

# Harmonizing Financial Accounting and Macroeconomic Statistics

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# Macroeconomic Statistics – IMF's Role

- The IMF Statistics Department collects and disseminates macroeconomic data, provides extensive capacity building and training to public officials, and actively develops and promotes good practices in methodology and compilation of macroeconomic data.
- The focus is on official statistics used for public policy and the IMF's core business of surveillance and lending:

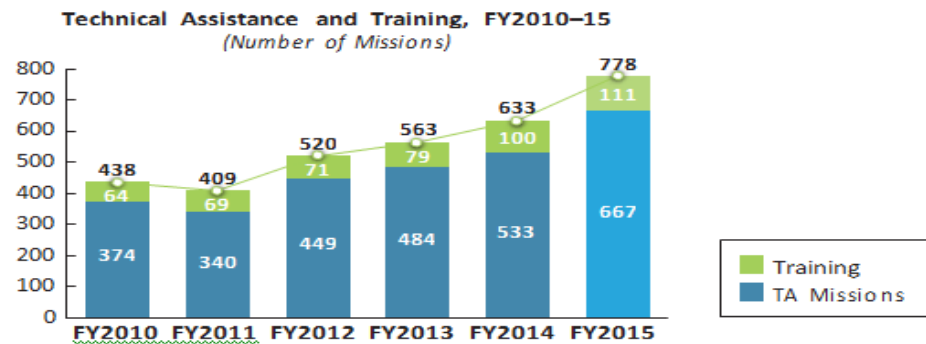
*National Accounts, Prices, Government Finance, Monetary, External Sector Statistics, Data Dissemination.*

- Source data and their underlying information and accounting systems are key determinants of data quality.

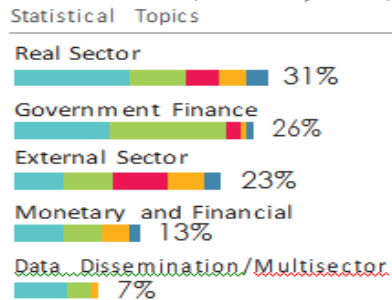


# IMF Statistics is Globally Active with Financial Support from Japan, UK, Canada, Europe, Australia, and various trust funds

