



PROMOTING REFORMS IN PUBLIC SECTOR ACCOUNTING AND AUDITING

The World Bank's Role

Workshop on Public Sector Accounting
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Our Twin Goals



- ✓ Eradicate extreme poverty by 2030
- ✓ Boosting shared prosperity

THE GOVERNANCE GLOBAL PRACTICE

VISION, MISSION AND DELIVERY STRUCTURE

OUR VISION

Trustworthy Institutions for Development.

OUR MISSION

Support countries in building open, effective, and accountable institutions for inclusive development.

DELIVERY STRUCTURE

1. Region Focused: PMs and Teams
2. "Global Solutions Groups" (Technical Streams)
3. Global programs and partnerships supporting Regional PMs and the Global Solutions Group
4. Cross support to all GPs and Bank portfolio;
5. Collaboration and joint operations with other GPs

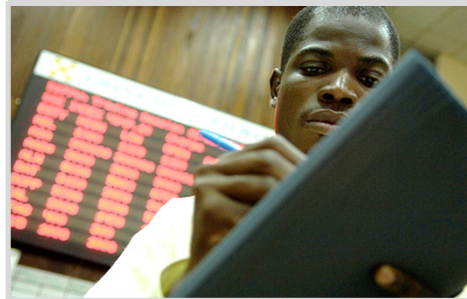


**PUBLIC INTEGRITY &
TRANSPARENCY**



Provide policy advice, institutional support and capacity building for more transparent and accountable governments

**RESOURCE
MOBILIZATION &
FINANCIAL
MANAGEMENT**



Provide policy advice and support to institutions and processes across the cycle of resource management, for effectiveness and transparency

**PUBLIC SERVICE &
PERFORMANCE**



Support a continuous and sustainable improvement in the delivery of public goods and services at different levels of government

**GOVERNANCE
SYSTEMS &
INCLUSIVE
INSTITUTIONS**



Support countries in building inclusive and trustworthy institutions, with a special focus on relations across key public entities, citizens and businesses

GOVERNANCE GLOBAL PRACTICE

PFM CAPACITY STRENGTHENING PROGRAMS



PFM LENDING

Over 80 Active Projects

20 projects over US\$ 1 billion in our Lending Pipeline

CROSS-SUPPORT ON LENDING

120 operations in Sectors include US\$ 780 million commitments for PFM components

ADVISORY SERVICES AND ANALYTICS

375 programs in our Knowledge Program - Technical Assistance and Economic Sector Work

RAS

50 RAS Products - the largest among all other Global Practices
Most in Europe and Central Asia

FIDUCIARY

Technical inputs in every region on over 2,600 projects in the World Bank Portfolio

POLICY REFORMS

Over 30% of Bank Financing in Development Policy Operations with linked to Sector Reforms

GOVERNANCE GLOBAL PRACTICE

STAFFING AND GLOBAL REACH



Over 750 GGP staff in more than 100 country offices

WHAT CHALLENGES NEED TO BE ADDRESSED?

