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VISION 2030 OVERVIEW

MY PRIMARY GOAL IS TO BE AN EXEMPLARY AND LEADING NATION IN ALL ASPECTS, AND I WILL WORK WITH YOU IN ACHIEVING THIS END EAVOUR...

Custodian of the Two Holy Mosques
King Salman bin Abdulaziz Al-Saud
VISION 2030 OVERVIEW

The vision themes
Vision 2030 on the nation’s intrinsic strengths:

- The heart of the Arab and Islamic worlds
- Investment powerhouse
- The hub connecting three continents

The groundbreaking agenda of vision 2030 is built on three pillars

- Thriving Economy
- Vibrant Society
- Ambitious Nation

Reforming & IPSAS Implementation
VISION 2030 OVERVIEW

The 13 vision realization programs that have been designed to achieve Vision 2030 and represent the economic pillars for advancing Saudi Arabia as a leading global figure:

- Quality of life
- Financial Sector Development Program
- National Transformation Program
- The Housing Program
- Enriching the Hajj and Umrah Experience
- Privatization program
- National Industrial Development and Logistics Program
- Lifestyle improvement program
- Strategic Partnership Program
- Fiscal Balance Program
- Human Capital Development Program
- Public Investment Fund
- Refocusing & IPSAS Implementation
VISION 2030 OVERVIEW

The vision progress

- PRIVATIZATION
- GIGA-PROJECT LAUNCHED NEOM
- VALUE ADDED TAX (VAT)
- CITIZENS ACCOUNT PROGRAM
- FORMATION OF AN ANTI-CORRUPTION COMMITTEE
- FOREIGN INVESTORS
- ROLE OF WOMEN
- LIFESTYLE

Reforming & IPSAS Implementation
Ministry of Finance Strategy Alignment with Vision 2030
A detailed and comprehensive study was undertaken to prepare the strategy.

- 20 reports from leading organizations
- Benchmarking with Other Countries
- Conducted more than 40 workshops & seminars for internal assessment
- Conducting interviews with multiple governmental Ministries and agencies
- Review the related context and economic outlook (Vision 2030)

Reforming & IPSAS Implementation
Vision, Mission and Value

**Vision**
A leading ministry that enables Saudi Arabia to be among the world’s 15 largest economies by 2030 through a distinct financial system.

**Mission**
Developing effective financial policies and managing financial resources to achieve economic growth stability, financial sustainability, increasing spending efficiency, and strengthening partnerships with the private sector through effective governance; as well as supporting the Kingdom’s influence on the regional and international financial community.

**Values**
- Transparency
- Commitment
- Partnership
- Accomplishment
MINISTRY OF FINANCE STRATEGY

strategic objectives

Pillars

- Develop sustainable financial policies
- Allocating and managing financial resources effectively
- Improve the financial accounts quality and enhancing transparency
- Optimal returns on real estate, and innovative financing
- Strengthening the kingdom regional and international standing

Enablers

- Promotion change management and communication
- Quality human resources within a productive environment
- Enable the ministry digital transformation

Projects: 102
Initiatives: 23
KPIs: 51

Reforming & IPSAS Implementation
CASH TO ACCRUAL ACCOUNTING PROJECT

The significance of cash to accrual accounting project within the vision 2030

- Vision 2030
- National Transformation Programs
- Improve the financial accounts quality and enhancing transparency
- Develop the governmental accounting system and auditing standards program
- Cash to Accrual accounting project

Improvement of the government accounting system and auditing standards lays out 4 projects

- Reforming & IPSAS Implementation
- Public sector readiness to implement the GFSM 2014
- Cash to Accrual Accounting
- Kingdom financial position
- Financial control Enhancement
C 2A STRATEGIC OBJECTIVES

- Accurate information & financial analysis
- Optimal Resource allocation
- Comparison and planning
- Transparency & Accountability
- Assets & liabilities Management
- Decision making support

Reforming & IPSAS Implementation
Royall decree was the trigger of this project in order to achieve the strategic objectives of vision 2030 in enhancing the public financial sector.

