

# ACCRUAL PRACTICES AND REFORM EXPECTATIONS IN THE CARIBBEAN

Public Sector Financial Accountability Survey Findings



International Federation of Accountants®



Institute of Chartered Accountants of the Caribbean

**ACCOUNTABILITY. NOW.**

The mission of the International Federation of Accountants® (IFAC®) is to serve the public interest and strengthen the accountancy profession by:

- Supporting the development of high-quality international standards;
- Promoting the adoption and implementation of these standards;
- Building the capacity of professional accountancy organizations; and
- Speaking out on public interest issues.

Authored by: Klaus, L.C.O.

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## FOREWORD

When it comes to the modernization of accounting systems and moving toward more efficient and transparent public financial management, the International Federation of Accountants (IFAC) has been a driver of change in collaboration with regional and national professional accountancy organizations in the Caribbean, promoting conferences, training, and cooperation agreements. As a result, a conference was held in the Bahamas in 2016 on strengthening public financial reporting and accountability.

Organized by the Institute of Chartered Accountants of the Caribbean (ICAC), IFAC, and the World Bank, the conference brought together representatives of Caribbean governments and the accountancy profession to discuss enhancements to public financial accounting and reporting, and to consider how to enhance collaboration between governments and the accountancy profession to improve public financial accounting and reporting in the region. The event was also supported by the Bahamas Government and donor partners CPA Canada and the UK Department for International Development.



The international and regional speakers at the conference identified good practices and actions that governments, the accountancy profession, and other stakeholders in the Caribbean could take to enhance public financial reporting.

The ICAC, IFAC, and World Bank are grateful for the invaluable contribution of professional accountancy organizations (PAOs) and public sector entities from across the Caribbean who were represented at the conference and for their input in the Public Sector Financial Accountability Survey, the findings of which are reported here.

Participants identified areas where the various stakeholder groups could partner to implement the proposed actions, stepping up knowledge sharing and collaboration between governments, the accountancy profession, and other stakeholders in the Caribbean. These partnerships may give rise to improved public financial reporting, better informed public decision making, better quality of public services, better management of assets and liabilities, better public financial management, increased accountability, and, ultimately, enhanced trust of citizens in government.

**Jasmine Y. Davis, CPA, CA**

*President, Institute of Chartered Accountants of the Caribbean*



# TABLE OF CONTENTS

EXECUTIVE SUMMARY	6
INTRODUCTION	7
GLOSSARY	8
LIST OF PARTICIPATING COUNTRIES—GENERAL OVERVIEW	9
SECTION 1: REGIONAL OVERVIEW	10
ACCOUNTING BASIS AND REPORTING STANDARDS FOR PUBLIC FINANCIAL STATEMENTS	11
RECOGNITION BASIS FOR THE BUDGET	13
EXTERNAL AUDIT REQUIREMENTS FOR PUBLIC FINANCIAL STATEMENTS	15
SUMMARY: ACCOUNTING REFORM IN THE CARIBBEAN	17
SECTION 2: INDIVIDUAL COUNTRY ANALYSIS	18
ANGUILLA	19
ANTIGUA AND BARBUDA	20
ARUBA	21
BAHAMAS	22
BARBADOS	23
BELIZE	24
BRITISH VIRGIN ISLANDS	25
CAYMAN ISLANDS	26
GUYANA	27
JAMAICA	28
MONTSERRAT	29
ST. LUCIA	30
ST. VINCENT AND THE GRENADINES	31
TRINIDAD & TOBAGO	32
TURKS AND CAICOS ISLANDS	33

## EXECUTIVE SUMMARY

For some years, inspired by arrangements with IFAC, the World Bank (WB), and the Inter-American Development Bank (IDB), Caribbean countries have been motivated to incorporate international accounting standards into their national regulations. Reforms aimed at adopting International Public Sector Accounting Standards (IPSAS) were initiated by Anguilla and the Cayman Islands, the only countries in the Caribbean that have fully implemented IPSAS so far. Most of the other Caribbean countries have begun the IPSAS implementation process and are in various stages of adoption. Nevertheless, many of these countries are facing challenges with full implementation of IPSAS. The table in Section 2 reports the IFAC Public Sector Financial Accountability Survey results, revealing the status of IPSAS implementation in the Caribbean by country.

Despite improvement efforts, local and international corruption scandals—often involving money laundering—still call attention to the lack of public financial transparency in the region. Pressured by the international community and their own reform agenda, many of the Caribbean countries are now raising the bar on transparency, accountability, and civil participation practices. The long-term results of such a commitment seem promising, although corruption and financial secrecy indexes still reflect the old malfunctioning practices, according to the Financial Secrecy Index reported by *The Economist* in “[Lifting the Veil](#).” One barrier to the desired advance, argue Dassen and Vieyra in [Open Government and Targeted Transparency: Trends and Challenges for Latin America and the Caribbean](#) (2012) is:

*that the call for targeted transparency policies is not always a direct initiative from the legislative branch or public sector agencies, but mostly a result of the pressure of organized civil society and the media. Despite that, the authors confirm that the regional legal and institutional frameworks are already very much improved and that governments have started to consider the prevention of corruption in a context of economic growth and fiscal responsibility. However, elements such as impunity, the lack of effective implementation of enforcement rules, together with the perceived absence of effective independent oversight, are considered to be causes of recent transparency reform failures. According to the authors, the diminished role of the legislative power in the region in favor of an overactive executive is another reason for the inefficiency of audit institutions and the lack of enforcement of transparency rules.*

When it comes to the modernization of accounting systems and moving toward more efficient and transparent public financial management, IFAC has been a driver of change in collaboration with regional and national professional

accountancy organizations in the Caribbean—promoting conferences, training, and cooperation agreements. As a result, a conference was held in the Bahamas in 2016 on strengthening public financial reporting and accountability. Organized by the Institute of Chartered Accountants of the Caribbean (ICAC), IFAC, and the World Bank, the conference brought together representatives of Caribbean governments and the accountancy profession to discuss enhancements to public financial accounting and reporting, and to consider how to enhance collaboration between governments and the accountancy profession to improve public financial accounting and reporting in the region. The international and regional speakers at the conference identified good practices and actions that governments, the accountancy profession, and other stakeholders in the Caribbean could take to enhance public financial reporting. Participants identified areas where the various stakeholder groups could partner to implement the proposed actions, stepping up knowledge sharing and collaboration between governments, the accountancy profession, and other stakeholders in the Caribbean. These partnerships may give rise to improved public financial reporting, better informed public decision making, better quality of public services, better management of assets and liabilities, better public financial management, increased accountability, and, ultimately, enhanced trust of citizens in government.

The ICAC is playing a vital role in bringing the countries in the region together, with the support and assistance of the local national institutes, to provide training opportunities and consultations aimed at the adoption of accrual-based accounting. The ICAC and its member bodies plan to host a series of roundtable discussions within each territory to assist with the development of action plans, which may lead to the final full or partial adoption of IPSAS, to be embedded in the local national accounting regulations and implemented throughout the public sector. This change to high-quality, reliable, and transparent public financial accounting and reporting—in accordance with internationally recognized standards such as IPSAS—fits well into a context in which the Caribbean governments are more strongly scrutinized by international banks, rating agencies, and especially by civil society organizations.

In conclusion, the survey outcomes suggest that most countries in the Caribbean recognize the importance of high-quality, reliable, and transparent public financial accounting and reporting arrangements and are gradually implementing reforms to achieve these desired outcomes. IFAC, through its *Accountability. Now.* initiative, together with ICAC and the various national professional accountancy organizations, gladly continues to support this transition.

# INTRODUCTION

The IFAC Public Sector Financial Accountability Survey is aimed at getting a picture of the state of public financial management (PFM) reforms in the Caribbean and a better understanding of the design of these reforms, implementation challenges, and associated benefits. The results were organized, summarized, and analyzed by an external researcher.

## SURVEY METHODOLOGY

The survey questionnaire was sent to 22 Caribbean countries that are full and associate members of the Caribbean Community CARICOM, as well as the Dominican Republic. In total, 15 countries responded to the survey, while another seven (Bermuda, Dominica, Dominican Republic, Grenada, Haiti, St. Kitts & Nevis, Suriname) did not provide IFAC with data. Answers were collected from March to June 2016.

This report presents a general overview of the current public financial management (PFM) reform status for the Caribbean, as well as summarized analytical assessments of the individual countries. In general, it is intended to assess: (a) the current and future accounting basis and reporting standards for public financial statements; (b) the current and future recognition basis for budgeting; and (c) the current and future external audit requirements for public financial statements.

A draft of this report was provided to representatives of the governments for comment. The final report is the result of this interaction between countries, the external researcher, and IFAC. IFAC would like to thank the participants for responding to the survey, participating in the 2016 Public Reporting and Accountability Conference, and providing their feedback on the individual country descriptions.

# GLOSSARY

## General

*Financial report:* for the purpose of this survey, the financial report is the government's key year-end accountability document. It typically comprises financial statements and/or a budget execution statement.

## Accounting Basis Classifications

*Accrual Basis:* Countries are classified in this category when (i) transactions are budgeted or recognized in the financial reports at the time at which the underlying economic event occurs, regardless of when the related cash is received or paid, and (ii) assets and liabilities are budgeted or reported in a balance sheet, irrespective of exceptions in the reporting or measurement method of some specific assets and liabilities.

