

**UNCTAD-Intergovernmental Working Group of Experts on
International Standards of Accounting and Reporting**

Workshop on practical implementation of IPSAS

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Morning Session

Keynote address

Presented by

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WORLD BANK GROUP
Governance

IPSAS Implementation: World Bank Perspective

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31 October, 2017

Presentation outline.....

Why IPSAS: WBG Perspective

Implementation of IPSAS in Developing Countries

Approach of WBG in Supporting and Promoting Implementation

Investing in Public Financial Transparency

“[G]overnment accounting reform is necessary because it strengthens the institutional capacity necessary for achieving development goals.”

J.L. Chan

Challenges for Securing Stakeholder Support

- IPSAS implementation competes for scarce development resources
- The opportunity cost for IPSAS implementation may be higher for developing than developed countries
- Costs are immediate, but benefits accrue over a much longer time horizon
- Many benefits may be invisible (avoided costs)

Challenges in Implementation

Decision makers underestimate the magnitude of the reform

- Lack of preparedness and a comprehensive strategy;
- Inadequate budget and personnel resources;
- No change management strategy to modify organizational culture and behavioral norms throughout the reform process;
- No consideration of necessary changes to operational processes and procedures such as payroll and benefits, purchasing, payments, etc.
- Lack of a comprehensive training plan targeted to the needs of individual user groups

Must train both preparers and users

- Operational users – revised operational policies and procedures;
- Decision makers – using accrual based financial information for decision making;
- Budget personnel – affect of accrual accounting on budget execution;
- Audit personnel – revised operational policies and procedures, required financial statement elements;
- Those leading the reform process – detailed IPSAS knowledge and its affect on information needs.

Lack of Commitment and Coordination

- Lack of strong commitment at the top
 - Defining, collecting, and disclosing related party transactions;
 - Managing reform fatigue and institutional change;
 - Managing biases in developing judgements and estimates;
 - Ensuring comprehensive implementation throughout the organization.
- Lack of coordination with stakeholders, user groups and parallel reforms throughout government
- Overdependence on IT system to effect the reform
 - Need to understand and if necessary modify IT functionality
 - Need to understand information needs that may not be captured through transaction processing

World Bank Approach: Peer Learning

Recently launched PULSAR regional program to improve public sector accounting, with three main components:

- Awareness of Reform Rationale
 - Meetings and workshops with senior officials, ministers
 - Guides and online repositories
- Financial Reporting Framework
 - Community of Practice on legislative frameworks, IPSAS and EPSAS development/implement, unified chart of accounts
 - Links between financial, mgt, budgetary, statistical reporting
- Development of Public Sector Accountants
 - CoP on training, education, certification, recruitment, retention

Some helpful literature

- James L. Chan, “IPSAS and Government Accounting Reform in Developing Countries.” (2006)
- Atuilik, Adafula, and Asare, “Transitioning to IPSAS in Africa: An Analysis of the Benefits and Challenges.” (2016)
- Shakirat Adepeju Babatunde, “Implementing International Public Sector Accounting Standards in Nigeria: Issues and Challenges.” (2017)