High involvement, commitment and Authority support.
PROJECT PHASES

<table>
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<th>Phase I</th>
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<th>Financial Position</th>
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<td>Study of the current situation and gap analysis</td>
<td>Designing and Planning of the transformation to accrual basis</td>
<td>Preparation with the Government entities in the public sector</td>
<td>Execution and book keeping based on the Accrual basis</td>
<td>Prepare the opening account balance and establish the consolidated financial statement</td>
</tr>
<tr>
<td>Completed</td>
<td>Completed</td>
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PROJECT COMMITTEES

Central Committee for counting and valuation of assets and liabilities

Contribute to the change management cycle and support the transformation to accrual accounting

Focus Group

Review the accounting policies and guidelines in the public sector and ensuring their completeness, suitability, formulation, and applicability.

Steering Committee

Plan and supervise the project in order to achieve its objectives.

Financial Managers Committee

Contribute to the change management cycle and support the transformation to accrual accounting

Training Committee

Study, evaluate and approve the materials related to the training of human resources working in financial in public sector.

Technical Committee

Study of the International public sector accounting standards, policies, and procedures (IPSAS)

Believe, Commitment, value added

Reforming & IPSAS Implementation

Active Committees

Inactive Committees

15
Phase one: AS IS & Gap Analysis study
PHASE ONE: ASSESSMENT OF THE CURRENT SITUATION

10 workshops over 4 weeks

Global Comparison

Organize visits to similar projects

Success factors

Reforming & IPSAS Implementation
SIGNIFICANT LESSONS LEARNED

Mostly were learned from the previous international experiences & the world bank recommendations

1. Adopting a unified chart of accounts
2. Focus on the Technical requirements of the Financial System
3. Accurately identify the requirements of the transformation
4. Establishment of the support center (C2A Center) within MoF
5. Development & training of human resources
6. Effective change management
7. Direct adoption of IPSAS
Phase two: Designing & Planning
DESIGNING PHASE - SUCCESS FACTORS

- Technical and business functional requirements of the financial systems
- Current situation and gap analysis study
- Initiatives & RFPs for the accrual accounting implementation
- Recommended amendments to the current legislation & regulation
- Count and valuation of the assets and liability guideline
- Operational Model and Organizational structure of the public financial affairs
- Unified charts of accounts
- Policy and procedure Manual
- Best Practice
- Conceptual framework and public sector Accounting Standards manual
- Governance & quality assurance
- Strategy and methodology of the accrual accounting implementation
- Adopt the International Organizations Recommendations
- Consolidated financial statements guideline

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STRATEGY AND METHODOLOGY OF EXECUTING PHASE THREE & FOUR

**Transformation Strategy & methodology**
- Comprehensive transformation plan
- Pilot execution (four Governmental entities)
- (Phase 3)
- (Phase 4)

1. High authority support
2. Effective Change Management Plan
3. Training Programs
4. Communication and support center (C2A center)
5. Direct Adoption of IPSAS

- Transformation requirements
- Methodology
- Transformation requirements

- Dependence of transformation by entities, supported by ministry of finance
- Gradual transformation of Governments entities
- Full adoption of IPSAS
- Implementing Accrual accounting on the entities within the budget

- 6. Unified Government Resources Planning (UGRP)
- 7. Integration of decentralized public entities within the UGRP
- 8. Partnership with Vision Realization Offices
- 9. Partnership with General Auditing Bureau
- 10. Forming the accounting standards committee

 Reforming & IPSAS Implementation
Based on current situation assessment, the most significant challenges during the implementation phases:

- **High Impact, High Time:**
  - Transformation office within the public entities
  - Recommended amendments to the current legislation & regulation
  - Allocation of financial resources for entities
  - Forming accounting standard board / committee

- **Extremely High Impact, High Time:**
  - Human resources: Hiring change mgmt., training
  - GF MIS: infrastructure, data cleaning, migration
  - Count and valuation of the assets and liability

Reforming & IPSAS Implementation
Preparation with Entities & Rollout Planning
STRATEGY AND METHODOLOGY OF EXECUTING PHASE THREE & FOUR

Alignment with related initiatives...

