



# ACCRUALS PRACTICES AND REFORM EXPERIENCES

*March 6, 2017*

*Jon BLONDAL and Delphine MORETTI  
Budgeting and Public Expenditures Division  
Public Governance and Territorial Development  
Directorate, OECD*



# The 2016 Accruals Survey

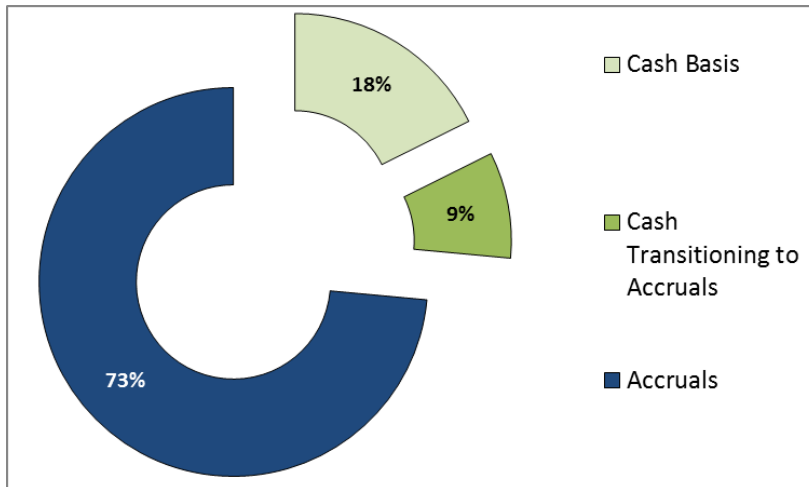
---

- Objectives:
  - Stock taking on accruals frameworks in OECD countries, incl. institutional coverage, standard-setting, audit, and accrual budgeting ;
  - Assessment of reform experiences: implementation challenges and perceived benefits.
- 34 countries surveyed.



# Accounting

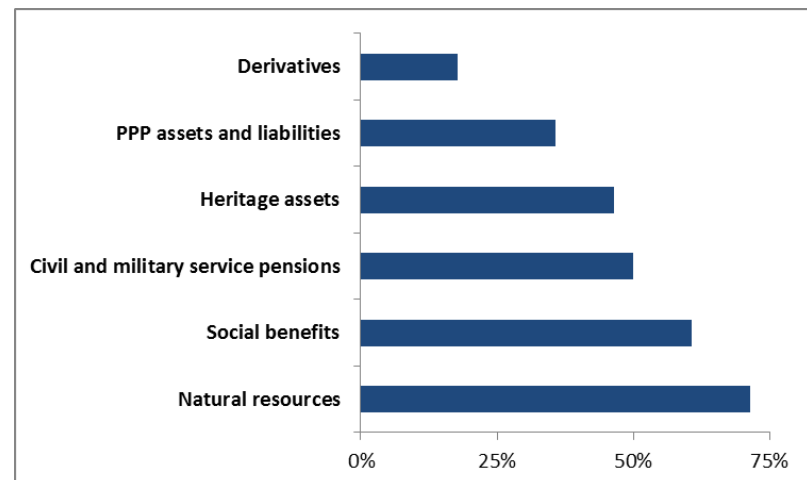
## Accounting Basis for Financial Report (34 OECD Countries, 2016)



- Reporting practices are still diverse, potential explanatory factors are:
  - Operational difficulties;
  - Lack of reference accounting treatment;
  - Disclosure, or reporting in other fiscal reports.

- 73% of OECD countries implementing accrual accounting, up from 24% in 2003.
- Supplementary accrual data in all cash basis accounting systems.

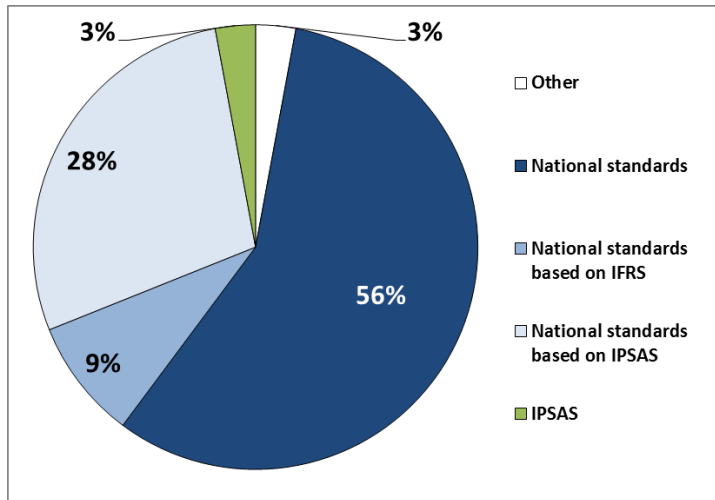
## Selected Transactions Not Reported in B/S (28 OECD Countries, 2016)