*Cash Basis:* Countries are classified in this category when transactions are budgeted or recognized in the financial reports only when the associated cash is received or paid, irrespective of their reporting of commitments.

*Cash Transitioning to Accrual:* Countries are classified in this category when some transactions are budgeted or recognized in the financial reports using the cash basis and some transactions are budgeted or recognized under the accrual basis. Countries that recognize all transactions on the accrual basis except for tax revenue should be classified under the Accrual Basis category.

## Reporting Standards Classifications

*IPSAS:* International Public Sector Accounting Standards are a set of accrual-based accounting standards issued by the International Public Sector Accounting Standards Board (IPSASB). IPSAS are used for the preparation of general purpose financial statements by governments and other public sector entities around the world.

*N-IPSAS:* National accounting standards adapted to embrace some of the IPSAS principles.

*National:* National accounting norms that are locally adapted and are reasonably different from IPSAS principles.

## Auditing Standards Classifications

*ISA:* International Standards on Auditing are professional standards for the performance of the financial audit of financial information issued by the International Auditing and Assurance Standards Board (IAASB).

*ISSAI:* International Standards of Supreme Audit Institutions issued by the International Organization of Supreme Audit Institutions (INTOSAI) to provide a framework of procedures and practices to be followed in the conduct of an audit, including audits of computer-based systems. They should be viewed in the particular constitutional, legal, and other circumstances of a country's Supreme Audit Institution (SAI). They consist of four parts: (a) Basic principles, (b) General standards, (c) Field standards, and (d) Reporting standards.

*N-ISSAI:* ISSAI modified in accordance to a country's national needs and accounting system specificities.

*National:* National professional standards for the performance of financial audit of financial information, developed by countries in accordance to their needs and accounting system specificities. These standards are developed and issued by governments and do not necessarily depend on, or were inspired by, the principles underlying international audit requirements.

## LIST OF PARTICIPATING COUNTRIES— GENERAL OVERVIEW

Country	Respondent's Organization
Anguilla	Ministry of Finance/Supreme Audit Institution
Antigua & Barbuda	Ministry of Finance/Audit Office
Aruba	Supreme Audit Institution
Bahamas	Ministry of Finance
Barbados	Ministry of Finance/Audit Office
Bermuda	No data received
Belize	Audit Office
British Virgin Isl.	Ministry of Finance
Cayman Islands	Office of the Auditor General
Dominica	No data received
Dominican Rep.	No data received
Grenada	No data received
Guyana	Ministry of Finance/Audit Office/Institute of Chartered Accountants
Haiti	No data received
Jamaica	Ministry of Finance/Audit Office
Montserrat	Ministry of Finance/Audit Office
Saint Lucia	Accountant General Dpt./Audit Office
St. Vincent & the Grenadines	Ministry of Finance/Supreme Audit Institution
St. Kitts & Nevis	No data received
Suriname	No data received
Trinidad & Tobago	Ministry of Finance
Turks and Caicos Islands	Ministry of Finance/TCI Society of Professional Accountants

## SECTION 1: REGIONAL OVERVIEW

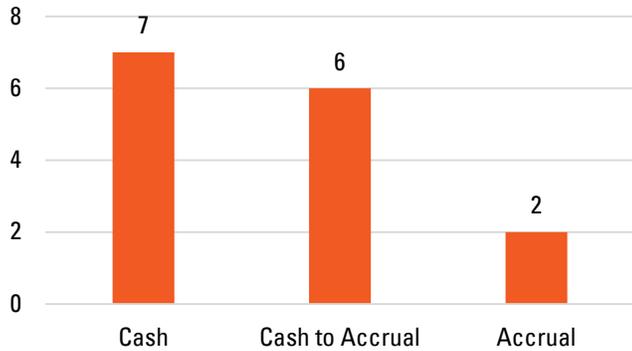
### OBJECTIVES

This section aims at identifying:

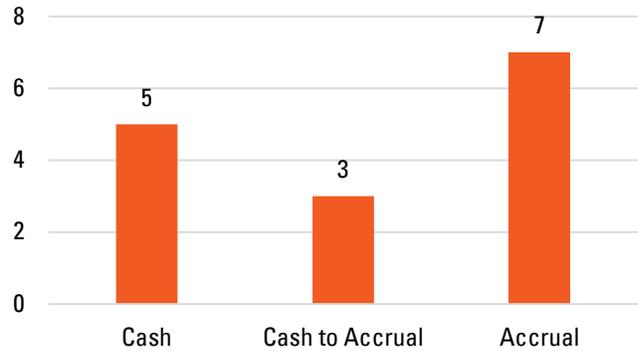
1. present and future practices related to accounting basis and reporting standards for public **financial statements**;
2. present and future practices related to recognition basis for **budgets**; and
3. present and future practices related to the **external audit** requirements for public financial statements.

# ACCOUNTING BASIS AND REPORTING STANDARDS FOR PUBLIC FINANCIAL STATEMENTS

## CURRENT ACCOUNTING BASIS

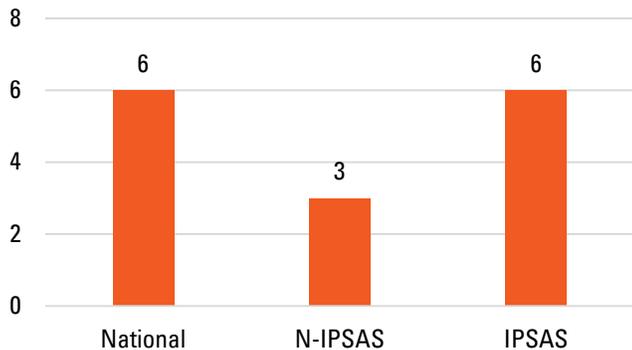


## ACCOUNTING BASIS AFTER REFORM

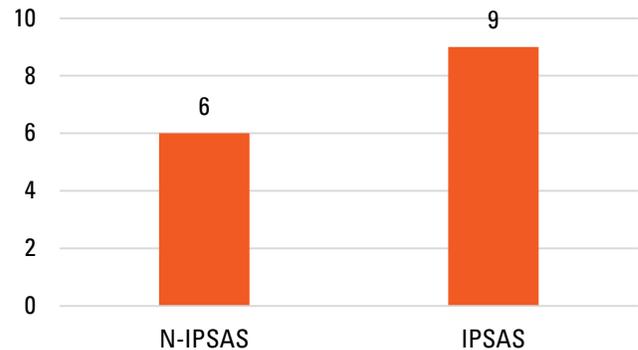


Financial Statement reporting on the cash basis seems to be the norm in the Caribbean countries that responded to the survey. With the exception of the British Virgin Islands, all surveyed countries are planning accounting reforms. After the reported reforms have been implemented, the regional balance will be moved toward accrual-based accounting, and nine of the surveyed countries are expected to have implemented IPSAS while another six will be using N-IPSAS.

## CURRENT REPORTING STANDARDS



## REPORTING STANDARDS AFTER REFORM



## KEY FACTS

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This section is aimed at identifying present and future practices related to the accounting basis and reporting standards for public financial statements in the Caribbean.

### 1. Current accounting basis and reporting standards for public financial statements

- Current public financial statements' **accounting basis**:
  - The public financial statements of seven countries (Anguilla, Belize, British Virgin Islands, Guyana, Jamaica, Montserrat, and Trinidad & Tobago), or 47 percent of those surveyed, are prepared on the cash basis of accounting.
  - Six countries (Antigua & Barbuda, Aruba, Bahamas, St. Lucia, St. Vincent & the Grenadines, and the Turks & Caicos Islands), or 40 percent, are on a journey from the cash basis to the accrual basis of accounting, while two countries (Barbados and Cayman Islands) are applying the accrual basis of accounting.
- Current public financial statements' **reporting standards**:
  - The public financial statements of six countries (Anguilla, Barbados, British Virgin Islands, Cayman Islands, Montserrat, and the Turks & Caicos), or 40 percent, are prepared in accordance with IPSAS. Included in this group are two countries (Barbados and the Cayman Islands), or 13 percent, applying the accrual basis of accounting.<sup>1</sup>
  - The public financial statements of three countries (Antigua & Barbuda, Bahamas, and Belize), or 20 percent, are prepared in accordance with N-IPSAS, and six countries, or 40 percent, apply national standards.

### 2. Future accounting basis and reporting standards for public financial statements

- Nature of accounting reforms affecting public financial statements:
  - Except for the British Virgin Islands, the other 14 of the 15 countries are planning accounting reforms. Seven countries reported to be reforming their accounting basis (from cash to accrual), while the other seven are planning reforms for both the accounting basis and public financial reporting standards.
- **Accounting basis** for public financial statements after reform:
  - The British Virgin Islands is planning to continue to apply the cash-basis IPSAS.
  - At the end of the reforms:
    - Five additional countries (Aruba, Bahamas, St. Lucia, St. Vincent & Grenadines, and Trinidad & Tobago) will be moving to the accrual basis of accounting. This will bring the total number of countries using accrual to seven.
    - Five countries (Anguilla, British Virgin Islands, Guyana, Jamaica, and Montserrat) will be applying the cash basis and three countries (Antigua and Barbuda, Belize, and the Turks and Caicos) are making the transition from the cash basis to the accrual basis of accounting.
- **Reporting standards** for public financial statements after reform:
  - At the end of the reforms:
    - Three countries (Guyana, Jamaica, and Trinidad & Tobago) will be moving from national standards to IPSAS. This will bring the total number of countries using IPSAS to nine.
    - Three countries (Aruba, St. Lucia, and St. Vincent & Grenadines) will be moving from national standards to N-IPSAS.
    - All countries covered in the findings will either use IPSAS (nine) or N-IPSAS (six).

