



# PUBLIC SECTOR ACCOUNTING SYSTEM IN TUNISIA: FRAMEWORK, PURPOSE AND APPROACH TO REFORM

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# I: FRAMEWORK FOR THE PUBLIC SECTOR ACCOUNTING REFORM

- **Budget management by objectives (MBO) - in place since 2004,**
- **Assistance convention with the European Union**
- **Guidelines** defining a road map for the MBO budgetary reform drawn up with the support of the World Bank in **2008,**
- **dedicated task force:** control, legal and regulatory framework, nomenclature , IT, public sector accounting,
- **Twinning contract** with the DGFIP (France) signed in **2011:** assistance for the implementation of the new type of public finance management

# I: FRAMEWORK FOR THE PUBLIC SECTOR ACCOUNTING REFORM



- **Democratic transition in Tunisia boosted the MBO budgetary reform:**
- **Validation by the Council of Ministers (June 2012):**
  - ❑ **Circular on performance for 2013**
  - ❑ **Protocol for pilot implementation** defining adjustments to budgetary procedures, ex-ante and ex-post controls
  - ❑ **MBO budgetary reform implementation extended to other ministries.**

# I: FRAMEWORK FOR THE PUBLIC SECTOR ACCOUNTING REFORM

- **Crucial period, new challenges...**
- **Efficiency, transparency and legitimacy** generate specific needs in terms of financial information
- **Main source of information on public management: public sector accounting**
- **Findings following different reform studies. Studies and analysis on public sector accounting reform in Tunisia** have been conducted over the past several years.

**Public sector accounting is currently under scrutiny for the purpose of a structural reform**

## II: PURPOSE OF PUBLIC SECTOR ACCOUNTING REFORM

- **The objective is the overhaul of recordkeeping and reporting methods for public accounts**
- **Meeting accuracy, reliability, sincerity, completeness and legibility standards.**

**Going from a  
complex and opaque accounting system  
towards an  
intelligible, clear and reliable one**

## II: PURPOSE OF PUBLIC SECTOR ACCOUNTING REFORM

### **A complex and opaque accounting system:**

- ❑ focuses on the monitoring of budget execution ...
- ❑ is not exhaustive...
- ❑ is not standardized...
- ❑ lacks formal and reliable internal control mechanisms...

### **Towards an intelligible, clear and reliable system:**

- ❑ inspired by international standards and integrating national specific features.
- ❑ insuring the connection between commitment accounting and general accounting

# III- APPROACH AND STEPS

## TOWARDS PUBLIC SECTOR ACCOUNTING REFOI

### Approach:

- **With European Union support (DGFIP France):** defining directions, setting up different bodies and structures to bring about and accompany change
- **Identify areas** that need to be reformed :
  - information system,
  - streamlining of expenses and revenues,
  - identification and valorization of assets.
- **Defining a progressive implementation** strategy: selecting functional control levels, as well as users' appropriation of the system

# III- APPROACH AND STEPS TOWARDS PUBLIC SECTOR ACCOUNTING REFORM

## **Measures implemented**

- ✓ Diagnosis and strategic orientations' set up,
- ✓ Start of the standardization and conceptualisation process,
- ✓ Project for introducing the legal regulations required,
- ✓ Reflection on organisational measures.

## **Measures to be implemented**

- ✓ Defining the conceptual framework and national accounting standards,
- ✓ Identifying and evaluating the state's assets,
- ✓ Identifying steps towards implementation,
- ✓ Preparing support conditions and measures for implementation ( IT, training, instructions, communication...),
- ✓ Testing and launching each step.



# III- APPROACH AND STEPS TOWARDS PUBLIC SECTOR ACCOUNTING REFORM

## Measures implemented

### 1. Diagnosis (measure taken with the assistance of twinning experts)

- A solid organisation appropriate for budgetary execution needs, which nonetheless does not respond to modern challenges public accounting is faced with, in its role as source of financial and accounting data
- Public accounting should become an instrument for a modern financial and accounting information system. The weaknesses to overcome consists of IT tools focussed only on budgetary execution and of the lack of useful reporting data

**A proposal for the future:** setting an ambitious target , with a long-term but clearly defined implementation calendar and a road map

# III- APPROACH AND STEPS TOWARDS PUBLIC SECTOR ACCOUNTING REFORM

## 2. Measures taken with the help of twinning experts

### ☐ Study and analysis of:

- the link between budgetary and accounting nomenclature
- accounting standards

## 3. Creating a road map with the support of twinning experts, specifying:

- ☐ Short and medium-term steps and actions (within the twinning programme)
- ☐ Long-term actions (outside the twinning programme)

## 4. Formalizing strategic orientations

*(decision of the Council of Ministers to be taken in the near future)*

- ☐ Drafting of a note regarding the reform's strategic orientations
- ☐ Supplemented project management proposal

### III- APPROACH AND STEPS TOWARDS PUBLIC SECTOR ACCOUNTING REFORM

#### 5. Start of the standardization and design process

- A draft bill amending national accounting rules will be submitted in the near future to the Council of Ministers
- this bill shall introduce public sector accounting **relying on international standards**
- Regulations on the setting up, organization and functioning of a **National Council for the Standardization of Public Accounts ( CNNCP)** are currently under way.

# III- APPROACH AND STEPS TOWARDS PUBLIC SECTOR ACCOUNTING REFORM

## 6. Changing organisational structures

**1st measure :** Regrouping in a single structure the DG CPR services (General Directorate for Public Accounting and Recovery) in charge of :

- **Organizing and supervising accounting activity**
- **Controlling accounting quality**
- **Insuring that accounting data are being synthesized and capitalized**

**Efforts are being conducted in close cooperation with the  
CNNCP**

**2nd measure:** Creation of an inter-ministerial steering committee charged with identifying and evaluating the state's assets.

### III- APPROACH AND STEPS TOWARDS PUBLIC SECTOR ACCOUNTING REFORM

#### 7. Project for introducing the required legal basis of the accounting system

□ **Concerning the national public accounting rules:** draft provisions (currently being validated by CIM):

- ✓ Accounting system inspired by national standards,
- ✓ Creation of the National Council for the Standardization of Public Accounts

□ **Concerning the budget law:**

- ✓ Introducing the fundamental principles of the new system of public sector accounting,
- ✓ Integrating its goals and results with other outputs

# Conclusion



## **Key factors for success:**

- ❑ **Creating information systems by adapting current tools so as to secure a coherent budgetary and accounting system**
- ❑ **Developing a partnership-based approach**
- ❑ **Defining clear and progressive reform implementation strategy**
- ❑ **Preparing implementation assistance measures**

THANK YOU FOR  
YOUR ATTENTION