increased demand for fiscal transparency

opaque reporting of fiscal deficits and sovereign debt

under resourced government institutions

low capacity of accountants and auditors

raising awareness amongst parliamentarians and CSOs

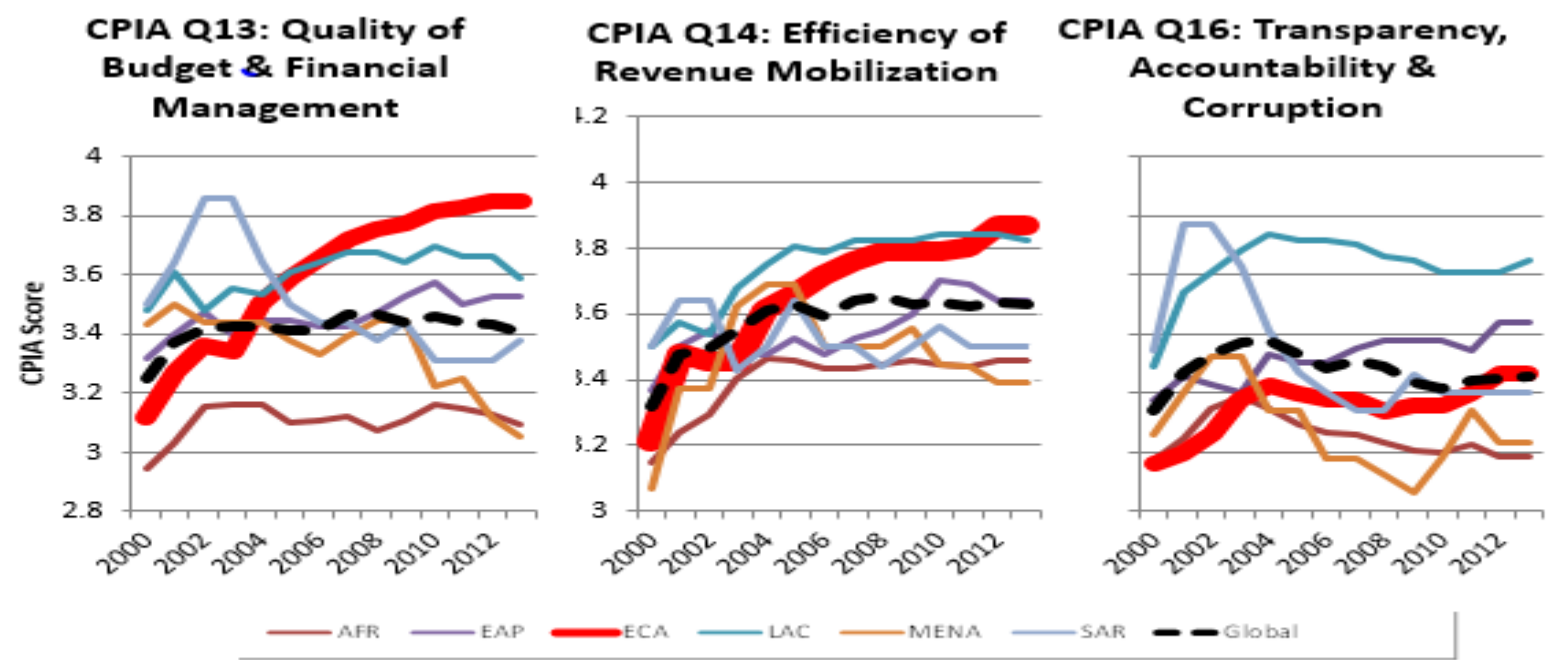
developing global and regional networks to share knowledge