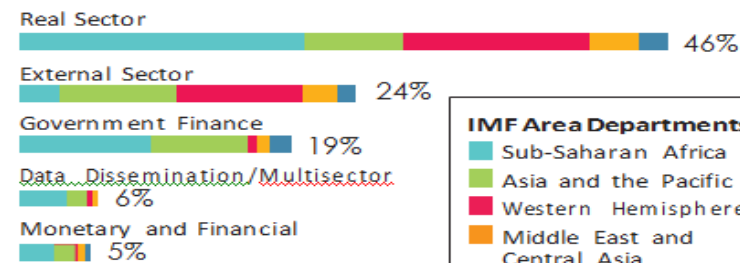
## STA Capacity Development

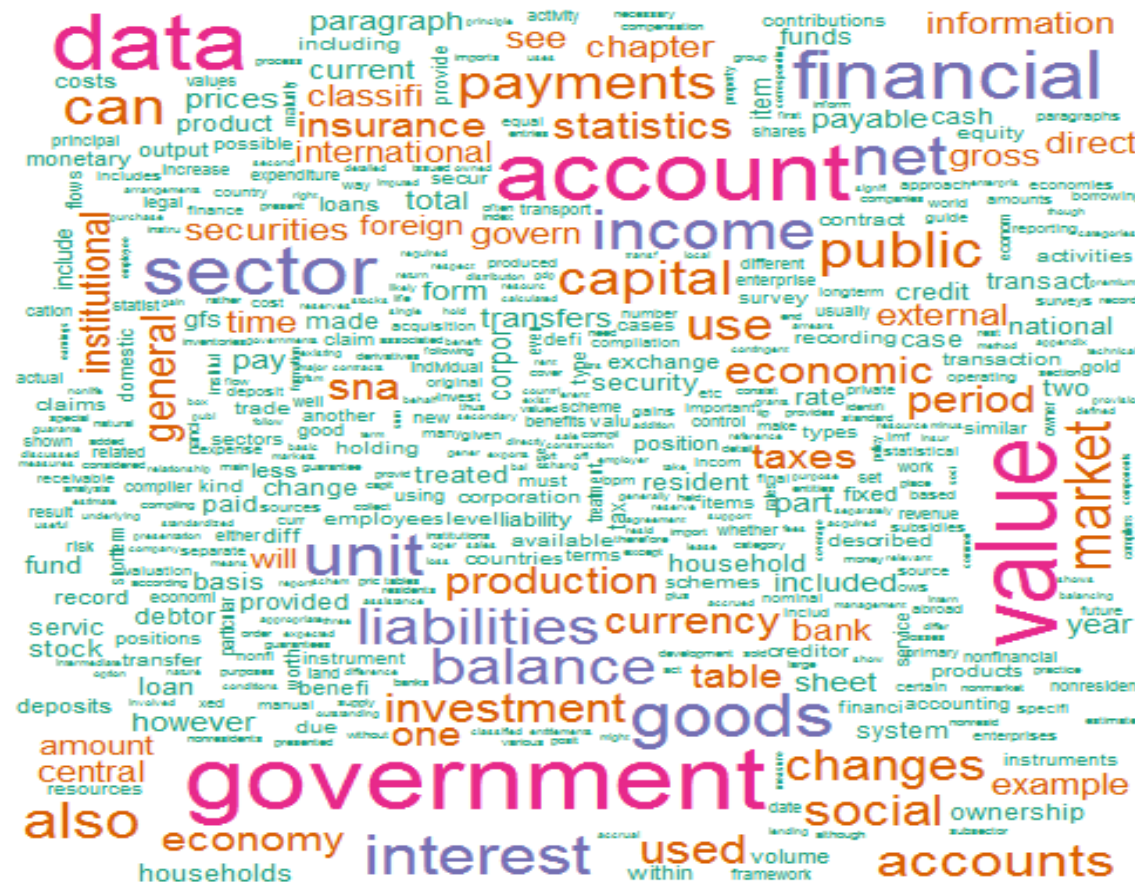


**Training, FY2015**  
(Number of Participants)



**Technical Assistance, FY2015**  
(Number of Missions)





## On the Topic of This Workshop: *Financial Accounting* is Prominent in Statistical Manuals

Word cloud comprising: *SNA, QNA, GFSM, PSDS, MFSM, BPM, EDS.*



# Financial Accounting = Source for Statistics

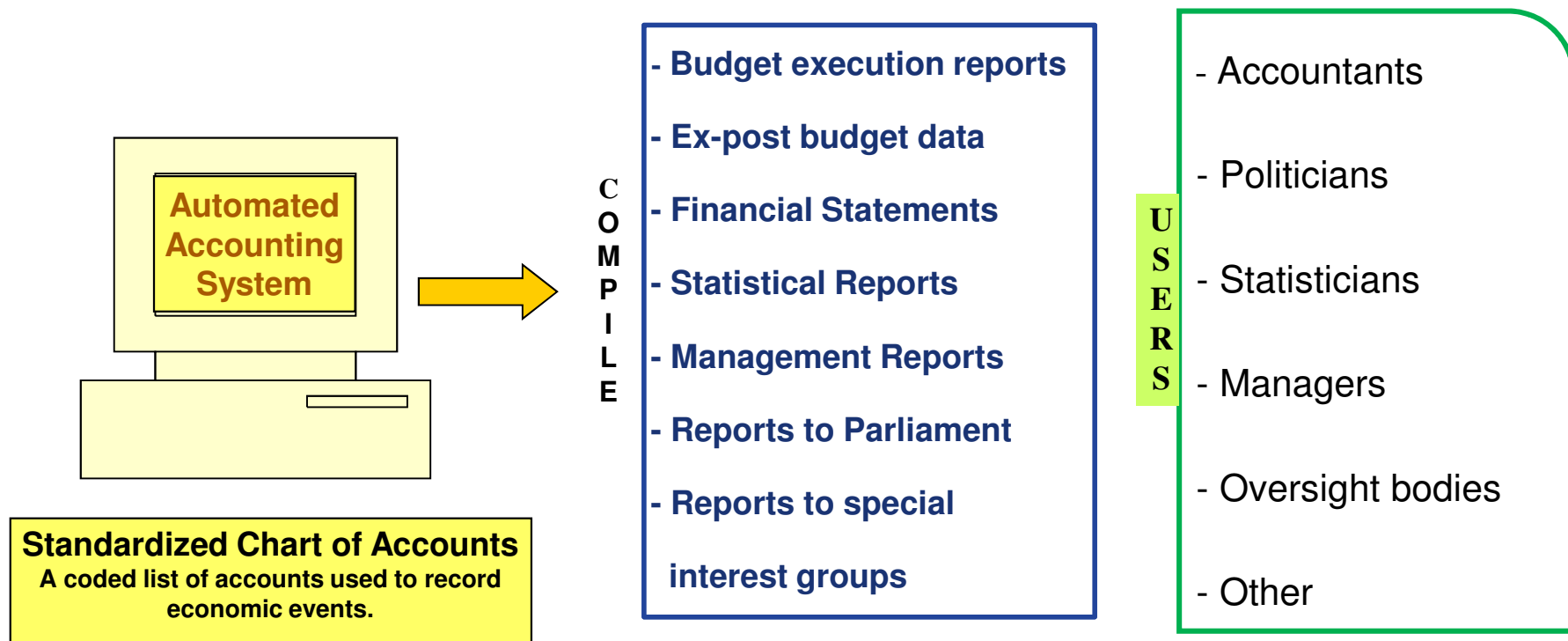
<b>Macroeconomic Source Data Sector:</b>	<b>Source Data</b>
Financial Institutions	Accounting, Supervision
Nonfinancial Institutions	Accounting /Surveys
Government	Accounting; Tax Admin; Surveys
Household	Surveys, Tax data
External Sector	Accounting/Surveys

