

Report by the OECD

27th International Colloquium on Financial Management

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Agenda

- **The OECD**
- **Overview of Accrual Practices in OECD countries**
- **Current and Future Activities**
 - Accrual Practices in OECD countries and Accrual Reform Process
 - Understanding Accrual Budgeting (Appropriations)
 - Financial Reporting
 - IPSASB Public Interest Committee

The OECD

- **Senior Budget Officials (SBO)**
 - Budget Directors
- **Thematic Networks**
 - Financial Management and Reporting
 - Performance and Results
 - Parliamentary Budget Offices and Independent Fiscal Institutions
 - Infrastructure and Public-Private Partnerships
 - Joint SBO – Health Network

The OECD (2)

- **Regional Networks**
 - Asia
 - Eastern, Central and South-eastern Europe
 - Middle East and North Africa
 - Latin America and Caribbean (with IADB)
 - Africa (with CABRI)

The OECD (3)

**Comparative Analysis /
Best Practices**

Country Reviews

Statistics and Indicators

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Definitions

- **Financial Reporting (Accounting)**
- **Core National Governments**
 - Local / Regional Governments
 - SOEs / Commercial Organisations
- **Focus on Expenditures Only**
- **Accrual Basis**
 - Heritage / Military Assets
 - “Except Public Service Pensions”
 - Accruals Includes Cash Reporting
- **Cash Basis**
 - Obligations / Commitments

Full Accruals

- Australia
- Canada
- Chile
- Estonia
- Finland
- Hungary
- Korea
- Latvia
- New Zealand
- Poland
- Sweden
- Turkey
- United Kingdom
- United States

... Except Public Service Pensions

- Austria
- Belgium
- Czech Republic
- Denmark
- France
- Lithuania
- Slovak Republic
- Spain
- Switzerland

Special Accrual Cases

- **Full Accruals Except No Capitalization / Depreciation of Assets**
 - Iceland
- **Cash as Legal Basis, but Full Accruals Financial Statements Produced as Well**
 - Japan
- **Cash, but Agency Reporting on Accruals**
 - Netherlands
 - Portugal

Cash

- **Full Cash**
 - Germany
 - Israel
 - Mexico
 - Slovenia

- **Cash - But Supplementary Accrual Information Provided**
 - Ireland
 - Italy
 - Norway
 - Greece (ESA95)
 - Luxembourg (ESA95)

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Accrual Practices in OECD and Accrual Reform Process

- **Joint with IFAC**
- **Qualitative Description of the Current Accounting Systems**
- **Reform Process**
 - Motivation for reform
 - Main challenges for the reform process
 - Design principles for the reform
 - Implementation issues
 - Benefits - proposed and actual
 - Involvement of wider stakeholders (such as parliamentarians, civil society and the media)
 - Impact on decision-making
 - Citizen engagement

Understanding Accrual Budgeting (Appropriations)

– **Definition issues**

- What constitutes “accrual” budgeting
- Interplay with cash management

– **Explaining the lack of use**

- Evolution of accrual budgeting use in OECD countries
- Similar criteria as for general accrual reform process

– **The case of New Zealand**

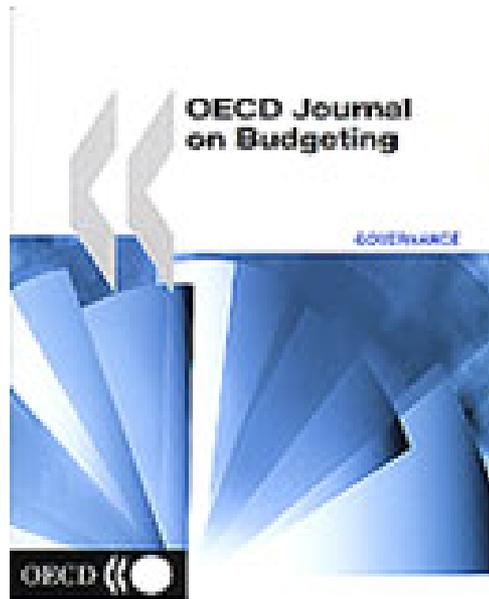
Financial Reporting

- **Rationalizing and simplifying documentation**
 - Multiple and overlapping reporting requirements
- **Boundaries of financial reports**
 - What is appropriate for the financial report?
- **Creating a Coalition**
 - Civil Society
 - Parliament

IPSASB Public Interest Committee

- **Recommendations of IPSASB Governance Review Group**
- **Membership**
 - IMF, OECD, WB, INTOSAI
- **Role of the Committee**
 - Review the **terms of reference** of the IPSASB
 - Review the **IFAC Nominating Committee's** reports on procedures and processes for nomination and appointment of IPSASB members
 - Review the IPSASB's reports on **procedures and processes** for formulating its strategy and work plan and developing individual accounting standards to ensure due process

For Further Information



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