<sup>1</sup> Whereas the other countries report in accordance with the IPSAS under the cash basis of accounting.

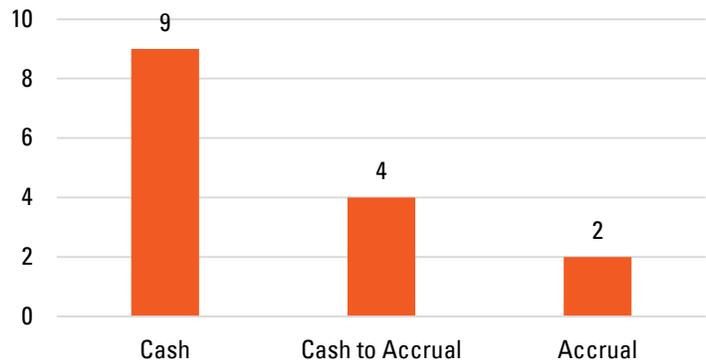
# RECOGNITION BASIS FOR THE BUDGET

For central governments in the Caribbean, cash is still the most popular recognition basis applied in preparing the budget, immediately followed by the transition from the cash basis to the accrual basis of accounting.

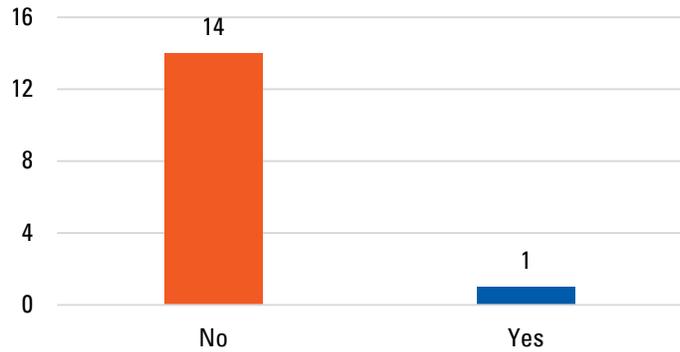
Belize is the only country predicting reform in this area, transitioning from the cash basis to the accrual basis.

After the reform, five countries (Aruba, Bahamas, St. Lucia, St. Vincent & the Grenadines, and Trinidad & Tobago) will have a different recognition basis for their financial statements and budget, which could cause methodological accounting problems.

## CURRENT RECOGNITION BASIS



## COUNTRIES UNDER REFORM



## KEY FACTS

This section is aimed at identifying present and future practices related to the recognition basis for preparing **budgets** in the Caribbean.

### 3. Current recognition basis for preparing the budget

- Current budget recognition basis:
  - Nine countries (Anguilla, Aruba, Bahamas, Belize, British Virgin Islands, Guyana, Jamaica, Montserrat, and Trinidad & Tobago), or 60 percent, prepare their budget on a cash basis.
  - Four countries (Antigua & Barbuda, Saint Lucia, St. Vincent & the Grenadines, and the Turks & Caicos Islands) are transitioning from a cash to an accrual basis, while two countries (Barbados, Cayman Islands) prepare their budget on an accrual basis.

### 4. Future recognition basis for the budget

- Nature of reforms for budget recognition:
  - For the next five years, except for Belize, no reforms for budget recognition are expected in the region. Belize is moving from a cash basis to the accrual basis.
  - The regional trend for budget recognition will remain the cash basis.

## POTENTIAL RECOGNITION BASIS DISPARITIES AFTER REFORM

Countries	After Reform	
	Accounting Basis (FS)	Recognition Basis (Budget)
Anguilla	Cash	Cash
Antigua & Barbuda	Cash to Accrual	Cash to Accrual
Aruba	Accrual	Cash
Bahamas	Accrual	Cash
Barbados	Accrual	Accrual
Belize	Cash to Accrual	Cash to Accrual
British Virgin Islands	Cash	Cash
Cayman Islands	Accrual	Accrual
Guyana	Cash	Cash
Jamaica	Cash	Cash
Montserrat	Cash	Cash
Saint Lucia	Accrual	Cash to Accrual
St. Vincent & the Grenadines	Accrual	Cash to Accrual
Trinidad & Tobago	Accrual	Cash
Turks & Caicos Islands	Cash to Accrual	Cash to Accrual

# EXTERNAL AUDIT REQUIREMENTS FOR PUBLIC FINANCIAL STATEMENTS

N-ISSAI is the most popular external audit requirement for public institutions in the Caribbean, where the main audit agent is the Supreme Audit Institution.

Two countries (Cayman Islands and the Turks & Caicos) are currently using ISA.

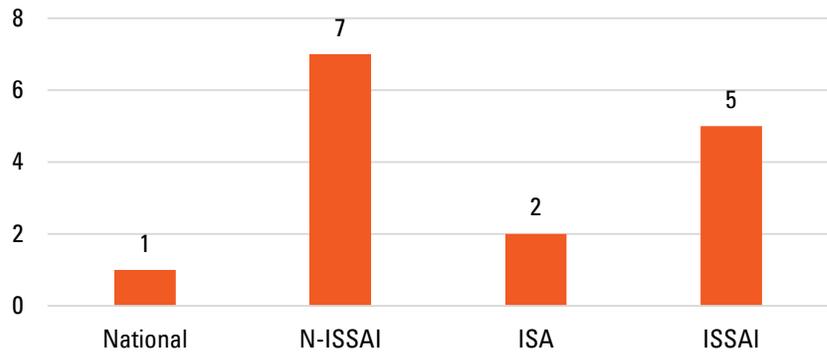
Aruba is using national standards.

In the next five years, only three countries (Montserrat, the Cayman Islands, and Jamaica) will reform their external audit requirements.

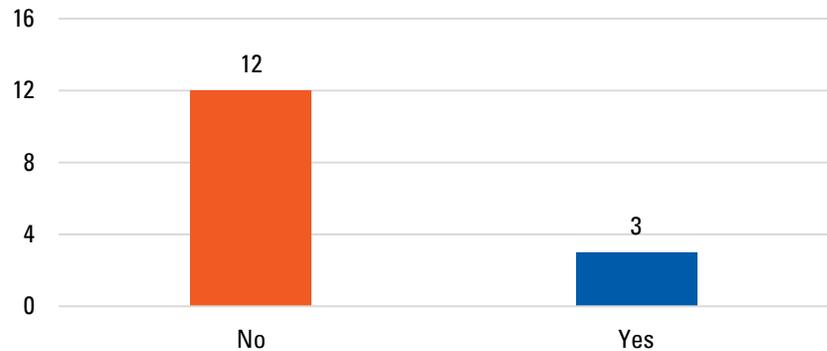
In the next five years, two countries (Montserrat and the Cayman Islands) are planning to implement ISSAI.

Jamaica is planning to implement N-ISSAI.

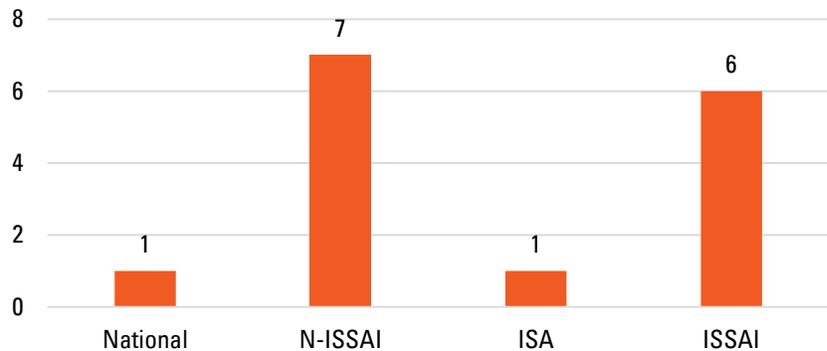
## CURRENT AUDITING STANDARDS



## ONGOING REFORM



## AUDIT STANDARDS AFTER REFORM



## KEY FACTS

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This section is aimed at identifying present and future practices related to audit requirements for public financial statements in the Caribbean.

### 5. **Current external audit requirements for public financial statements**

- N-ISSAI is the most popular external audit requirement adopted for public institutions in the Caribbean. Seven countries (Antigua & Barbuda, Belize, British Virgin Islands, Guyana, Montserrat, Saint Lucia, and St. Vincent & the Grenadines) of 15 have adopted this standard.
- Five countries (Anguilla, Bahamas, Barbados, Jamaica, and Trinidad & Tobago) have adopted ISSAI. The Cayman Islands and Turks & Caicos have adopted ISA, while Aruba has adopted national standards.
- Most of the countries are audited by the Supreme Audit Institution. Anguilla and Montserrat have indicated that the financial statements of their public institutions are audited, or reviewed, by external audit firms.