***Globally accepted business and financial and public sector accounting standards directly benefit the quality of source data for macroeconomic statistics.***

***Recognizing the Importance of harmonized accounting, the IMF works actively with the IPSASB. But: IPSAS have been slow to be accepted worldwide.***



# Harmonized Accounting and Statistics Improve Timeliness and Consistency—Example of Fiscal Data





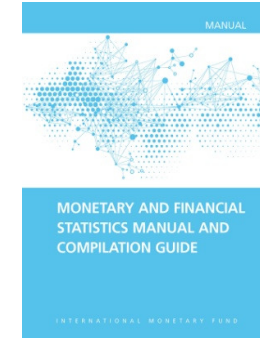
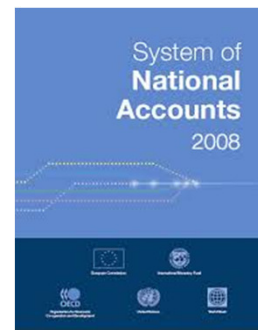
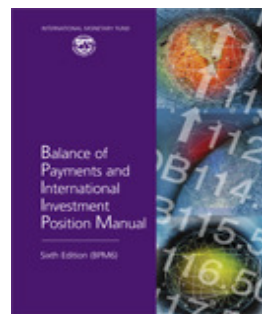
# Macroeconomic Accounting is Globally Harmonized

- Macroeconomic accounting manuals are harmonized across datasets
- Manuals are broadly accepted by most countries
- Long established and ongoing global collaboration under the umbrella of the UN Statistical Commission (UNSC).
- The IMF, OECD, BIS, Eurostat, ECB, World Bank, and others are fostering harmonized accounting and the implementation to compile comparable data for policy.
  - ***G-20 Data Gaps Initiative*** is a successful example.





# Globally Accepted Manuals and Data







# IFRS and IPSAS are Broadly Consistent with Statistical Manuals

- The main rules and methods for international accounting (IFRS and IPSAS) are consistent with the SNA, e.g.
  - Recording transactions on an accrual principle
  - Double-entry principle (x 2 in national accounts)
- Close cooperation of accounting and statistics to foster alignment as standards evolve is key.
- Cooperation between IPSASB and Statistics is more fully developed than with IFRS.



# Limits to Harmonization: Accounting and Statistics Serve Different Purposes

- **Financial Accounting** vs. Statistics
  - **One entity** vs. many entities
  - **Assurance of a “going concern”** vs. measure of economic outturn
  - **Measure of related risks (management letters; qualified opinions)** vs. measure of economic risk (spillovers)
  - **Key Stakeholders narrower than statistics (?)** vs. broad group of domestic, international, investors, policy makers



# Auditing and Statistics?

*Objectives of this workshop are to examine the **changing role of audit institutions** ... and to ... consider the response of audit institutions to the demands and needs arising from new technical realities and **objectives of public management and policies**.*

- From the Statistical Perspective:
  - Audits enhance the quality of accounting information
  - Audits add information about the reliability of source data
  - Audits reduce need for data validation or estimates
  - **But:** Audits delay the availability of source data
  - In the public sector, audits are of particular relevance - Government is the largest sector in most economies and timeliness is a **significant concern** for statistics.