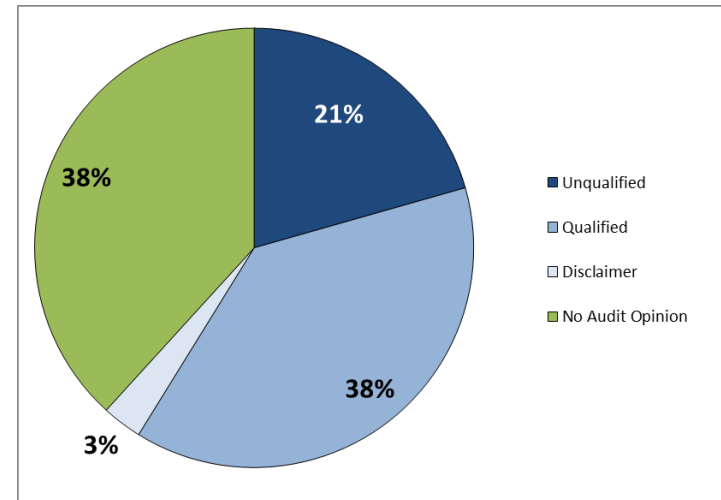
# Standard Setting and Audit

**Type of Standards**  
(34 OECD Countries, 2016)



- MoF is the accounting standard setter in a majority of countries.
- National standards favoured but IFRS and IPSAS are explicit or implicit references in most cases.

**External Audit**  
(34 OECD Countries, 2016)

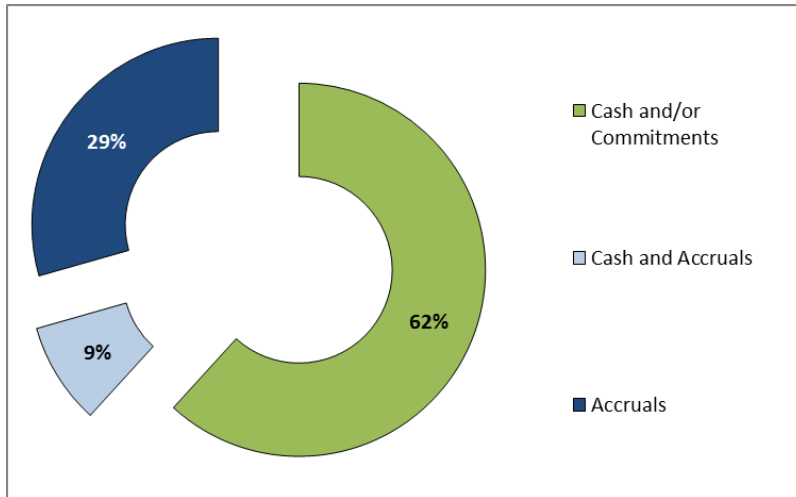


- Most countries that have adopted accrual accounting have also moved from away from “traditional” compliance audits.
- High proportion of qualified audit opinions.