### 6. **Future external audit requirements for public financial statements**

- In the next five years, two countries (Montserrat and the Cayman Islands) are planning to move to ISSAI. Jamaica is planning to move to N-ISSAI. Turks & Caicos will remain with ISA and Aruba with national standards.

# SUMMARY: ACCOUNTING REFORM IN THE CARIBBEAN

	(a) <sup>2</sup> Financial Statements Standards			(b) <sup>3</sup> Recognition Basis for Budget			(c) <sup>4</sup> External Audit of Financial Statements		
	Current	Reform?	After Reform	Current	Reform?	After Reform	Current	Reform? <sup>7</sup>	After Reform
Anguilla	Cash/IPSAS	No	Cash/IPSAS	Cash	No	Cash	ISSAI	No	ISSAI
Antigua & Barbuda	Cash to Accrual/ N-IPSAS	No	Cash to Accrual/ N-IPSAS	Cash to Accrual	No	Cash to Accrual	N-ISSAI	No	N-ISSAI
Aruba	Cash to Accrual/ National	Yes	Accrual/ N-IPSAS	Cash	No	Cash	National	No	National
Bahamas	Cash to Accrual/ N-IPSAS	Yes	Accrual/ N-IPSAS	Cash	No	Cash	ISSAI	No	ISSAI
Barbados	Accrual/ IPSAS	No	Accrual/ IPSAS	Accrual	No	Accrual	ISSAI	No	ISSAI
Bermuda	–	–	–	–	–	–	–	–	–
Belize	Cash/ N-IPSAS	Yes	Cash to Accrual/ N-IPSAS	Cash	Yes	Cash to Accrual	N-ISSAI	No	N-ISSAI
British Virgin Islands	Cash/IPSAS	No	Cash/IPSAS	Cash	No	Cash	N-ISSAI	No	N-ISSAI
Cayman Islands	Accrual/ IPSAS	No	Accrual/IPSAS	Accrual	No	Accrual	ISA	Yes	ISSAI
Dominica	–	–	–	–	–	–	–	–	–
Dominican Republic <sup>8</sup>	–	–	–	–	–	–	–	–	–
Grenada	–	–	–	–	–	–	–	–	–
Guyana	Cash/ National	Yes	Cash/IPSAS	Cash	No	Cash	N-ISSAI	No	N-ISSAI
Haiti	–	–	–	–	–	–	–	–	–
Jamaica	Cash/ National	Yes	Cash/IPSAS	Cash	No	Cash	ISSAI	Yes	N-ISSAI
Montserrat	Cash/IPSAS	No	Cash/IPSAS	Cash	No	Cash	N-ISSAI	Yes	ISSAI
Saint Lucia	Cash to Accrual/ National	Yes	Accrual/ N-IPSAS	Cash to Accrual	No	Cash to Accrual	N-ISSAI	No	N-ISSAI
St. Vincent & the Grenadines	Cash to Accrual/ National	Yes	Accrual/ N-IPSAS	Cash to Accrual	No	Cash to Accrual	N-ISSAI	No	N-ISSAI
St. Kitts & Nevis	–	–	–	–	–	–	–	–	–
Suriname	–	–	–	–	–	–	–	–	–
Trinidad & Tobago	Cash/ National	Yes	Accrual/IPSAS	Cash	No	Cash	ISSAI	No	ISSAI
Turks & Caicos Islands	Cash to Accrual/ IPSAS	No	Cash to Accrual/IPSAS	Cash to Accrual	No	Cash to Accrual	ISA	No	ISA

<sup>2</sup> (a) the current and future accounting basis and reporting standards for financial statements

<sup>3</sup> (b) the current and future recognition basis for the budget

<sup>4</sup> (c) the current and future external audit requirements for financial statements

<sup>5</sup> Despite some countries undertaking no significant reform on the matter, it's possible that minor issues are being changed.

<sup>6</sup> Idem

<sup>7</sup> Idem

<sup>8</sup> Not a member of CARICOM.

## SECTION 2: INDIVIDUAL COUNTRY ANALYSIS

### **OBJECTIVES**

This section presents an overview of the present and future accounting basis and reporting standards of public financial reports, recognition for budgets, and the current and future external audit requirements, for each of the Caribbean countries included in the survey findings.

# ANGUILLA

## GENERAL OVERVIEW:

Anguilla is currently using the cash basis of accounting for both public financial statements and as the recognition basis for the budget. IPSAS are the financial reporting standards currently applied. External audits are typically conducted by external audit firms using ISSAI. There is no plan/intention for major ongoing reforms.

	(a) Financial Statements Standards			(b) Recognition Basis for Budget			(c) External Audit of Financial Statements		
	Current	Reform?	After Reform	Current	Reform?	After Reform	Current	Reform?	After Reform
Anguilla	Cash/IPSAS	No	Cash/IPSAS	Cash	No	Cash	ISSAI	No	ISSAI

## KEY FINDINGS:

### 1. Current accounting basis and reporting standards for public **financial statements**

The cash basis of accounting is applied in preparing public financial statements in Anguilla. International Public Sector Accounting Standards (IPSAS) are the financial reporting standards currently applied in preparing the financial statements. They are required by law (the Financial Audit and Administration Act enacted in 2010).

### 2. Future accounting basis and reporting standards for public **financial statements**

There is no sign of a major reform for both reporting standards and accounting basis matters. Nonetheless, changes in minor or specific issues may be in process. Motivated by adopting international accounting standards, the Ministry of Finance has been the main driver of moving toward cash-based IPSAS reporting, which should be fully introduced in 2017.

Challenges concerning the preparation phases of financial statement reform are seen as of low importance. On the other hand, designing quality control procedures and preparing for audit requirements seem to be the most important challenges related to the implementation phase. Mitigation seems to be difficult as no mechanism is said to be in place to test data quality, and there is limited staff to address audit qualifications.

Benefits of the planned reform are said to be partially achieved: accountability enhancement; increasing transparency for the public at large; increasing political and public awareness about the state of public finances; better information on full costs of operations; efficiency of the administration's business processes; more informed decisions on asset and liability management; and producing meaningful figures/financial analysis for cabinet and/or parliament and/or citizens.

To achieve more benefits, implementation of sanctions for non-compliance is needed, as is developing a system that can generate reports on demand.

### 3. Current recognition basis for **budget**

Cash is the recognition basis applied in preparing the budget in Anguilla. The recognition basis for the budget is the same as for financial reporting.

### 4. Future recognition basis for **budget**

There is no indication of future reform for the recognition basis for the budget.

### 5. Current external **audit requirements** for public financial statements

External audit is currently done by external audit firms using ISSAI.

### 6. Future external **audit requirements** for public financial statements

There is no indication of future reform of auditing standards: the external auditing standards applied in the public sector have not been recently changed nor are expected to be changed in the next five years.

# ANTIGUA AND BARBUDA

## GENERAL OVERVIEW:

Antigua and Barbuda is currently transitioning from the cash basis to the accrual basis of accounting for both its public financial statements and as the recognition basis for the budget. National standards based on IPSAS are the financial reporting standards currently applied to preparing the financial statements. External audits are typically conducted by the Supreme Audit Institution using N-ISSAI. There is sign of major ongoing reforms.

	(a) Financial Statements Standards			(b) Recognition Basis for Budget			(c) External Audit of Financial Statements		
	Current	Reform?	After Reform	Current	Reform?	After Reform	Current	Reform?	After Reform
Antigua & Barbuda	Cash to Accrual/ N-IPSAS	No	Cash to Accrual/ N-IPSAS	Cash to Accrual	No	Cash to Accrual	N-ISSAI	No	N-ISSAI

## KEY FINDINGS:

### 1. Current accounting basis and reporting standards for public **financial statements**

Cash transitioning to accrual is the accounting basis used to prepare public financial statements in Antigua and Barbuda. National standards based on IPSAS are the financial reporting standards currently applied in preparing public financial statements, as required by law (the Finance and Administration Act enacted in 2006 and last updated in 2006).

### 2. Future accounting basis and reporting standards for public **financial statements**

To comply with guidance provided by the Eastern Caribbean Central Bank, the Ministry of Finance has been the main driver of the recent change toward improved national standards based on IPSAS. There is no sign of major reform for both reporting standards and accounting basis matters. Nonetheless, changes in minor or specific issues may be in process.

Challenges concerning the preparation phase of financial statement reform are generally rated to be low, with the exception of developing comprehensive guidance and manuals, which is considered as more important. As for the implementation phase challenges, managing the transition period and designing quality control procedures were highlighted. For the government, the level of knowledge of existing staff on public sector accounting is limited, and must be improved.

Some benefits of the ongoing reform were partially achieved: accountability enhancement; increasing political and public awareness about the state of public finances; better information on full costs of operations; efficiency of the administration's business processes; more informed decisions on asset and liability management; producing meaningful figures/financial analyses for cabinet and/or parliament and/or citizens. However, increasing transparency for the public at large was not yet achieved.