# “Audit” is *Not* a Prominent Term in the Macroeconomic Manuals – Should it be?

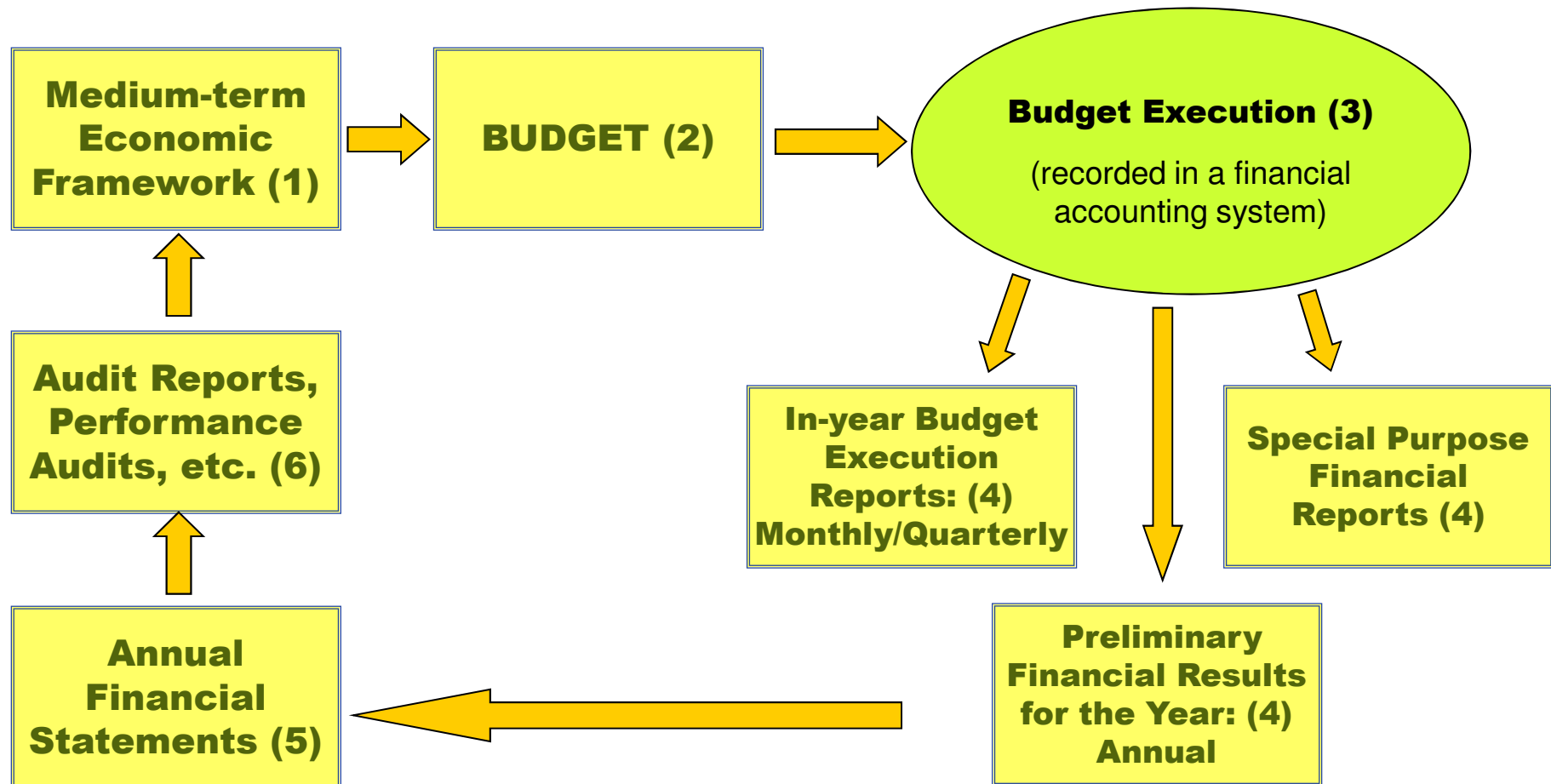
A *Word Count* suggests considerable less awareness of the value of audits in the statistical community:

Frequency of the words:	“Accounting”	“Audit”
System of National Accounts	346	0
Government Finance Statistics	131	2
Public Sector Debt Statistics	66	7
Balance of Payments Statistics	59	1
External Debt Statistics	55	1
Consumer Price Index	51	4
Monetary and Financial	38	0

