

## A CASE STUDY OF IPSAS IMPLEMENTATION IN MALTA

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Under the banner *IPSAS™: Getting our ACT Together*—with ACT an acronym for Accountability, Credibility and Transparency—the Maltese IPSAS Adoption and Implementation Project commenced in mid-2012. The project gained considerable momentum in early 2013 when the Treasury commissioned the Chartered Institute of Public Finance and Accountancy (CIPFA) to provide a “gap analysis” for the transition to accrual accounting based on the application of IPSAS.

The CIPFA report emphasized the need for a dedicated project management team with “appropriate financial and non-financial skills.”

In the second quarter of 2014, an IPSAS Project Board and Project Team were established. Each included representation from the Treasury Department (chairing both groups), Internal Audit and Investigations Department of the Office of the Prime Minister, National Statistics Office, MITA (the IT Agency of the Government), Budget Affairs Division, Financial Policy and Management Division, the EU Budget Directorate within the Ministry for Finance, and the National Audit Office (as observer). Moreover, external stakeholders like the Malta Institute of Accountants, the Centre for Development, Research and Training within the Office of the Prime Minister, and CIPFA are consulted.

In July 2014, the Project Board finalized and approved an IPSAS implementation plan. The five-year plan included the strategic approach to implementation, success factors and possible risks, along with major milestones. It also recommended the order in which the standards would be tackled.

The work undertaken since July 2014 has prepared the ground for implementation. In tandem was the adjudication process of the Corporate Financial Management Solution, a new IT system that will eventually replace legacy accounting systems across Government departments. In view of the chronic shortage of qualified accounting and finance staff within the public service, the Project Board also commissioned a scoping study for the establishment of a dedicated Public Finance Profession.

Making IPSAS applicable in a local context is an important step. Over the past year and a half, this has been the main focus of both the Project Team and Project Board. Each IPSAS is analyzed and its impact on Government’s processes, procedures, and reporting assessed and documented. Impact analysis is also done for legislation and current regulations. For Government Finance Statistics (GFS) purposes, a comparison of the treatment of transactions between IPSAS and ESA 2010 (European System of Accounts 2010) is also compiled. In order to facilitate and streamline future implementation, certain options available under a particular IPSAS are being removed. Consultation with various stakeholders on each IPSAS (as adopted by the Maltese Government) will follow.

For each local IPSAS, specific guidelines are compiled to support both finance and non-finance employees across the Maltese government. These guidelines provide a detailed overview of all the principles contained in the standard in question, helping users to:

1. develop a working-level knowledge of the principles; and
2. understand and appreciate the major challenges and benefits resulting from the adoption and implementation of the particular standard.

Each guideline presents a summary of the significant differences between the original IPSAS and the local standard as adopted by the Maltese Government.

So far, five IPSAS (as adopted by the Maltese Government) plus accompanying guidelines have been approved by the IPSAS Project Board, and five other IPSAS are in different stages of assessment, design, and development.

Those completed can be viewed here:

[http://treasury.gov.mt/en/Pages/Government\\_Accounts\\_Directorate/IPSAS/Related\\_Documents.aspx](http://treasury.gov.mt/en/Pages/Government_Accounts_Directorate/IPSAS/Related_Documents.aspx)

Although this project was originally met with some skepticism, it is now widely acknowledged that the sponsor, the Treasury (MFIN) is delivering. Adoption and implementation of IPSAS in Malta will enhance Accountability, Credibility and Transparency, in addition to improving overall decision-making within the public service. IPSAS will strengthen public financial management and will have a positive impact on the nation's reputation.