### 3. Current recognition basis for the **budget**

Using the cash basis transitioning to the accrual basis is the standard applied in preparing the budget in Antigua and Barbuda. The recognition basis for the budget is the same as for financial reporting.

### 4. Future recognition basis for the **budget**

No indication of any future reform of the recognition basis for the budget.

### 5. Current external **audit requirements** for public financial statements

External audit is currently done by government/state auditors (Supreme Audit Institution/Court of Auditors) using N-ISSAI.

### 6. Future external **audit requirements** for public financial statements

No indication of any future reform of auditing standards.

**GENERAL OVERVIEW:**

Aruba is currently using the cash basis transitioning to the accrual basis of accounting in the preparation of public financial statements, while applying cash as the recognition basis for the budget. National public sector financial reporting standards are the standards currently applied to prepare the financial statements. External audits are typically conducted by the Supreme Audit Court using N-ISSAI. Reforms of the accounting basis for financial statements are planned. Once the reforms have been implemented, there may be a disparity between the recognition basis for the financial statements and the budget.

	<b>(a) Financial Statements Standards</b>			<b>(b) Recognition Basis for Budget</b>			<b>(c) External Audit of Financial Statements</b>		
	<b>Current</b>	<b>Reform?</b>	<b>After Reform</b>	<b>Current</b>	<b>Reform?</b>	<b>After Reform</b>	<b>Current</b>	<b>Reform?</b>	<b>After Reform</b>
Aruba	Cash to Accrual/ National	Yes	Accrual/ N-IPSAS	Cash	No	Cash	National	No	National

**KEY FINDINGS:****1. Current accounting basis and reporting standards for public financial statements**

The cash basis transitioning to the accrual basis of accounting is applied in preparing public financial statements in Aruba. N-IPSAS are currently applied in preparing the public financial statements. They are required by law (laws (1) CV1989/(2) RCA/(3) ROFA/(4) LBOA, enacted in 1989/1990/1990/1990 and last updated in 1999/1994/1994/2004).

**2. Future accounting basis and reporting standards for public financial statements**

The accounting basis and reporting standards applied in preparing the public financial statements have undergone reform, to keep public finances in order. To fulfill the arrangement reached with the Kingdom of the Netherlands on fiscal supervision, the Ministry of Finance has been the main driver of change toward accrual-based national standards based on IPSAS, which are expected to be implemented in 2020.

Challenges concerning both the preparation and implementation phases of the financial statement reform are generally rated to be low, with the exception of identifying and evaluating assets and liabilities as part of the opening balance sheet (preparation phase), managing the transition period, and preparing for audit requirements (implementation phase), which are seen to be more important.

Benefits realized from the adoption of the accrual basis of accounting are said to be ongoing: accountability enhancement, increasing transparency for the public at large, increasing political and public awareness about the state of public finances, better information on full costs of operations, efficiency of the administration's business processes, more informed decisions on asset and liability management, producing meaningful figures/financial analysis for cabinet and/or parliament and/or citizens.

**3. Current recognition basis for the budget**

Cash is the basis applied in preparing the budget in Aruba. The recognition basis for the budget is not the same as for financial reporting.

**4. Future recognition basis for the budget**

There is no indication of future reform of the recognition basis for the budget.

**5. Current external audit requirements for public financial statements**

External audit is currently done by government/state auditors (Supreme Audit Institution/Court of Auditors) using N-ISSAI. Audit process: the financial statements of Aruba are compiled by the department of finance. The Ministry of Finance's internal audit department conducts a low level review of the financial statements, whereas the Supreme Audit Institution conducts a review of certain areas of the financial statements.

**6. Future external audit requirements for public financial statements**

There is no indication of future reform of auditing standards.

## GENERAL OVERVIEW:

Bahamas is currently making the transition from the cash basis to the accrual basis of accounting for its public financial statements, while applying cash as the recognition basis for the budget. National standards based on IPSAS are the financial reporting standards currently applied to preparing the financial statements. External audits are typically conducted by the Supreme Audit Court using ISSAI. Eventual adoption of the accrual basis is planned for reporting standards used to prepare public financial statements. Once the reform is implemented, there may be a disparity between the recognition bases for preparing the financial statements and the budget.

	(a) Financial Statements Standards			(b) Recognition Basis for Budget			(c) External Audit of Financial Statements		
	Current	Reform?	After Reform	Current	Reform?	After Reform	Current	Reform?	After Reform
Bahamas	Cash to Accrual/ N-IPSAS	Yes	Accrual/ N-IPSAS	Cash	No	Cash	ISSAI	No	ISSAI

## KEY FINDINGS:

### 1. Current accounting basis and reporting standards for public **financial statements**

Transitioning from the cash basis to accrual accounting is currently in place for preparing public financial statements in the Bahamas. National standards based on IPSAS are applied in preparing the financial statements, as required by law (the Financial Administration and Audit Act enacted in 2010 and last updated in 2013).

### 2. Future accounting basis and reporting standards for public **financial statements**

The accounting basis for preparing the financial statements for public sector organizations has recently been changed, to improve transparency and quality of reporting. To keep up with the best accounting practices worldwide, the Treasury Department—embedded in the Ministry of Finance—has been the main driver of change toward accrual-based national standards based on IPSAS, which are expected to be implemented in 2020. After the change, improved national standards based on IPSAS will still be the model of accounting standards for public financial statements in the country.

Challenges concerning both preparation and implementation phases of financial statement reform are generally rated to be moderate, while preparing the consolidated financial statements is said not to be an applicable challenge in the case of the Bahamas.

Benefits of accrual adoption reform are expected to be: accountability enhancement, increasing transparency for the public at large, increasing political and public awareness about the state of public finances, better information on full costs of operations, efficiency of the administration's business processes, more informed decisions on asset and liability management, producing meaningful figures/financial analysis for cabinet and/or parliament and/or citizens. According to the respondent, because national reporting standards are partially based on IPSAS, these benefits seem to be already ongoing.

### 3. Current recognition basis for the **budget**

Cash is the accounting basis applied in preparing the budget in the Bahamas. The recognition basis for the budget is not the same as for financial reporting.

### 4. Future recognition basis for the **budget**

There is no indication of future reform of the recognition basis for the budget.

### 5. Current external **audit requirements** for public financial statements

External audit is currently done by government/state auditors (Supreme Audit Institution/Court of Auditors) using ISSAI.

### 6. Future external **audit requirements** for public financial statements

No future reform of auditing standards is foreseen.

# BARBADOS

## GENERAL OVERVIEW:

Barbados is currently using the accrual basis of accounting for both public financial statements and as the recognition basis for the budget. Financial statements are prepared according to IPSAS. External audits are typically conducted by the Supreme Audit Court using ISSAI. There is no sign of major ongoing reforms.

	(a) Financial Statements Standards			(b) Recognition Basis for Budget			(c) External Audit of Financial Statements		
	Current	Reform?	After Reform	Current	Reform?	After Reform	Current	Reform?	After Reform
Barbados	Accr./IPSAS	No	Accr./IPSAS	Accrual	No	Accrual	ISSAI	No	ISSAI

## KEY FINDINGS:

### 1. Current accounting basis and reporting standards for public **financial statements**

The accrual basis of accounting is used for preparing public financial statements in Barbados. IPSAS are currently applied in preparing the financial statements, as required by law (the Financial Management and Audit Act/Financial enacted in 2007).

### 2. Future accounting basis and reporting standards for public **financial statements**

There is no sign of major reform of either reporting standards or accounting basis matters. Nonetheless, changes in minor or specific issues may be in process. As there is a relatively recent adoption of IPSAS standards in this country, the current status is not likely to change any time soon. The only reform currently under consideration is the process of consolidating all of the government owned entity financial statements with those of the central government.

Challenges concerning both preparation and implementation phases of financial statement reform are currently not being addressed, according to the respondent.

The benefits of adopting the accrual basis of accounting are reported to be: accountability enhancement; increasing transparency for the public at large; increasing political and public awareness about the state of public finances; better information on full costs of operations; efficiency of the administration's business processes; more informed decisions on asset and liability management; and producing meaningful figures/financial analysis for cabinet and/or parliament and/or citizens. Because IPSAS are the national reporting standards, these benefits seem to be already ongoing.

### 3. Current recognition basis for the **budget**

The accrual basis is used in preparing the budget in Barbados. The recognition basis for the budget is the same as for financial reporting.

### 4. Future recognition basis for the **budget**

There is no indication of future reform of the recognition basis for the budget.

### 5. Current external **audit requirements** for public financial statements

External audit is currently done by government/state auditors (Supreme Audit Institution/Court of Auditors) using ISSAI.

### 6. Future external **audit requirements** for public financial statements

No future reforms of auditing standards are foreseen.

## GENERAL OVERVIEW:

Belize is currently using the cash basis of accounting for its public financial statements and as the recognition basis for the budget. National standards based on IPSAS are currently applied in preparing the financial statements. External audits are typically conducted by the Supreme Audit Court using N-ISSAI. Reform aimed at transitioning from the cash basis to the accrual basis of accounting is planned for both financial statement reporting and the budget.