**Timeframe**

Research the required timeframe in accordance with the analysis of the current situation and gaps, the experience of other countries, and the recommendations of the World Bank.

**Reliance and Correlation**

Study the reliance and correlation between C2A project and other related initiatives.

**Establishing Roles and Responsibility**

Establishing roles and responsibility, governance and challenges.

**Comprehensive Roadmap**

Roadmap should be aligned with the UGRP and Change Management initiatives to facilitate implementation.
STRAEGY AND METHODOLOGY OF EXECUTING PHASE THREE & FOUR

Comprehensive Roadmap...

1. Phase 3 Execution
   - 2019

2. Gradual transformation of Governments entities
   - 2020

3. Preparation and implementation of UGRP system
   - 2021

4. Gradually handling the book keeping on accrual base
   - 2022

5. UGRP Pilot
   - 2023

- Pilot - 4 entities (Simulation)
- Coordinate with governmental entities to prepare and implement C2A project
- Implementation and gradually handling the book keeping on accrual base
- UGRP Pilot
- Gradually implementing the UGRP system
- Change management, training and development

Reforming & IPSAS Implementation
Implementation of IPSAS
Indirect adoption of IPSAS with minor modification on “IPSAS 35” and retaining the alternatives offered by IPSAS as it is, where the most important sources of the study are as follows:

1. Objectives and principals of the Saudi Accounting standards (2016)
2. International Public Sector Accounting Standards IPSAS (2017)

Other Sources

Main sources

1. Studies on Accounting Standards & other countries experiences
2. Notes on Accounting standards topics & the differences between international Accounting standards (UK GAAP, CPSAS, FPSAS...etc)

35 Subjects have been chosen

- All International Public Sector Accounting Standards (IPSAS 2017)
- All the Recommended practices (2017)

Indirect adoption of IPSAS
Saudi Public Sector Accounting Standards (SPSAS)
Consideration was taken when preparing the standards manual

Retain the alternatives offered by IPSAS (if any) as it is, only if it is found that one of the provisions or alternatives is not suitable for application in the Kingdom

Determine the most appropriate alternative to the application (if any), and this alternative is most be inserted in the Public Sector Accounting Policies and Procedures Manual

Determine the bases that define which governmental entities that fall under the Conceptual framework of public sector accounting standard

1. Retain the numbers & sequence of the standards as mentioned in IPSAS without modification
2. Identify a number of additional disclosure requirements and enclosure them in the Public Sector Accounting Policies and Procedures Manual
Procedures of preparing the standards manual

- Prepare a Glossary of Terminology & definitions
- Translate of all standards to Arabic
- Identify available options
- Determine the pro’s & Cons
- Comparative overview of other countries experience
- Present the standard’s options to the IPSAS experts & consultants for review
- Prepare the Draft of the Standards manual as approved by the committees
- Review of the standards by Language Experts & Revis e the proposed amendments
- Present the standards manual to Authorized Party
### Content of Standards

- **Objective**
- **Scope**
- **Definitions**
- **Recognition & Measurements**
- **Disclosure**

### Study Associated with the Standards

- **Introduction**
- **Analysis of the questionnaire results & field visits in relation to the standards while looking into the most affected entities.**
- **The differences between the project of the accounting standards and the corresponding IPSAS.**
- **Comparison between the project of the accounting standards and the corresponding IPSAS.**
- **Application Guidelines (if applicable).**
- **Execution Guidelines (if applicable).**
- **Illustrative examples (if any).**
Differences from IPSAS

1. Amendment to the Public Sector Accounting Standard (35) "Consolidated Financial Statements", a controlling entities will apply the equity method to treat interest in independent agencies and companies.

2. Interim Financial Reporting Standard (IAS 34)

3. Alteration to some examples that are not suitable to the kingdoms culture and replace it with suitable ones

4. Replace the term (Currency Unit) to (Saudi Riyal) when suitable.

5. Completing and correcting some points and phrases in compliance with the public international standards.
Thank You