**Source:** *Word Count of Manuals.*

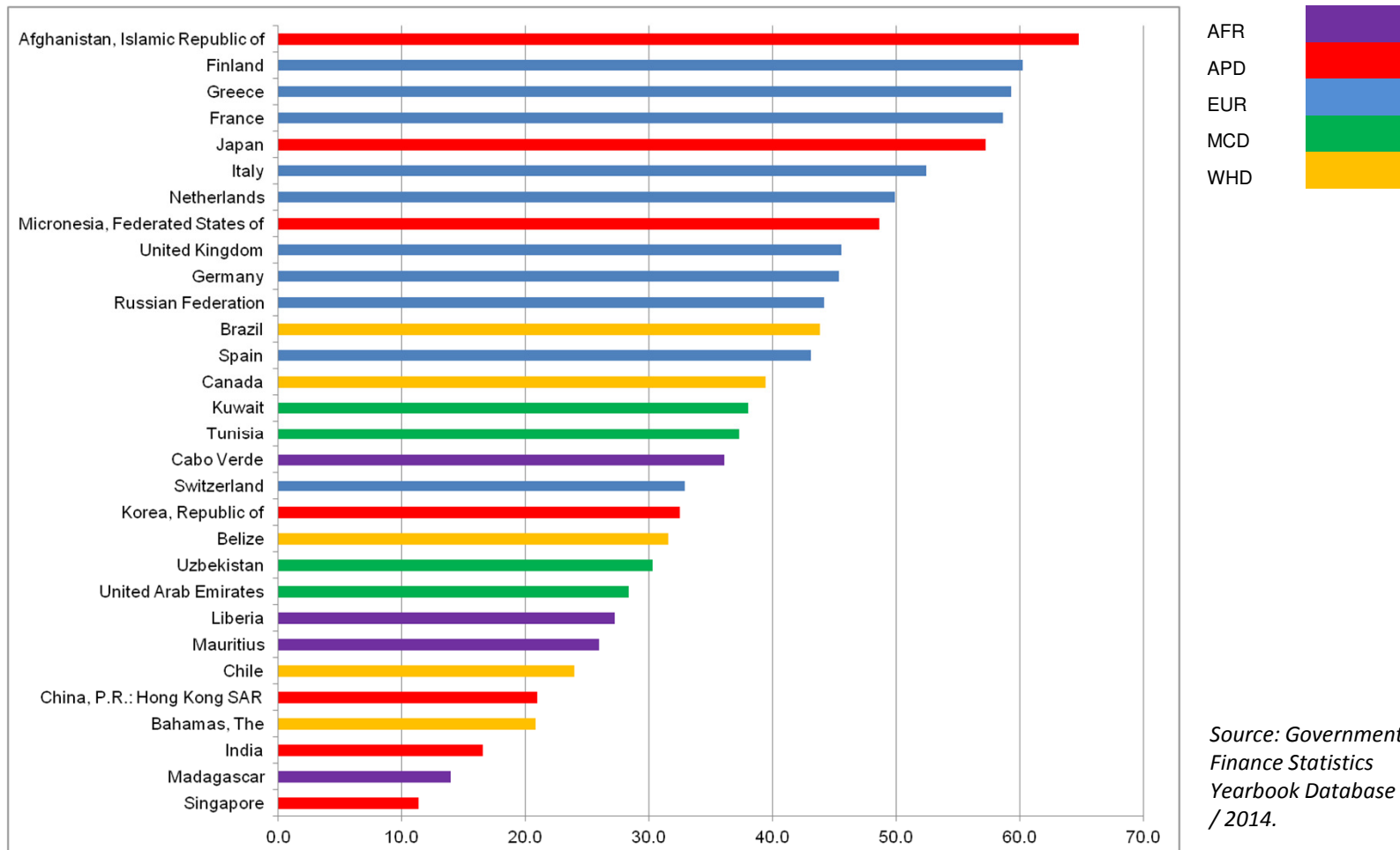


# Government Audit Reports – Quality and Timeliness Trade-offs





# Government is a Major Proportion of GDP in Many Countries



Source: Government Finance Statistics Yearbook Database 2013 / 2014.



# Audited Reports and Timeliness

	AVAILABILITY OF COMPLETE ACCOUNTS	AVAILABILITY OF AUDITED ACCOUNTS
Commercial Banks	1 day	3 months
Non financial corporation	1 month	under 6 months
Government	3 months	6 – 18 months

*Source: IMF Staff.*





## Some Ideas for This Workshop

- Accounting data are key for macroeconomic statistics and continued active cooperation supports timely and high quality source data for official statistics.
- **Audits** provide an added quality component.
- Harmonization of public sector accounting standards and government finance statistics is actively pursued and successful – but countries are slow to implement these.
- Audited reports add significant value to statistics and deserve more recognition but audits may lack timeliness.
- Timely government finance statistics need timely final (audited) data – what are timeliness rules exist in the auditing profession? Is there scope for more dialogue?



# Thank You!

**This presentation has benefitted from important contributions by:**

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and Murto Wickens – all IMF Statistics Department.