	(a) Financial Statements Standards			(b) Recognition Basis for Budget			(c) External Audit of Financial Statements		
	Current	Reform?	After Reform	Current	Reform?	After Reform	Current	Reform?	After Reform
Belize	Cash/ N-IPSAS	Yes	Cash to Accrual/ N-IPSAS	Cash	Yes	Cash to Accrual	N-ISSAI	No	N-ISSAI

## KEY FINDINGS:

### 1. Current accounting basis and reporting standards for public **financial statements**

The cash basis of accounting is used for preparing the public financial statements in Belize. As required by law (the Finance and Audit Reform Act), national standards based on IPSAS are currently applied in preparing the financial statements..

### 2. Future accounting basis and reporting standards for public **financial statements**

The accounting basis for preparing the financial statements is undergoing reform. To comply with the government's reform agenda, the Ministry of Finance has been the main driver of change.

Challenges concerning preparation phases of financial statement reform are seen to be of moderate importance and are said to be: adapting existing laws and regulations; establishing a representative reform team; establishing a mechanism for setting accounting standards; determining the design and functional requirements for the necessary systems for the Ministry of Finance and other ministries, departments, and agencies; and developing comprehensive guidance and manuals, including accounting policies and procedures on the most complex topics. Challenges related to the implementation phase are all seen as very relevant and include: estimating, monitoring, and controlling the costs of reform; managing the transition period; adapting existing IT systems and/or implementing new IT solutions/modules within and outside the Ministry of Finance; designing quality control procedures and checking data quality; preparing financial statements within the agreed timeframe; preparing the consolidated financial statements; and preparing for audit requirements and addressing audit qualifications.

Benefits of the reform to be introduced are said to be non-applicable.

### 3. Current recognition basis for the **budget**

Cash is the accounting basis applied in preparing budget in Belize. The recognition basis for the budget is the same as for financial reporting.

### 4. Future recognition basis for the **budget**

Yes, future reform of the recognition basis for the budget is planned. The reformed budget recognition basis will be cash transitioning to accrual.

### 5. Current external **audit requirements** for public financial statements

External audit is currently done by government/state auditors (Supreme Audit Institution/Court of Auditors) using N-ISSAI.

### 6. Future external **audit requirements** for public financial statements

No future reforms of auditing standards are foreseen.

# BRITISH VIRGIN ISLANDS

## GENERAL OVERVIEW:

The British Virgin Islands are currently using the cash basis of accounting for preparing public financial statements and as the recognition basis for the budget. IPSAS are the financial reporting standards applied for preparing the financial statements. External audits are typically conducted by the Supreme Audit Court using N-ISSAI. There is no sign of major ongoing reform.

	(a) Financial Statements Standards			(b) Recognition Basis for Budget			(c) External Audit of Financial Statements		
	Current	Reform?	After Reform	Current	Reform?	After Reform	Current	Reform?	After Reform
British Virgin Islands	Cash/IPSAS	No	Cash/IPSAS	Cash	No	Cash	N-ISSAI	No	N-ISSAI

## KEY FINDINGS:

### 1. Current accounting basis and reporting standards for public **financial statements**

The cash basis of accounting is used for preparing public financial statements in the British Virgin Islands. As required by law (the Public Finance Management Act, last updated in 2005), IPSAS are the financial reporting standards currently applied in preparing the financial statements.

### 2. Future accounting basis and reporting standards for public **financial statements**

There is no sign of major reform of both reporting standards and accounting basis matters. Nonetheless, changes in minor or specific issues may be in process.

### 3. Current recognition basis for the **budget**

Cash is the accounting basis applied in preparing the budget in the British Virgin Islands. The recognition basis for the budget is the same as for financial reporting.

### 4. Future recognition basis for the **budget**

No future reform of the recognition basis for the budget is planned.

### 5. Current external **audit requirements** for public financial statements

External audit is currently done by government/state auditors (Supreme Audit Institution/Court of Auditors) using N-ISSAI.

### 6. Future external **audit requirements** for public financial statements

No future reforms of auditing standards are foreseen.

# CAYMAN ISLANDS

## GENERAL OVERVIEW:

The Cayman Islands are currently using the accrual basis of accounting for preparing the public financial statements and as the recognition basis for the budget. IPSAS are the financial reporting standards used for preparing the financial statements. External audits are typically conducted by the Supreme Audit Court using ISA. There is no sign of major ongoing reforms besides a transition toward ISSAI.

	(a) Financial Statements Standards			(b) Recognition Basis for Budget			(c) External Audit of Financial Statements		
	Current	Reform?	After Reform	Current	Reform?	After Reform	Current	Reform?	After Reform
Cayman Islands	Accrual/IPSAS	No	Accrual/IPSAS	Accrual	No	Accrual	ISA	Yes	ISSAI

## KEY FINDINGS:

### 1. Current accounting basis and reporting standards for public **financial statements**

Accrual is the accounting basis applied in preparing public financial statements in the Cayman Islands. As required by law (the Public Management & Finance Law [PMFL] enacted in 2001 and last updated in 2015), IPSAS are the financial reporting standards currently applied in preparing the financial statements. The PMFL also has Financial Regulations that are to complement the law and set out more requirements for financial reporting. The PMFL has gone through many revisions since first being implemented, but has always retained that the IPSAS are to be followed.

### 2. Future accounting basis and reporting standards for public **financial statements**

There is no sign of any major ongoing reform of either reporting standards or accounting basis matters. Nonetheless, changes in minor or specific issues may be in process. Lately, minor modifications were driven by the government's strategic policy (a document that outlines the governments medium-term fiscal plans) and attempted to: ensure role clarity between the Legislative Assembly, Cabinet (Executive Council), and Chief Officers (Permanent Secretaries); implement a performance-based reporting system; move from cash to accrual accounting; introduce responsible financial management; realign the budgeting process to be on the accrual basis and outline key deliverables; and require Entire Public Sector (EPS) reporting.

Several challenges concerning both the preparation and implementation phases of financial statement reform are said to be important and are being dealt with by the Ministry of Finance, which has created various task groups and engaged experts to address the issues. Among the preparation phase challenges are: adapting existing laws and regulations; establishing a mechanism for setting accounting standards; determining the design and functional requirements for the necessary systems for the Ministry of Finance and other ministries, departments, and agencies; developing comprehensive guidance and manuals; and identifying and evaluating assets and liabilities as part of the opening balance sheet.

Identified implementation phase challenges include: adapting existing IT systems and/or implementing new IT solutions/modules within and outside the Ministry of Finance; designing quality control procedures and checking data quality; preparing financial statements within the agreed timeframe; preparing the consolidated financial statements; and preparing for audit requirements and addressing audit qualifications.

Benefits of reform are reported to be: accountability enhancement; increasing transparency for the public at large; increasing political and public awareness about the state of public finances; better information on full costs of operations; efficiency of the administration's business processes; more informed decisions on asset and liability management; and producing meaningful figures/financial analysis for cabinet and/or parliament and/or citizens.

### 3. Current recognition basis for the **budget**

Accrual is the accounting basis applied in preparing the budget in the Cayman Islands. The recognition basis for the budget is the same as for financial reporting.

### 4. Future recognition basis for the **budget**

There is no indication of future reform of the recognition basis for the budget.

### 5. Current external **audit requirements** for public financial statements

External audit is currently done by government/state auditors (Supreme Audit Institution/Court of Auditors) using the ISA.

### 6. Future external **audit requirements** for public financial statements

Yes, there are some indications of future reform to move toward ISSAI.

## GENERAL OVERVIEW:

Guyana is currently using the cash basis of accounting for both public financial statements and as the recognition basis for the budget. National reporting standards are used to prepare those financial statements. External audits are typically conducted by the Supreme Audit Court using N-ISSAI. Reform of financial statement reporting by adopting IPSAS is underway.

	(a) Financial Statements Standards			(b) Recognition Basis for Budget			(c) External Audit of Financial Statements		
	Current	Reform?	After Reform	Current	Reform?	After Reform	Current	Reform?	After Reform
Guyana	Cash/ National	Yes	Cash/IPSAS	Cash	No	Cash	N-ISSAI	No	N-ISSAI

## KEY FINDINGS:

1. Current accounting basis and reporting standards for public **financial statements**

The cash basis of accounting is applied in preparing the public financial statements in Guyana. National financial statement reporting standards are currently applied in preparing those financial statements, required by law (the Fiscal Management and Accountability Act enacted in 2003 and last updated in 2004).

2. Future accounting basis and reporting standards for public **financial statements**

Changes in financial statement reporting standards are foreseen. Motivated by fiscal and monetary requirements, the Ministry of Finance has been the main driver of moving toward an IPSAS cash basis of reporting, which should be fully introduced in 2017/2018.

Challenges in the preparation phases of financial statement reform are seen to be of moderate importance and are said to be: adapting existing laws and regulations; establishing a representative reform team; establishing a mechanism for setting accounting standards; determining the design and functional requirements for the necessary systems for the Ministry of Finance and other ministries, departments, and agencies; developing comprehensive guidance and manuals, including accounting policies and procedures on the most complex topics; developing and delivering training programs in due time within and outside the Ministry of Finance. On the other hand, adapting existing IT systems and/or implementing new IT seems to be the most important challenge inherent in the implementation phase.

