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facing new challenges

PLAN

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- Introducing the current accounting system

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I – Introducing the current accounting system

I – 1 – Algeria's accounting system

I – 2 – the inadequacies of the current accounting system

I – Introducing the current accounting system

I – 1 - Introducing the Algerian accounting system

- The current accounting system is based on optical cash accounting that records events at the time the cash is impacted.
- The accounting system has not evolved with the exception of a few changes

I – presentation of the current accounting system

I – 2 – inadequacies of the current accounting system

- Lack of accurate visibility on the accounting and financial situation of the state treasury, it produces half of the information. Unpaid invoices and uncollected receivables are not accounted ;
- The state treasury situation does not record future cash flow ;
- Total absence of heritage monitoring: no registration or valuation.

I – presentation of the current accounting system

I – 2 – inadequacies in the accounting system

- Lack of transparency in accounting management ;
- The accounting system is based on centralization, not consolidation. No processing of accounting information that goes back;
- Total absence of cost accounting, lack of knowledge of the costs of goods and services and also of the costs of public action.

II – Risks management in the current accounting system

II – 1 – Control
activity

II – 2 –
Information
system

II – 3 – steering

II – Risks management in the current accounting system

II – 1 – Control activity

The existence of control practices and not a risk management approach to international standards.

Procédural :

- setting up procedures to control risks and achieve the objectives assigned

- control activities geared towards detection and prevention :
 - Authorization and approval procedures ;
 - Séparation of functions ;
 - Vérification ;
 - Controlling access to resources and documents.

II – Risks management in the current accounting system

II – 1 – Control activity

Pyramidal organisation :

Top-down control. Control exercised by the unit manager and his employees;

It is a supervisory control on the accounting transactions carried out.

II – Risks management in the current accounting system

II – 1 – Control activity

Organisational :

- The Treasury services in Algeria are organized by trades;
- Mutual control between services;
- Control activities throughout the organization, at all levels, and in all functions.

II – Risks management in the current accounting system

II – 2 – Information system

The Treasury's accounting information system is based on applications tailored to the needs of users:

- Offers a simple interface ;
- Reduces the number of satellite applications by integrating them into the system ;
- Eliminates transaction retrieval by integrating application modules ;
- Brings all databases together in one.

II – Risks management in the current accounting system

II – 2 – Information system

- allows quick registration of accounting transactions
- produce accounting and financial situations that allows the evaluation of the execution of financial transactions

II – Risks management in the current accounting system

II – 3 - Steering

- Ongoing monitoring : it is part of the day-to-day activities of accounting units, mainly including regular checks by the unit managers. It covers each of the accounting transactions carried out and aims to prevent the execution of these transactions in a manner contrary to the regulations
- One-time controls : These are unannounced control actions that target transactions that may pose a risk.

III – implementing a new strategy for accounting risks management

III – 1- Context

III – 2 – Importance

III – 3 - Phases

III – implementing a new strategy for accounting risks management

III - 1 – Context

- Adoption of a new organic law on finance laws(n° 18-15 du 02 septembre 2018), which is expected to come into force in 2023
- The General Directorate of Accounting has initiated a reform of the accounting system (transition from cash accounting to accrual accounting):
 - ✓ Essential source of information and evaluation of activities to respond to needs of decision-makers in data for use in analysis and decision-making;
 - ✓ Introduce more transparency in financial management and enable public policy evaluation.

III – implementing a new strategy for accounting risks management

III - 2 – Importance

- Requirement to correct public accounts ;
- Dealing with the following risks :
 - ✓ poor accounting and financial information ;
 - ✓ A strategy that is not in line with the objectives assigned ;
 - ✓ Non-rationalization of spending.

III – implementing a new strategy for accounting risks management

III - 2 – Importance

- It is necessary to emphasize that, in terms of accounting and to ensure better quality financial reporting and public accounts, there is a greater focus on a risk-based approach to strengthening internal control and internal auditing. .

III – implementing a new strategy for accounting risks management

III - 3 – Phases

1. map the overall accounting and financial transaction processes ;
2. draft all the procedures that contribute to the implementation of the various processes;
3. deploy internal control;
4. assess internal control actions.

III – implementing a new strategy for accounting risks management

III - 3 - Phases

1 - map the overall accounting and financial transaction processes.

Census of accounting processes

- Identifying the triggers of a process;
- Highlight accounting processes related to the triggers already defined.

• Processes definition

- Identify, over time, the chain of activities constituting the process and the stakeholders involved (divided into procedures, operations and tasks)

Mapping accounting processes

- Graphically represent all defined processes to make it easier to see and understand activities, connections and interfaces

Nomenclature of accounting processes

III – implementing a new strategy for accounting risks management

III - 3 – Phases

2 - draft all the procedures that contribute to the implementation of the various processes

it is a question of identifying the risks, adopting the following approach :

- Identification of the processes at stake ;
- Risk rating based on impact, probability, and possibly degree of risk control by operational operators ;
- Formalization of findings as part of the drafting of a risk map.

III – implementing a new strategy for accounting risks management

III - 3 – Phases

3 - deploy internal control

In order to control the identified risks, in the mapping of risks, it is necessary to put in place an internal control system and to proceed with its deployment in the Treasury department.

It is worth remembering that internal control is not an isolated event, nor is it an additional activity.

III – implementing a new strategy for accounting risks management

III - 3 – Phases

4 - The evaluation of internal control actions.

Once the internal control system is formalized, it is important to evaluate the operation. This assessment involves both :

- ✓ introducing the internal audit approach;
- ✓ The maturity scale of risk management.

IV – Success factors

IV – 1 -
Communication

IV – 2 - Moving
forward
progressively

IV – 3 - Training

IV – Success factors

IV – 1 – Communication

The success of the risk management approach requires a good communication policy between management and all staff.

Since this approach affects all stakeholders and concerns the Treasury services, this communication campaign must aim at the following objectives:

- Mobilisation around the process ;
- The presentation of the challenges of the approach ;
- A good understanding of these issues will allow each of the players to get involved.

IV – Success factors

IV – 2 – Moving forward progressively

- Gradually engage by selecting a simplified pilot process.
- Communicating on simplifications and reliefs for Internal Control devices.

IV – Success factors

IV – 3 – Training

It should be noted that awareness and training are part of the risk management approach by :

- Developing an adequate training plan to strengthen the approach to controlling accounting risks;
- The formation of a well-targeted population ;
- The implementation of a follow-up and evaluation at the end of each training cycle.

Thank you