sustainable professional education and training programs

building IT systems to support reform agenda

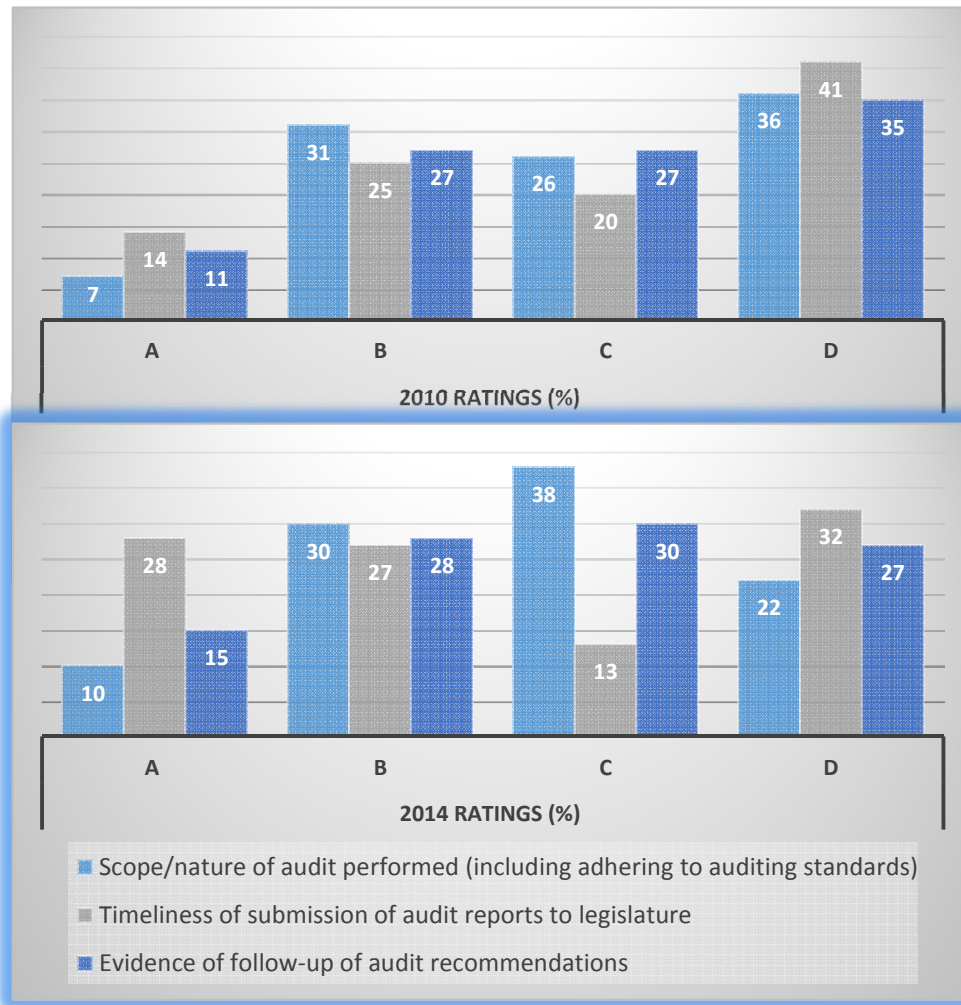


GOVERNANCE TRENDS – KEY PFM INDICATORS



Source: OPFS

PERFORMANCE OF SUPREME AUDIT INSTITUTIONS



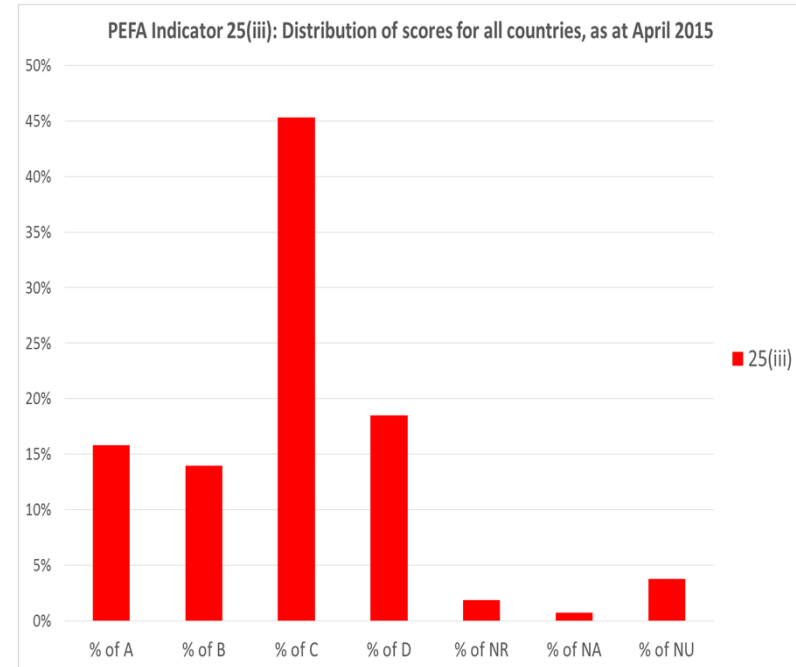
2010 to 2014 progress attributable to:

- Improved scoring amongst countries in the dataset
- Changes in number of SAIs between the two periods
- Most developing countries still score C or below