Benefits of reform to be introduced are said to be partially achieved: accountability enhancement; increasing transparency for the public at large; increasing political and public awareness about the state of public finances; better information on full costs of operations; efficiency of the administration's business processes; more informed decisions on asset and liability management; and producing meaningful figures/financial analysis for cabinet and/or parliament and/or citizens.

3. Current recognition basis for the **budget**

Cash is the accounting basis applied in preparing the budget in Guyana. The recognition basis for the budget is the same as for financial reporting.

4. Future recognition basis for the **budget**

There is no indication of future reform of the recognition basis for the budget.

5. Current external **audit requirements** for public financial statements

External audit is currently done by government/state auditors (Supreme Audit Institution/Court of Auditors) using N-ISSAI since 2014.

6. Future external **audit requirements** for public financial statements

No future reforms on auditing standards are foreseen.

## GENERAL OVERVIEW:

Jamaica is currently using the cash basis of accounting for preparing the public financial statements and as the recognition basis for the budget. National public sector financial reporting standards are currently applied. External audits are typically conducted by external audit firms using ISSAI. Reforms are planned for both financial statement reporting and auditing standards.

	(a) Financial Statements Standards			(b) Recognition Basis for Budget			(c) External Audit of Financial Statements		
	Current	Reform?	After Reform	Current	Reform?	After Reform	Current	Reform?	After Reform
Jamaica	Cash/ National	Yes	Cash/IPSAS	Cash	No	Cash	ISSAI	Yes	N-ISSAI

## KEY FINDINGS:

### 1. Current accounting basis and reporting standards for public **financial statements**

Cash is the accounting basis applied for preparing public financial statements in Jamaica, required by law (the Financial Administration and Audit Act enacted in 1959 and last updated in 2011).

### 2. Future accounting basis and reporting standards for public financial statements

Reporting standards applied in preparing the financial statements are undergoing reform. Cash-basis IPSAS are being implemented in keeping with the Government of Jamaica's Public Financial Management Reform Program. Motivated by this program, and also aiming at supporting compliance with the implementation of the IMF Government Finance Statistics Manuals and Guides, the Ministry of Finance has been the main driver of change.

Challenges concerning the preparation phases of financial statement reform are mostly seen as of moderate importance and are being tackled by the country's partnering with international counterparts and local bodies such as the Inter-American Development Bank. Specially the identification and evaluation of assets and liabilities as part of the opening balance sheet, as well as deciding whether to rely on locally developed software or commercial off-the shelf software for the Ministry of Finance and other ministries, departments, and agencies, are seen as important challenges to be overcome. On the other hand, challenges related to the implementation phase are not considered applicable, with the exception of some items rated as having low importance (estimating, monitoring, and controlling the costs of reform; managing the transition period; adapting existing IT systems and/or implementing new IT solutions/modules within and outside the Ministry of Finance; and preparing for audit requirements/addressing audit qualifications). The latter is being currently mitigated by the development of training programs.

Benefits of the reform to be introduced are said to be ongoing: accountability enhancement; increasing transparency for the public at large; increasing political and public awareness about the state of public finances; better information on full costs of operations; efficiency of the administration's business processes; more informed decisions on asset and liability management; and producing meaningful figures/financial analysis for cabinet and/or parliament and/or citizens.

### 3. Current recognition basis for the **budget**

Cash is the accounting basis applied in preparing the budget in Jamaica. The recognition basis for the budget is the same as for financial reporting.

### 4. Future recognition basis for the **budget**

There is no indication of future reform of the recognition basis for the budget.

### 5. Current external **audit requirements** for public financial statements

External audit is currently done by government/state auditors (Supreme Audit Institution /Court of Auditors) using ISSAI.

### 6. Future external **audit requirements** for public financial statements

Yes, future reforms of auditing standards, aligning them more with N-ISSAI, are foreseen.

# MONTSERRAT

## GENERAL OVERVIEW:

Montserrat is currently using the cash basis of accounting for preparing the public financial statements and as the recognition basis for the budget. Cash-based IPSAS standards are the financial reporting standards currently applied to produce those financial statements. External audits are typically conducted by external audit firms using ISSAI. No major ongoing reforms are foreseen, except for a modification of the external audit requirements.

	(a) Financial Statements Standards			(b) Recognition Basis for Budget			(c) External Audit of Financial Statements		
	Current	Reform?	After Reform	Current	Reform?	After Reform	Current	Reform?	After Reform
Montserrat	Cash/ IPSAS	No	Cash/IPSAS	Cash	No	Cash	N-ISSAI	Yes	ISSAI

## KEY FINDINGS:

### 1. Current accounting basis and reporting standards for public **financial statements**

Cash is the accounting basis applied in preparing public financial statements in Montserrat. As required by law (the Public Finance Management and Administration Act #7 enacted in 2008), IPSAS are the financial reporting standards currently applied in preparing the financial statements.

### 2. Future accounting basis and reporting standards for public **financial statements**

There is no sign of major ongoing reform of both reporting standards and accounting basis matters. Nonetheless, changes in minor or specific issues may be in process.

The Government of Montserrat (GoM) has adopted a strategic focus to improve public financial management (PFM). PFM improvements include supporting IPSAS, which have set a direction for public accounting and reporting. The GoM adopted the cash-basis IPSAS during the 2012/13 financial year but continues to recognize the provisions of the Public Finance Management and Accountability Act Chapter 17.07 (PFMAA), which does not specifically prescribe this accounting standard to be used for the preparation of the Public Accounts. Both reviews of Public Expenditure and Financial Accountability (PEFA) and a Fiduciary Risk Assessment (FRA), which were conducted in the latter part of the fiscal year 2014/15, commended the adoption of the IPSAS and recognized the notable improvements from the previous assessments in the areas of accounting, recording, and reporting.

The Ministry of Finance has been the main driver of change toward adopting cash-based IPSAS, which were fully introduced in 2015. The objective is to provide open and transparent information to governmental stakeholders. Providing information that meets international standards and guidelines would play a pivotal role in achieving the country's good governance goals.

Challenges concerning the preparation phases of financial statement reform are seen to be of moderate to high importance and are said to be: adapting existing laws and regulations; establishing a representative reform team; developing comprehensive guidance and manuals; and identifying and evaluating assets and liabilities as part of the opening balance sheet. On the other hand, designing quality control procedures and preparing for audit requirements seem to be the most important challenges related to the implementation phase. Solving these challenges is not easy, as the country's legislation does not seem to keep timely pace with the national needs, and because the identification, valuation, and disclosure of assets and liabilities may be difficult given the lack of credible data.

Benefits of the reform to be introduced are said to be ongoing: accountability enhancement; increasing transparency for the public at large; increasing political and public awareness about the state of public finances; better information on full costs of operations; efficiency of the administration's business processes; more informed decisions on asset and liability management; and producing meaningful figures/financial analysis for cabinet and/or parliament and/or citizens.

### 3. Current recognition basis for the **budget**

Cash is the accounting basis applied in preparing the budget in Montserrat. The recognition basis for the budget is the same as for financial reporting.

### 4. Future recognition basis for the **budget**

There is no indication of future reforms of the recognition basis for the budget.

### 5. Current external **audit requirements** for public financial statements

External audit is currently done by an external audit firm using N-ISSAI.

### 6. Future external **audit requirements** for public financial statements

Yes, future reforms of auditing standards, moving toward ISSAI, are foreseen

The benefits of the audit reforms are described in terms of increased credibility of financial statements and improved timely reporting.

## GENERAL OVERVIEW:

St. Lucia is currently transitioning from the cash basis to the accrual basis of accounting for both public financial statements and the budget. National public sector financial reporting standards are currently used to prepare those financial statements. External audits are typically conducted by the Supreme Audit Court using N-ISSAI. Reforms of both financial statement reporting standards and the accounting basis underlying them are planned. Once the reform is completed, there may be a disparity between the recognition basis for the financial statements and the budget.

	(a) Financial Statements Standards			(b) Recognition Basis for Budget			(c) External Audit of Financial Statements		
	Current	Reform?	After Reform	Current	Reform?	After Reform	Current	Reform?	After Reform
Saint Lucia	Cash to Accrual/ National	Yes	Accrual/ N-IPSAS	Cash to Accrual	No	Cash to Accrual	N-ISSAI	No	N-ISSAI

## KEY FINDINGS

### 1. Current accounting basis and reporting standards for public **financial statements**

A transitioning from the cash basis to the accrual basis of accounting is applied in preparing the public financial statements in St. Lucia. As required by law (the Finance Administration Act enacted in 1997), national public sector financial reporting standards are currently applied in preparing those financial statements.

### 2. Future accounting basis and reporting standards for public **financial statements**

Both the accounting basis and the reporting standards applied in preparing the public financial statements have recently been changed to ensure that the law is aligned with the requirements of IPSAS. The Ministry of Finance has been the main driver of change toward the accrual basis of accounting, which is expected to be implemented in 2018/2019. Afterwards, national standards based on IPSAS will be the model of accounting standards for public financial statements in the country.

Challenges in both the preparation and implementation phases of financial statement reform are rated to be important. In relation to the preparation phase, Identifying and evaluating assets and liabilities as part of the opening balance sheet is the most serious problem to be faced. In relation to the implementation phase, managing the transition period, preparing the consolidated financial statements, and preparing financial statements within the agreed timeframe were the most highly rated in terms of importance.

