



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

### **TERMS OF REFERENCE**

#### **Accounting standards – Transition to accrual basis of accounting**

The increased need for transparency and reliability of public accounts has led a number of countries to engage in major reforms of public accounting standards. The aim of these reforms is to account for the management of public funds to all stakeholders, citizens and national representation, lenders and investors.

Public accounts on the basis of accrual accounting contributes to these goals because it helps to present the asset and financial situation of public entities. Therefore, accounting is a tool for a more efficient public finance management: knowledge of assets, liabilities and commitments of public entities facilitates decision making (about them). The accessibility of financial accounting information is very important to everyone and not only to specialists.

Political support is a key issue to the success of an accounting reform given its human, organizational, IT and financial impacts.

The accounting reform is based on key steps: the choice of accounting standards, the development of the opening balance sheet (in its census and reliability aspects), the training of actors and the adaptation of information systems.

The choice of accounting standards is crucial: if the rules of private sector (eg IFRS) can apply for most public sector activities, some of its activities unequalled in the private sector require a change in private sector standards or the development of specific standards. These characteristics can vary from country to country depending on the political, legal, economic and social context. The private sector standards must be adapted for the State to its mission of economic and social regulation.

All actors of the financial and accounting system, accounting and management, given the variety and volume of assets and liabilities and commitments to identify are involved in the opening balance sheet constitution.

Constraints linked to census challenges and recovery of some components of heritage, but also related to the degree of sophistication of information systems may need to prioritize significant transactions from a financial point of view to form the opening balance sheet.

Consequently, countries that have engaged in this accounting reform are part of an enrichment process and ongoing reliability of their financial statements.

The quality of public accounts is not only based on the quality of accounting standards but also on the internal control and internal or external audit.