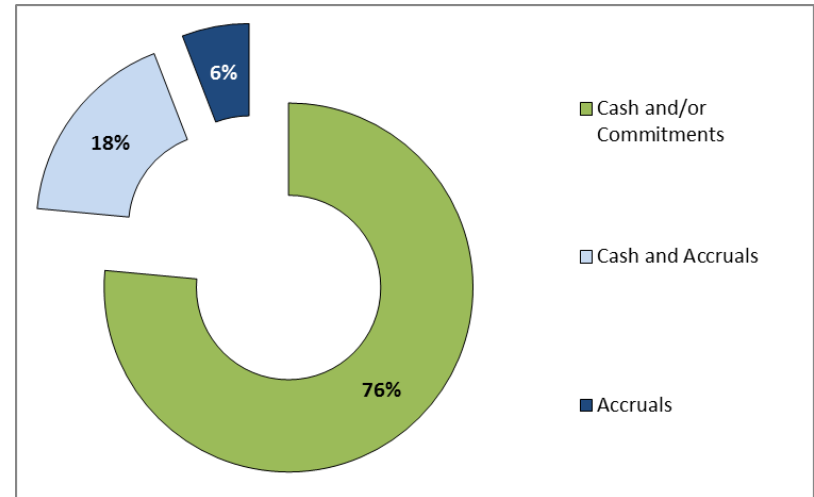


# Budgets and Appropriations

**Budgets**  
(34 OECD Countries, 2016)



**Appropriations**  
(34 OECD Countries, 2016)

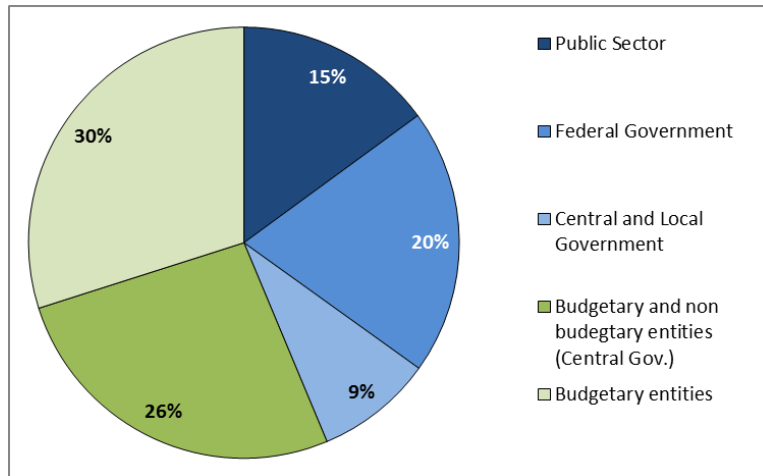


- Less than a quarter of countries use full accrual appropriations, but more than one quarter implement accrual budgeting.
- Variety of practices: cash budgets often include commitments, as well as forecasts of some assets and liabilities, and accrual budgets may differ in terms of statements and elements forecasted.

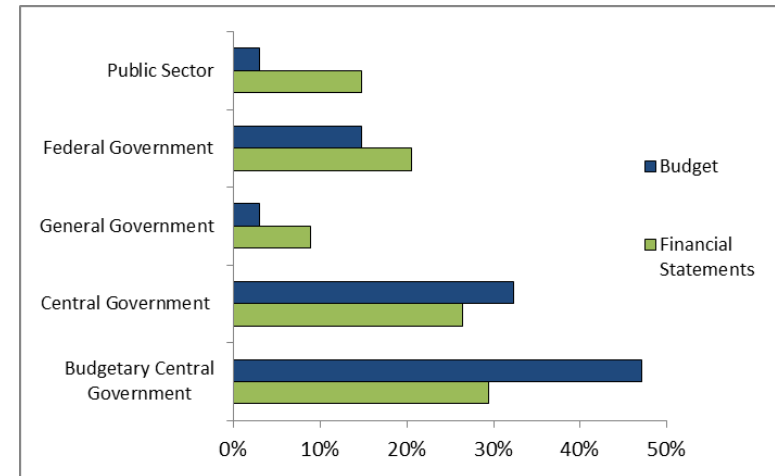


# Institutional Coverage

**Coverage of Annual Financial Statements  
(34 OECD Countries, 2016)**



**Comparison of coverage for Budgets and F/S  
(34 OECD Countries, 2016)**

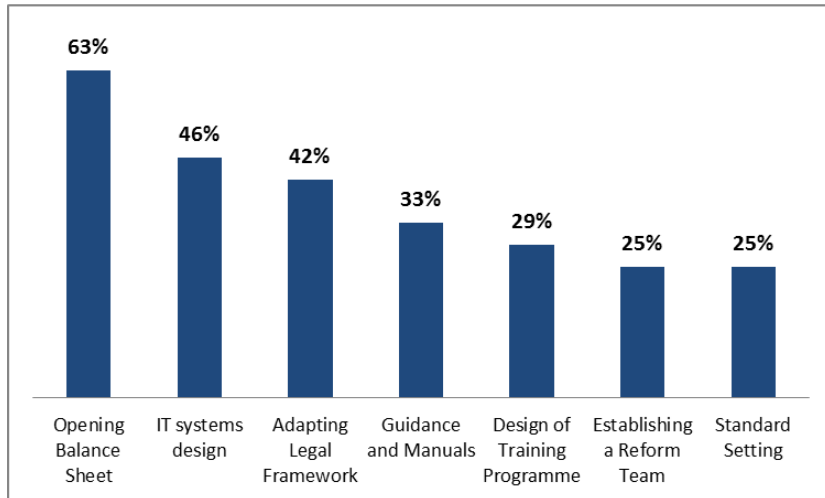


- Variety of consolidation practices due to different choices of consolidation criterion, and national circumstances.
- Usefulness of consolidated financial statements vs. fiscal statistics questioned by some respondents.
- Financial statements have a broader coverage than budgets in a majority of countries.