Benefits of accrual adoption reform were considered fully achieved: accountability enhancement; increasing transparency for the public at large; increasing political and public awareness about the state of public finances; better information on full costs of operations; efficiency of the administration's business processes; more informed decisions on asset and liability management; and producing meaningful figures/financial analysis for cabinet and/or parliament and/or citizens.

### 3. Current recognition basis for the **budget**

Cash transitioning to accrual is the accounting basis applied in preparing the budget in St. Lucia. The recognition basis for the budget is the same as for financial reporting.

### 4. Future recognition basis for the **budget**

There is no indication of future reforms of the recognition basis for the budget.

### 5. Current external **audit requirements** for public financial statements

External audit is currently done by government/state auditors (Supreme Audit Institution/Court of Auditors) using N-ISSAI.

### 6. Future external **audit requirements** for public financial statements

No future reforms of auditing standards are foreseen.

# ST. VINCENT AND THE GRENADINES

## GENERAL OVERVIEW:

St. Vincent and the Grenadines are currently using the cash basis of accounting transitioning to the accrual basis for both the public financial statements and the budget. National public sector financial reporting standards are currently applied to the preparation of the financial statements. External audits are typically conducted by the Supreme Audit Court using N-ISSAI. Reforms of both reporting standards and the accounting basis used to prepare them are planned. At the end of the reform process, there may be a disparity between the recognition basis for the financial statements and the budget.

	(a) Financial Statements Standards			(b) Recognition Basis for Budget			(c) External Audit of Financial Statements		
	Current	Reform?	After Reform	Current	Reform?	After Reform	Current	Reform?	After Reform
St. Vincent & the Grenadines	Cash to Accrual/ National	Yes	Accrual/ N-IPSAS	Cash to Accrual	No	Cash to Accrual	N-ISSAI	No	N-ISSAI

## KEY FINDINGS:

### 1. Current accounting basis and reporting standards for public **financial statements**

Cash transitioning to accrual is the accounting basis applied in preparing the public financial statements in St. Vincent and the Grenadines. As required by law (the Finance Administration Act #28 enacted in 2004), national public sector financial reporting standards are currently used in preparing those financial statements.

### 2. Future accounting basis and reporting standards for public **financial statements**

Both the accounting basis and the reporting standards applied in preparing the public financial statements are undergoing reforms.

Challenges concerning the preparation phases of financial statement reform are plenty: adapting existing laws and regulations; establishing a representative reform team; establishing a mechanism for setting accounting standards; determining the design and functional requirements for the necessary systems for the Ministry of Finance and other ministries, departments, and agencies; developing comprehensive guidance and manuals, including accounting policies and procedures on the most complex topics; developing and delivering training programs in due time within and outside the Ministry of Finance.

Challenges related to the implementation phase of financial statement reform do not seem to be applicable, nor are the benefits of reform to be introduced.

### 3. Current recognition basis for the **budget**

Cash transitioning to accrual is the accounting basis applied in preparing the budget in St. Vincent and the Grenadines. The recognition basis for the budget is the same as for financial reporting.

### 4. Future recognition basis for the **budget**

There is no indication of future reforms of the recognition basis for the budget.

### 5. Current external **audit requirements** for public financial statements

External audit is currently done by government/state auditors (Supreme Audit Institution/Court of Auditors) using N-ISSAI.

### 6. Future external **audit requirements** for public financial statements

No future reforms of auditing standards are foreseen.

## GENERAL OVERVIEW:

The country is currently using the cash basis of accounting for both the public financial statements and as the recognition basis for the budget. National financial reporting standards are currently being used in preparing the financial statements. External audits are typically conducted by the Supreme Audit Court using ISSAI. Reforms of both reporting standards and the accounting basis are planned. At the end of the reform process, there may be a disparity between the recognition basis for the financial statements and the budget.

	(a) Financial Statements Standards			(b) Recognition Basis for Budget			(c) External Audit of Financial Statements		
	Current	Reform?	After Reform	Current	Reform?	After Reform	Current	Reform?	After Reform
Trinidad & Tobago	Cash/ National	Yes	Accrual/ IPSAS	Cash	No	Cash	ISSAI	No	ISSAI

## KEY FINDINGS:

### 1. Current accounting basis and reporting standards for public **financial statements**

The cash basis of accounting is applied in preparing the public financial statements in Trinidad & Tobago. As required by law (the Exchequer and Audit Act, Chapter 69:01, enacted in 1989 and last updated in 1984), national public sector financial reporting standards are currently applied in preparing the financial statements..

### 2. Future accounting basis and reporting standards for public **financial statements**

Both the accounting basis and the reporting standards applied in preparing the financial statements are undergoing reforms.

Trying to update/modernize the present form of accounting and financial reporting to be aligned with international standards, the Ministry of Finance has been the main driver of moving toward IPSAS, which should be fully introduced in 2021.

Challenges concerning the preparation phases of financial statement reform are seen to be of moderate importance and are said to be: adapting existing laws and regulations; establishing a representative reform team; establishing a mechanism for setting accounting standards; determining the design and functional requirements for the necessary systems for the Ministry of Finance and other ministries, departments, and agencies; developing comprehensive guidance and manuals, including accounting policies and procedures on the most complex topics; and developing and delivering training programs in due time within and outside the Ministry of Finance. On the other hand, challenges related to the implementation phase are not seen as relevant.

The benefits of the reforms to be introduced are said to be not applicable.

### 3. Current recognition basis for the **budget**

Cash is the accounting basis applied in preparing the budget in Trinidad. The recognition basis for the budget is the same as for financial reporting.

### 4. Future recognition basis for the **budget**

There is no indication of future reforms of the recognition basis for the budget.

### 5. Current external **audit requirements** for public financial statements

External audit is currently done by government/state auditors (Supreme Audit Institution/Court of Auditors) using ISSAI since 2014, when the Quality Assurance Unit was established.

### 6. Future external **audit requirements** for public financial statements

No future reforms of auditing standards are foreseen.

# TURKS AND CAICOS ISLANDS

## GENERAL OVERVIEW:

The Turks and Caicos Islands are currently using the cash basis of accounting transitioning to the accrual basis for both public financial statements and the budget. IPSAS are the financial reporting standards currently used to prepare the financial statements. External audits are typically conducted by the Supreme Audit Court using ISA. There is no sign of major ongoing reforms.

	(a) Financial Statements Standards			(b) Recognition Basis for Budget			(c) External Audit of Financial Statements		
	Current	Reform?	After Reform	Current	Reform?	After Reform	Current	Reform?	After Reform
Turks & Caicos Islands	Cash to Accrual/IPSAS	No	Cash to Accrual/IPSAS	Cash to Accrual	No	Cash to Accrual	ISA	No	ISA

## KEY FINDINGS:

### 1. Current accounting basis and reporting standards for public **financial statements**

Cash transitioning to accrual is the accounting basis applied in preparing public financial statements in the Turks and Caicos Islands. As required by law (the PFM Ordinance & Regulations in 2012 and last updated in 2016), IPSAS are the financial reporting standards currently applied in preparing the financial statements.

### 2. Future accounting basis and reporting standards for public **financial statements**

There is no sign of any major ongoing reform of either the reporting standards or accounting basis matters. Nonetheless, changes in minor or specific issues may be in process.

To follow the PFM Ordinance—which sets out the requirements for using IPSAS—the Ministry of Finance has been the main driver of transitioning from the cash basis of accounting to the accrual basis.

Challenges concerning both the preparation and implementation phases of financial statement reform are rated to be in important. In relation to preparation, the following items were mentioned: determining the design and functional requirements for the necessary systems for the Ministry of Finance and other ministries, departments, and agencies; Identifying and evaluating assets and liabilities as part of the opening balance sheet; and developing and delivering training programs in due time within and outside the Ministry of Finance. In relation to implementation, adapting existing IT systems and preparing the consolidated financial statements were the most highly rated challenges.

Benefits of the accrual adoption reform were considered partially achieved: accountability enhancement; increasing transparency for the public at large; increasing political and public awareness about the state of public finances; better information on full costs of operations; efficiency of the administration's business processes; more informed decisions on asset and liability management; and producing meaningful figures/financial analysis for cabinet and/or parliament and/or citizens.

### 3. Current recognition basis for the **budget**

Cash transitioning to accrual is the accounting basis applied in preparing the budget in the Turks and Caicos Islands: some transactions are budgeted or recognized in the financial reports using the cash basis, while others are budgeted or recognized under the accrual basis. The recognition basis for the budget is the same as for financial reporting.

### 4. Future recognition basis for the **budget**

There is no indication of future reforms of the recognition basis for the budget.

### 5. Current external **audit requirements** for public financial statements

External audit is currently done by government/state auditors (Supreme Audit Institution/Court of Auditors) using ISA.

### 6. Future external **audit requirements** for public financial statements

No future reforms of auditing standards are foreseen.



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For more information, contact: Vincent Tophoff,  
Lead, IFAC Accountability.Now. initiative:  
VincentTophoff@ifac.org T +1 347 327 0977  
[www.ifac.org/Accountability-now](http://www.ifac.org/Accountability-now)

