

Public Sector Accounting and Financial Reporting in PEMPAL Member Countries

Group # 3 report, session 1

*Albania, Azerbaijan, Belarus, Bulgaria,
Kazakhstan, Russia, Tajikistan, France*

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Problems

1. Lack of consistency between various international standards. Countries have a challenge to comply with multiple international standards that are not fully consistent with each other (IPSAS, ESA95, GFS) **Bulgaria;**

Solutions

- EU is working on the analysis to underly the decision on reconciliation of IPSAS and ESA95, GFS
- Recent paper issued by the IPSAS Board that initiated international discussion on the issue of consistency between IPSAS and GFS, ESA, is under discussion and perhaps will provide a solution for the inconsistency problem
- In Albania, the issue of compliance with European requirements and with IPSAS requirements is resolved through the IT system
- Uniform chart of accounts for the whole public sector is important and simplifies things a lot
- PEMPAL event on the issues of the linkage of the budget classification and chart of accounts was part of Tajikistan solution that helped to develop their chart of accounts integrated with the budget classification and compliant with GFS2001; their chart of accounts also has additional codes that bring them in compliance with IPSAS

Problems

2. Skill requirements.

Application of international requirements in the area of accounting and financial reporting is very demanding, requires frequently a change in mindset, difficult reform (**Bulgaria**)

Massive training needs are a challenge (**Albania**)

3. Organizational issues.

Need to have clearly defined responsibility for setting methodological norms in the area of accounting and financial reporting in the country (existence of units with similar responsibilities in the MOF and the Treasury complicates development of unified methodology) **Belarus**

4. Integration of the accounting software used by the budget entities for accounting purposes with the treasury information system **Azerbaijan**;

5. Inconsistency in technical advice provided on some complex and controversial issues by international organizations and various external advisors (could result in creation of parallel systems)

Solutions

- MOF needs to provide methodological help and training for public sector accountants
- Decisions on important and costly solutions related to automation should not be taken by the MOF in isolation from the treasury (coordination mechanism should be in place)
- Donor organizations should harmonize their advice