Concept Note

**PEMPAL TCOP Thematic Group Meeting
 on Public Sector Accounting and Financial Reporting**

**Location**: Baku, Azerbaijan

**Dates**: April 12-13, 2018

**Background**

The main objective of the PEMPAL program is to strengthen professional skills of public finance specialists in the member countries and support them in implementing various aspects of reform of their national PFM systems. The main tools used by the program to achieve this objective are exchange of experiences and knowledge transfer among the practitioners.

One of the themes of priority interest for the members of PEMPAL Treasury COP (TCOP) is public sector accounting and financial reporting. This topic was a focus of interest for PEMPAL at a number of earlier events, with several working groups established at a PEMPAL meeting in Skopje, Macedonia in 2013. The Working Group on Accounting Standards was one of three related groups formed at that event, consolidation and assets management being the other two. The group has met on several further occasions including events in Georgia and Montenegro in 2014, and event in Minsk in 2016. Several video conferences on the topic have also been convened since the working group’s inception in 2013. Of the three working groups formed in Skopje, this is the only group which the COP decided to maintain, given its continued significance for a number of countries, and the lengthy periods required to implement public sector accounting reforms. Furthermore, high interest in the topic was confirmed during the recent TCOP members’ survey, when several countries not participating in this working group have voted for including the topic into TCOP activity plan. It was simultaneously decided to expand the thematic focus of the group to cover a broader range of issues related to implementation of public sector accounting and financial reporting reforms.

In recent years a number of TCOP countries have made significant progress in the move towards implementation of accounting standards aligned with international accounting standards, IPSAS – Russia and Kazakhstan are just two who have made significant progress and who have shared their methodology and achievements with this working group. Other countries have either prepared roadmaps or included public sector accounting reform as a core part of their broader PFM reform program. In particular, Georgia presented its roadmap to the group on a number of occasions. The group advised Belarus colleagues on the approaches to developing their road map during the event held in Minsk in 2016. Moldova, at the 2016 plenary event in Chisinau, indicated that development of national public sector standards is included in its current PFM Reform Action Plan as a future key activity.

In many instances, the road maps for implementation of public sector accounting reforms point to the need to develop solutions for automation of accounting and financial reporting at the spending unit level as a necessary condition for successful implementation of the respective reforms. The topic is quite acute for the majority of PEMPAL countries. While central government treasury information systems have been introduced everywhere and are routinely used for payment processing and reporting on budget execution, these systems are mainly used by the treasury offices. More and more countries move to provide access to the central systems for the spending units, however such access is often quite limited. Given the high costs of licenses for the commercial software often used as a basis for the treasury information systems, many countries opted to not use the same software for accounting and financial reporting at the spending unit level. Different solutions are therefore employed to provide the necessary system functionality at that level, such as developing special system modules for the spending units, customizing commercial software packages available in the market and distributing them to the spending units or promoting their use through different means, development of web based portal solutions to provide access to the selected functions of the central FMIS systems.

The topic is also of priority interest for another thematic group of TCOP – the group on use of information technologies in treasury operations, which will also have its meeting in Baku during the same week. It was decided to organize a joint session of the two thematic groups to discuss this topic in Baku.

**Objectives**

The main objective of the Baku meeting of the thematic group on accounting and financial reporting is to offer an opportunity for its members to deepen the understanding of the practical issues in automating accounting and financial reporting at the level of the spending units. The workshop will also serve the forum for the working group members to exchange news on the progress of public sector accounting and reporting reforms in their countries and discuss the plans for the future activities of the group.

**Contents**

First day of the event will be a joint meeting of the thematic group on accounting and financial reporting and the thematic group on use of IT in treasury operations. This joint session will be devoted to the review of solutions for automating accounting and reporting at the spending unit level with a focus on the latest trends in this area and discussion of pros and cons of different approaches. The session will be kicked off with the presentation by the World Bank expert leading the global FMIS COP, Cem Dener. Several countries will then be invited to present their solutions, including the presentation of the web portal of the State Treasury Agency of Azerbaijan.

The second day of the event will be an internal meeting of the thematic group on accounting and financial reporting. Participants will have a possibility to exchange information on the recent progress in implementing public sector accounting and reporting reforms in their countries and discuss the plans for the future activities of the group.

The format of the meeting will be very informal and aimed at stimulating debate and encouraging participation by country representatives. Representatives of 14 countries (Albania, Azerbaijan, Belarus, Croatia, Georgia, Kazakhstan, Kyrgyzstan, Macedonia, Moldova, Montenegro, Russia, Tajikistan, Turkey and Ukraine) will be invited to the event and the total expected number of participants in the joint sessions planned for the first day is around 68. Estimated number of participants in the internal meeting of thematic group is around 40. The working languages of the event will be Russian, English and Bosnian-Croatian-Serbian (BCS) using simultaneous interpretation.

The event preparation and implementation will be facilitated by the World Bank resource team working with the TCOP, including Elena Nikulina, Team Leader for the PEMPAL program and Mark Silins, TCOP Thematic Advisor. Cem Dener, Chair of the World Bank FMIS COP, is also expected to join the first day of the event.

PRELIMINARY AGENDA OF BAKU MEETING

**April 12th, 1st day**

***Review of solutions for automation of accounting and financial reporting at the spending unit level*** *(joint sessions with the TCOP thematic group on Use of IT in Treasury Operations)*

Morning session

* *Welcome and introductions*
* *Presentation by Cem Dener, the Chair of the World Bank FMIS COP*
* *Presentation of the web portal of Azerbaijan*
* *Country presentations (tbc)*

 Afternoon session

* *Country presentations continued (tbc)*
* *Group discussions*
* *Wrap up*

 Social program

**April 13th, 2d day**

*Internal meeting of TCOP thematic group on Public Sector Accounting and Financial Reporting*

Morning session

* *Presentation of Azerbaijan on principles of reporting on use of budget funds*
* *Country presentations (tbc)*

 Afternoon session

* *Country presentations continued (tbc)*
* *Group discussion on the future activity plan*
* *Wrap up*