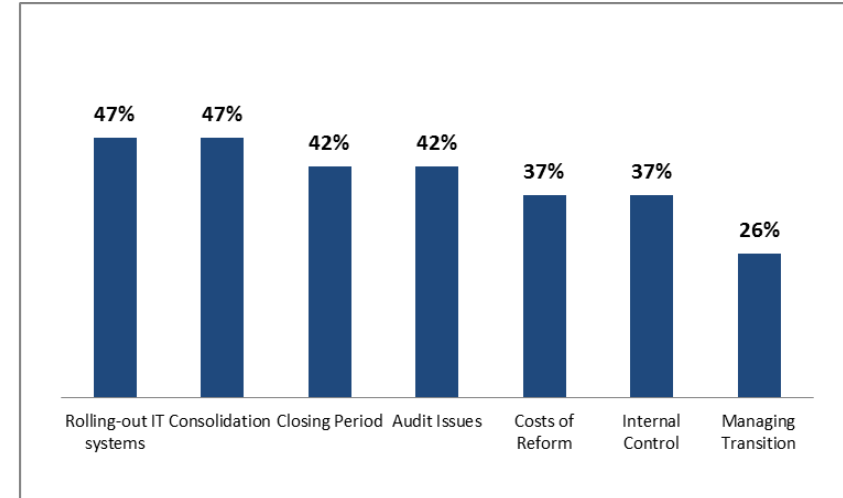


# Preparation and Implementation Challenges

## Preparation Phase



## Implementation Phase



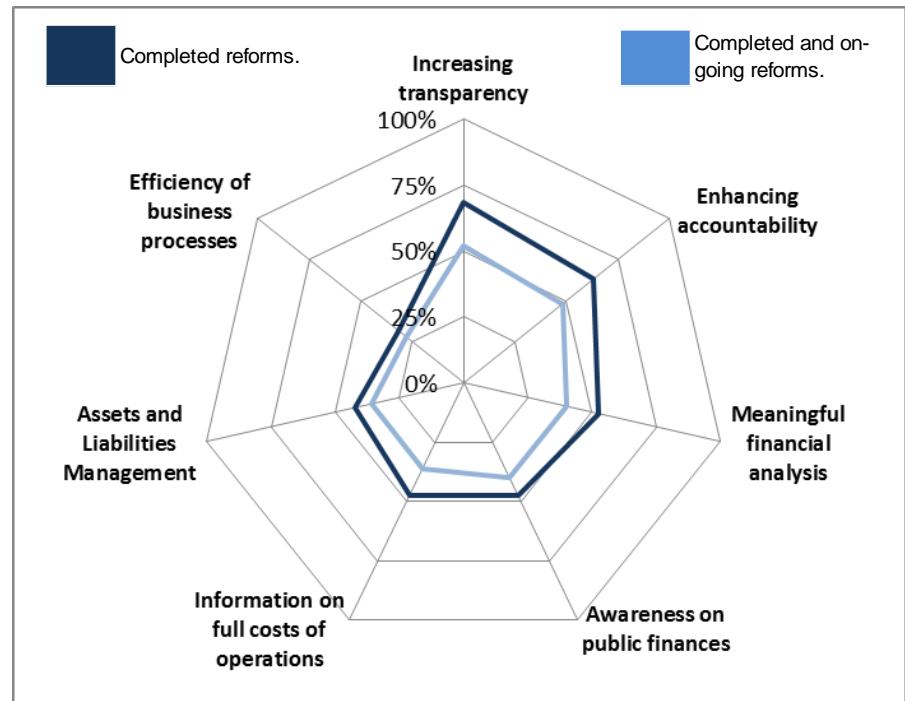
- Similarities in challenges pointed out by countries.
- Most countries underline the importance of :
  - Allowing sufficient time to preparers (ministries/departments and agencies) and providing guidance/assistance.
  - Human resources management (training and/or recruitment).
  - Collaboration with external auditor.



# Reforms Outcomes

**Satisfaction with Achievement of Accrual Reforms' Objective**  
(OECD 2016 Accruals Survey)

- Consensus on the benefits of accrual accounting with regards to transparency and accountability.
- But accrual reforms have limited readership and impact on fiscal policy decision making.







# Better Addressing Users Needs

---

## Clarity

- Aligning and bridging fiscal reports
- Simplification of the format
- Access to fiscal data

## Scrutiny and Decision Making

- Financial and performance information
- Balance sheet analysis
- Timeliness and sequencing

## Quality Assurance

- Standard setting
- External audit
- Independent commentary (IFIs)



Thank you for your attention.

More information on:

[http://www.oecd-ilibrary.org/governance/accrual-practices-and-reform-experiences-in-oecd-countries\\_9789264270572-en/](http://www.oecd-ilibrary.org/governance/accrual-practices-and-reform-experiences-in-oecd-countries_9789264270572-en/)