

**AIST Seminar  
Kingdom of Morocco  
General Treasury  
Rabat – MOROCCO – 17-18 June 2015**

**Guidance document**

**1<sup>st</sup> workshop**

**Sharing experience on the switch to accruals accounting**

**Hosts: Senegal and France**

**Rapporteur: to be defined**

***+ The date established for the switch is important and requires back planning in order to meet the deadlines:***

- What is the calendar for the opening balance sheet? How was the back planning drafted in order to prepare the switch?
- What are the key stages that have to be concluded before the opening balance sheet?
- Inventory of countries that already started the preparation of the opening balance sheet or even carried it out.

***+ Choice of the accounting standard:***

- Standards require local adaptation and alertness so that they do not overlap with supranational standards.
- Common approach in numerous countries: public accounting is based on standards of general accounting from the private sector, at national and international levels (e.g. for France: PCG, IFRS and IPSAS), and then national features of the public sector are also considered.
- Choose: sometimes the regulator has to choose an accounting method (e.g. assess the market value of real estate assets).
- Innovate: private standards are not impacted by prerogatives specific to public powers (e.g. intervention expenditure).
- Drafting the standards is key to the activity to be carried out afterwards and, starting from the standards, the accounting guidelines (how standards become operational for different services) and the chart of accounts are then issued.

***+ The opening balance sheet is only an intermediary stage: the goal is to continuously make data richer and more reliable***

- In order to prepare the opening balance sheet, work has to be carried out on the balance drafted in cash basis accounting: detection of accounting anomalies, accounting quality, adjustment of the amounts still to be collected, amounts to be paid, expenditure to be made before the drafting of the budget...

- Countries can also choose to draft a balance in cash basis accounting that would include some of the criteria of accruals accounting, in order to give a complete record of the ongoing changes.
- Mandatory criteria to be met for an opening balance that complies with accruals accounting rules: each element of the balance is to be found in the respective document and, then, it has to be progressively improved up to a deadline. Working on aspects of quality and completeness is difficult if a certifying body is not asked to validate the progress. In Senegal, an opinion will be given by the Court of auditors.
- Drafting the opening balance is not a goal in itself, but the start of a consistent activity for the improvement of accounting data.
- Examples of elements that require special focus: listing and assessing the real estate assets, the financial assets (state's securities), listing the liabilities (how are the debt accounts run?)
- Drafting the opening balance and activities that follow rely on inter-ministerial cooperation.
- The opening balance sheet can be limited, in phase 1, to "financially relevant operations". How would we define this phrase? What was the method used by the countries that already issued an opening balance sheet, or that carried out the preparation work for that?

**+ Information Systems:**

- Begin in a phase 1 with an upgrade of the classical systems, then look for a software tool adapted to the principles of accruals accounting.

**+ Staff training:**

- the training of public sector accountants: train the trainers, identify the staff to be trained, train the staff employed in the central unit (almost 90% of the state budget) and in de-concentrated services.

## Workshop 2:

### Drafting the accounting standards

**Host: CNoCP**

**Rapporteur: to be defined**

The drafting of accounting standards is the starting point for the switch to accruals accounting.

Attention: drafting the accounting standards is only part of the preparatory work; a correct opening balance also requires new accounting guidelines (for the implementation of standards) and charts of accounts. An inventory of the most relevant assets is also a must (real estate assets, securities, important financial assets).

Explanation: I do not need the standard to make the inventory of real estate assets, but I need it in order to assess their value.

**+ Drafting national standards can start from international ones such as IPSAS, UEMOA, CEMAC**

- Operational procedures of localization are often identical in countries that use the following key principle: accounting rules of the private sector are used in the public one too, but for specific

elements pertaining to public powers (intervention expenditure, national defense, importance of the annex).

**+ Standardization method:**

- a) start from common rules: those of private sector accounting and those put forward by international bodies;
- b) identify the specific features of the public sector and draft the standards by including these features;
- c) constantly improve the standards according to the most frequent and relevant operations.

**+ At country level, should there be a prioritization of activities to be carried out in the drafting of standards or should all standards be drafted?**

**+ Who drafts the standards? A joint venture between the private and the public sector, and among multiple administrative services.**

Senegal: National Council for Accounting (e.g. France: CNoCP/Senegal: the Standard Committee)

- different types of stakeholders;
- the regulator ;
- the accountant;
- the validator.

The active involvement of these 3 categories is absolutely necessary for the drafting and fine tuning of standards.