INTOSAI Development Initiative (IDI)
Global SAI Stocktaking Report

PUBLIC SECTOR ACCOUNTING AND FINANCIAL REPORTING – PERFORMANCE 2008-2014

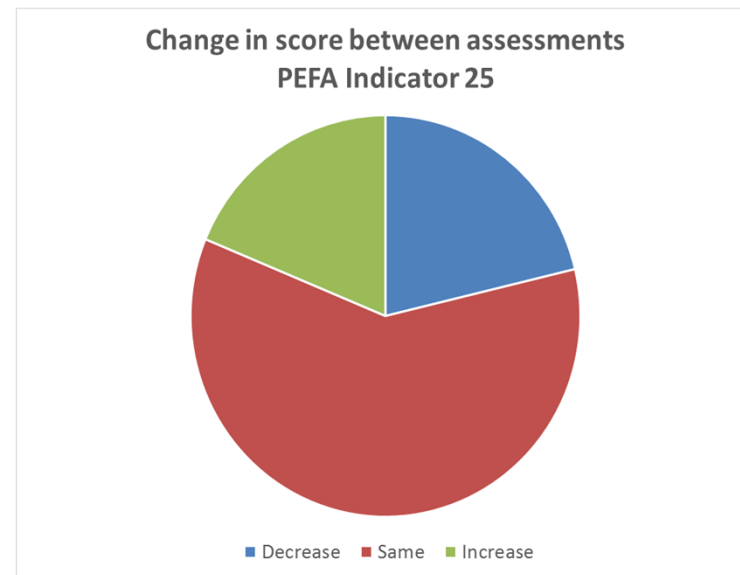
- 30% of countries use IPSAS or corresponding national standards
- 45% of remaining countries disclose some accounting standards
- 10% did not rate this indicator
- High correlation between countries with comprehensive financial statements and application of accounting standards



Source PEFA Secretariat 2008-2014 PEFA Assessments

PUBLIC SECTOR ACCOUNTING AND FINANCIAL REPORTING – CHANGES IN PERFORMANCE
2005-2014

- Successive assessments in 80 countries
- 19% increase in score
- 60% no change in score
- 21% decrease in score



Source PEFA Secretariat 2005-2014 PEFA Assessments

WORLD BANK SUPPORT FOR CAPACITY BUILDING

- Just-In-Time policy papers – China
- IPSAS training – Chile, Poland, Macedonia, Tunisia
- Capacity Building Support to SAI's
- Reform roadmaps and action plans
- Practice Manuals and Guidelines

- PEMPAL Communities of Practice in accounting standards, public assets management and consolidated reporting
- CReCER Annual Conference – Latin America

- PER, PEFA Assessments
- Review of Public Sector Accounting Practices – GAP Analysis – Europe, Latin America and South Asia

- Donors (EC, SECO)
- Global Bodies – IPSASB, IFAC, INTOSAI
- Other IFIs – IMF, OECD
- In Country – PAO, SAIs



SUPPORT FOR PFM REFORMS IN EUROPE AND CENTRAL ASIA

Systems

- Treasury Systems and GFMS incorporating Chart of Accounts and Fiscal Reports
- Accounting systems for budget institutions, manuals and procedures, and professional on-the-job training

