

Public sector accounting reforms

PEMPAL Budget TCoP Meeting

Report Group NR. 2

Ljubljana, Slovenia, 18-19 April 2011

GROUP 2

Ms. Chinara Suranchieva - Kyrgyzstan

Mr. Ruslan Sadyrbaev - Kyrgyzstan

Ms. Angela Voronin – Moldova

Ms. Nadejda Slova – Moldova

Mr. Robert Grigoryan – Armenia

Mr. Zhirayr – Armenia

Ms. Anna Andreeva – Russian Federation

Mr. Ismatullo Hakimov – Tajikistan

Ms. Gulmira Hamrakulova – Tajikistan

Ms. Natalia Sushko – Ukraine

Ms. Natalia Kukuruza – Ukraine

Mr. Botir Pardayev - Uzbekistan

Mr. Rajeev Swami, John Ogallo – EXPERTS

Which accounting method does your country use?

	General government organizations	Gov-t institutions / local level	Treasury
Albania	modified accrual	modified accrual	cash
Armenia	modified cash	modified cash	modified cash
Azerbaijan	accrual	accrual	modified cash
Croatia	modified cash	modified cash	modified cash
Georgia	cash	accrual	cash
Kazakhstan	cash	cash	cash
Kosovo	cash	cash	cash
Kyrgyz Rep.	modified cash	modified cash	cash
Macedonia	cash	cash	cash
Moldova	modified accrual	modified accrual	cash
Montenegro	cash	cash	cash
Russia	modified accrual	modified accrual	modified accrual
Serbia	cash	cash	cash
Tajikistan	modified accrual	modified accrual	cash
Ukraine	accrual	accrual	modified cash

Why reform? (Benefits of transition)

- Public finance reporting requirement put forward by the IMF and other international organizations
- Need to ensure more transparency in public finance management and the use of public money. Increased government accountability to society
- Enhanced control over decision-making
- Need to attract international financial support for other reforms

Why reform? (Benefits of transition)

- Improved environment for foreign investments in the private sector
- Better quality of asset appraisal
- Resource mobilization; better information enables timely and informed management decisions to ensure more effective use of public resources
- Enhanced role for public sector accountants within the hierarchal structure

Challenges of transition

- The challenge is to define clearly the goals and benefits of reforms
- Poor understanding of accruals accounting by those involved in accounting and financial reporting reforms
- Standards not translated into national languages
- Lack of financing for reforms
- Lack of IT and software programs
- Need to train many specialists

Full accruals accounting – end goal of reforms?

- Not an end goal because a shift to full accruals accounting is almost impossible in practice. Modified accruals can meet all goals of accounting and financial reporting reforms
- Provision of externally audited cash based reports must be mandatory
- There was an opinion that full accruals should be the goal

Alternatives

- Modified accruals accounting
- Accruals accounting for expenses, cash accounting for revenue, ?? for budgeting

IPSAS

- NO TIME LEFT.
- NEED MORE TIME TO DISCUSS THE ISSUE. Could do it on Friday, for example...

Issues to discuss at the conference

- Stages of transition to IPSAS, which standards should go first?
- Legislation required to promote accounting reforms
- Definition of modified cash accounting
- Design of national accounts and the best timeframe for transition from cash accounting to accruals accounting

Group Nr 2

Thank you for your
attention!