treasury system, single treasury account, methodology of budget management.

Georgia: Public Strategy 2020 envisions complete transfer to accrual IPSAS. Starting from January 2015, Georgia introduces 4 standards (1, 3, 4, 6) + partial standard on events after reporting date. In 2014, regulation on accounting policy and reporting was developed, it will take effect on January 1, 2015. New Chart of Accounts takes effect on 1.1.2015, reports on the basis of this Chart of Accounts will be prepared starting from 2015.

Tajikistan: activity is carried out in line with Treasury and accounting reform strategies. Starting from January 1, 2015 8 standards are planned to be implemented (1, 2,3, 4, 5, 6,22, 24). Trainers from the Treasury and other budget institutions were trained and their will train other accountants. Reporting on the basis of the new standards will be prepared for 6 and 9 months with the aim of timely detection of problems.

Moldova: new Chart of Accounts and Budget Classification were developed. New Law on Public Finance was adopted in July 2014 and reflects reforms in the public sector. New information system is being developed for budget execution and for accrual accounting by spending units. Strategy - 2020 has a reference on international standards, without specification to which particular standards. This will be decided by March, 2016.

Kyrgyzstan: New information system covering all levels was implemented in the Treasury. Activity on treasury system modernization is being carried out. State Strategy envisions transfer to IPSAS starting from January 1, 2017. In December 2014 the strategy should be approved by the Government.

The participants also discussed accounting reform in Montenegro. The following main aspects were highlighted :

- Political will – the Government supports transfer to accrual accounting.
- Strategy to be approved by the Government in 2015 is flexible one – in contains main steps (legislation reform, standards, capacity building and development of information technologies).
- Detailed action plan will be developed later.
- The decision on IPSAS adoption or development of national standards will also be made by the Government later.
- 2018 can be considered realistic date because it does not imply complete transfer to IPSAS, but progress in accrual standards implementation should be achieved.
- There are certain difficulties in defining public sector entities that belong to central government.

Discussion of choice between development of the national standards or adoption of IPSAS as they are.

- Adoption of IPSAS as they are simplifies assessment of compatibility and can be cheaper, HOWEVER...
- Development of national standards on the basis of IPSAS can make them more compatible with the country conditions and simplify their implementation
- Specific features of the national legislation that can complicate IPSAS implementation should be taken into consideration
- Question appears – is compromise possible – implementation of IPSAS with additional guidance, instruction, forms?



Another very important issue is political will.

It is complex long-term task – Strategy of the Government of Montenegro defines users and their requirements.

Accounting standards thematic group congratulates the Government of Montenegro with their approach to the public sector accounting reform.



Next steps of the group :

- To review questionnaire on gap analysis between national and international standards (after its translation into Russian language)
- Further discussion of the questionnaire with experts at videoconference (March, 2015)
- Inclusion of gap analysis into Terms of Reference of the consultants and discussion of these issues at videoconference
- To disseminate materials (PwC assessment of transfer to IPSAS, including cost assessment)
- To disseminate accounting reform strategies of member-states

Next steps of the group:

- Regular videoconferences of the group to discuss progress and challenges of the countries in accounting reforms implementation (May-June 2015). It is possible to invite experts from the countries that are more advanced in the standards implementation
- To disseminate information on experience of other countries in institutional support of the reforms
- Presentation at a videoconference of CIPFA program in Ljubljana (April 2015), and then/ if needed, videoconferences with other countries that have strong training centers