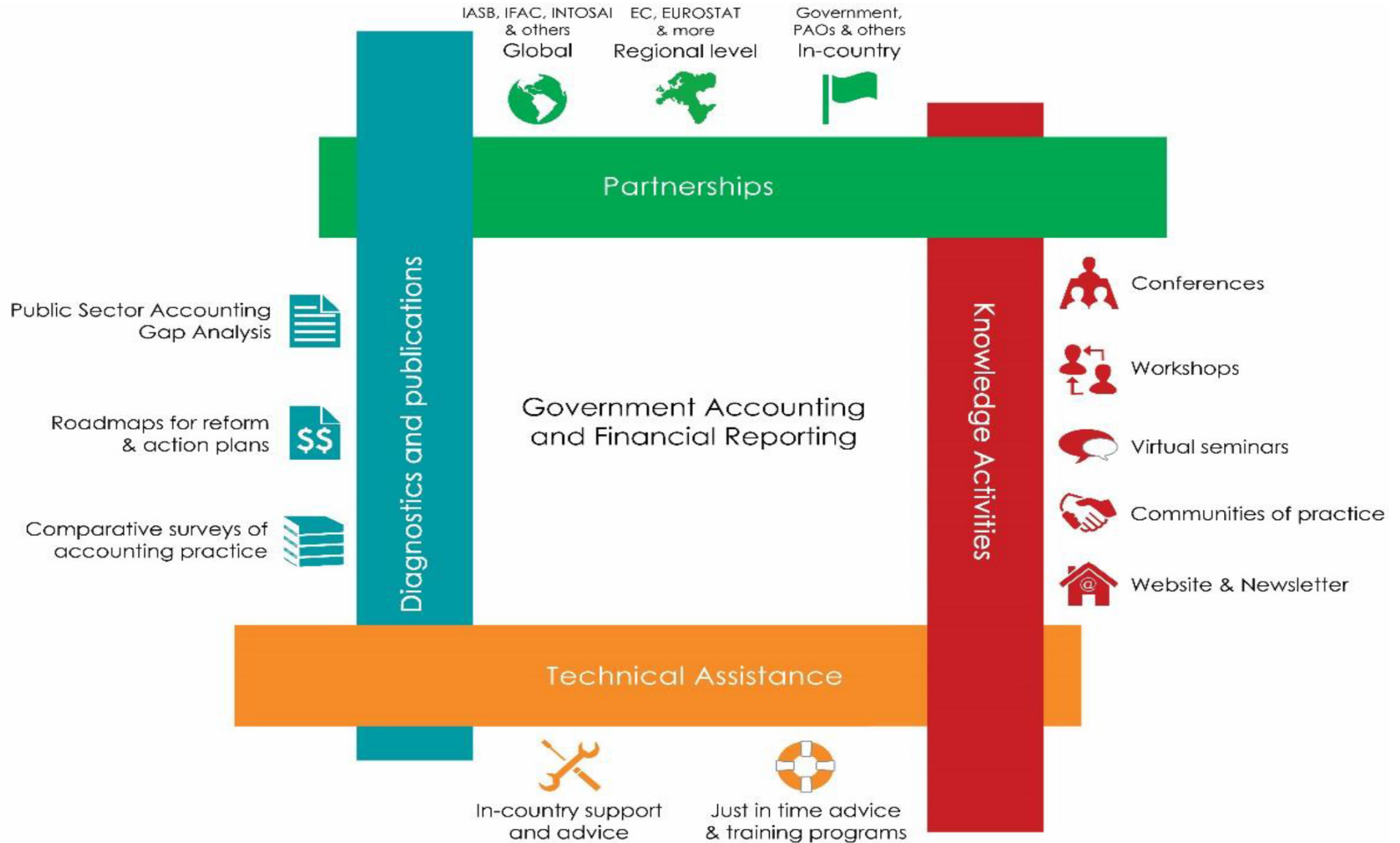
Standards

- Gap Analysis comparing national with international standards using the *Enhancement of Public Sector Financial Reporting* tool - Poland, Kazakhstan, Russia, Georgia, Azerbaijan, and Belarus
- PEMPAL Communities of Practice on Accounting Standards, Accounting for Public Assets and Consolidation of Financial Reports
- PEMPAL – Public Accounting Reform knowledge products and training
- Public Accounting Education – Macedonia, Azerbaijan (CAPSAP Project)
- Development of public sector audit standards, legislative review and specialized audit skills (Georgia, Azerbaijan, Tajikistan).

Modalities

- Reimbursable Advisory Services – EU, Russia, Kazakhstan
- Trust Funds and Investment Project Financing – EU Near Neighbors, Western Balkans, Caucasus' and Central Asia

ACCOUNTING AND FINANCIAL REPORTING



SUPPORTING SUPREME AUDIT INSTITUTIONS

Our Approach

- Partnerships - Promoting Global, Regional, and Bilateral SAI relationships
- Technical Assistance leveraging Bank-financed operations to strengthen in-country SAI capacity and impact (and WB SAI Capacity Building Fund)
- Financing, Advisory Services and Analytics - PEFA assessments, tailored studies.

Challenges

- Financial independence - 40 percent of SAIs reporting executive interference in their budget including unapproved cuts by MOF to allocations approved by the legislature
- Operational independence – conflicted roles with financial inspection agencies
- Technical capacity – insufficiently qualified and experienced staff

OUTLOOK

Areas in which we anticipate deepened engagement going forward:

Increasing Fiscal Transparency and Accountability

- Modernization of internal controls and audit
- Improving the quality of financial information (IFMIS, IPSAS)
- PFM education and professionalization
- Revenue mobilization and control
- Citizen and media engagement in budget and audit oversight
- Leveraging partnerships

Frontier Issues

- Beyond Financial Reporting, the need for integrated thinking and impact measurement – including on environment, social and sustainability
- Using Big Data to determine patterns and correlations in order to improve efficiency, transparency and accountability



Thank You

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