

## 제5회 KIPF 발생주의 회계 국제심포지엄

The 5th KIPF Public Sector Accrual Accounting International Symposium

# 한국의 공공부문 통합재정정보

Consolidated Financial Information of Public Sector Entities in Korea

2024. 11. 7.(목) 14:00~17:00

서울 은행회관 국제회의장

# PROGRAM

Host | **Chang Oh Moon** Acting Executive Director of GAFSC, KIPF

13:30~14:00

Registration

## Opening Ceremony

Opening  
Remarks

**Young Lee President** Korea Institute of Public Finance

14:00~14:30

Congratulatory  
Remarks

**Wan Hee Kim** President, The Korean Association for Government Accounting  
Professor, Gachon University

**Andrew Blazey** Deputy Head of Public Management and Budgeting, OECD

## Keynote Speech

14:30~15:00

**Guiding Principles of Consolidation in Fiscal Reporting**

**Guohua Huang** Senior Economist, IMF

## Presentation

Presentation 1

**Consolidated Government Accounts in Korea**

**Sung-Jin Park** Professor, Yonsei University(Former Executive Director, GAFSC, KIPF)

15:00~16:00

Presentation 2

**Consolidation of Financial Statistics in Korean Local Governments**

**Jeong Kyu Park** General Manager, Finance Statistics Department, Local Finance Association

Presentation 3

**dBrain+ from the Accrual Accounting Perspective**

**Sang Wook Nam** Senior Manager, Settlement System Operation Division, Korea Fiscal Information Service

16:00~16:10

Break

## Discussion

Moderator

**Bong Hwan Kim** Professor, Seoul National University

Panel

**Dmitri Gourfinkel** Senior Governance Specialist, World Bank

16:10~17:10

**Ross Smith** Program and Technical Director, IPSASB

**Tae Dong Kim** Professor, CHA University

**Woo Hyun Chang** Senior Fellow, Korea Institute of Public Finance

17:10~17:15

Q&A and Closing

## 프로그램

사회자 | **문창오** 국가회계재정통계센터 소장 직무대리

13:30~14:00

등 록

### 개 회 식

개회사 **이영** 한국조세재정연구원 원장

14:00~14:30

축 사 **김완희** 한국정부회계학회 회장(가천대 경영학부 교수)  
**Andrew Blazey** 경제협력개발기구(OECD) 공공관리에산 부부장

### 기 조 연 설

14:30~15:00

통합 재정 보고 원칙  
**Guohua Huang** 국제통화기금(IMF) 선임 이코노미스트

### 주 제 발 표

발표 1. 한국의 통합결산정보의 의미와 역할  
**박성진** 연세대 글로벌행정학과 교수(전 국가회계재정통계센터 소장)

15:00~16:00

발표 2. 한국 지방정부의 재정통계 통합  
**박정규** 한국지방재정공제회 통계관리부 부장

발표 3. 발생주의 회계 관점의 dBrain+ 소개  
**남상욱** 한국재정정보원 결산시스템운영부 부장

16:00~16:10

휴 식(10')

### 종 합 토 론

좌 장 **김봉환** 서울대 행정대학원 교수

16:10~17:10

토 론 **Dmitri Gourfinkel** World Bank 선임 거버넌스 스페셜리스트  
**Ross Smith** 국제공공부문회계기준위원회(IPSASB) 프로그램 및 실무 국장  
**김태동** 차 의과학대 데이터경영학과 교수  
**장우현** 한국조세재정연구원 선임연구위원

17:10~17:15

질의응답 및 폐회

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**한국의 공공부문 통합재정정보**

**Keynote Speech**  
기조연설

**Guiding Principles of Consolidation in Fiscal Reporting**


Guohua Huang Senior Economist, IMF

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**통합 재정 보고 원칙**

Guohua Huang Senior Economist, IMF





5<sup>th</sup> KIPF Public Sector Accrual Accounting International Symposium

# Guiding Principles of Consolidation in Fiscal Reporting

NOVEMBER 7, 2024

Guohua Huang  
Snr. Economist  
Fiscal Affairs Departments

INTERNATIONAL MONETARY FUND

## Let's imagine...



... You are the chief financial officer operating :

- without financial information on all the branches of the company/only aggregated information
- with information limited to only the current cash position of the headquarters
- without information on the balance sheet of the whole of the company
- without information on the progress of big construction projects
- with financial information that becomes available only 6 months after the end of a reporting period
- without sufficient details in the accounts to distinguish different types of revenue, expense, assets and liabilities

**.....this is often the reality of a Minister of Finance or parliament – having to make decisions based on insufficient information**

Presentation will therefore focus on:

- Accrual reforms and the benefits of consolidated accounts
- General government and public sector consolidation boundary
- Practical Compilation and Consolidation Process
- Leverage Accounting Reforms to Improve Fiscal Reporting

## **Accrual reforms and the benefits of consolidated accounts**

## Accrual accounting – benefits for fiscal analysis

- Korea has implemented accrual accounting over the past 10 years – reforms continue to be implemented and should keep in mind some guiding principles
- Accrual accounting is a means, not an end in itself – costs must be justified by the benefits reforms bring in 3 broad areas
  - **Better decision-making** by managers in the public sector
  - **Greater transparency** about the collection and use of public resources
  - **Improved accountability** for the use of the resource
- Many of the benefits originate from the broader coverage of stocks, flows, and institutions – the reforms should
  - Enable the **compilation of individual and consolidated data** for all institutions under public control
  - **Cover a full range** of assets, liabilities, and related flows
  - Facilitate compilation of **more reliable and comparable data**

## Accrual accounting – benefits for fiscal statistics

- Using accrual accounting in the public sector can benefit the compilation of fiscal statistics – particularly government finance statistics (GFS)
  - More **relevant and useful** fiscal statistics by replacing cash only information
  - More **reliable** fiscal statistics become available
  - More **efficient compilation methods** – relying on administrative data rather than surveys, models or other statistical techniques
  - Facilitate **more elaborate analysis** – wider scope of data enables new analytical approaches to public financial management, fiscal risk analysis and sustainability reporting
    - Fiscal Risk Toolkit <https://www.imf.org/en/Topics/fiscal-policies/Fiscal-Risks/Fiscal-Risks-Toolkit/Fiscal-Risks-Toolkit-FRAT>
    - Fiscal Transparency Evaluation <https://www.imf.org/en/Topics/fiscal-policies/Fiscal-Risks/Fiscal-Risks-Toolkit/Fiscal-Risks-Toolkit-FRAT>
    - Public Investment Management Assessment <https://infrastructuregovern.imf.org/content/PIMA/Home/PimaTool/What-is-PIMA.html>

## General government and public sector consolidation boundary

### **To understand GFS consolidation practices – understand the objective of Government Finance Statistics (GFS)**

- GFS is part of an integrated system of macroeconomic statistics
  - System of National Accounts is the core system – covering the domestic/national economy
  - Specialized parts of macroeconomic statistics are
    - Government Finance Statistics (GFS)
    - External Sector Statistics (Balance of Payments and International Investment Position)
    - Monetary and Financial Statistics
- GFS is designed to support fiscal analysis and policymaking
  - GFS depict the financial impact of government on the remainder of the economy
  - Consolidation eliminates the internal interference in the information
  - GFS provides data that are comprehensive, standardized, transparent, consistent, and comparable

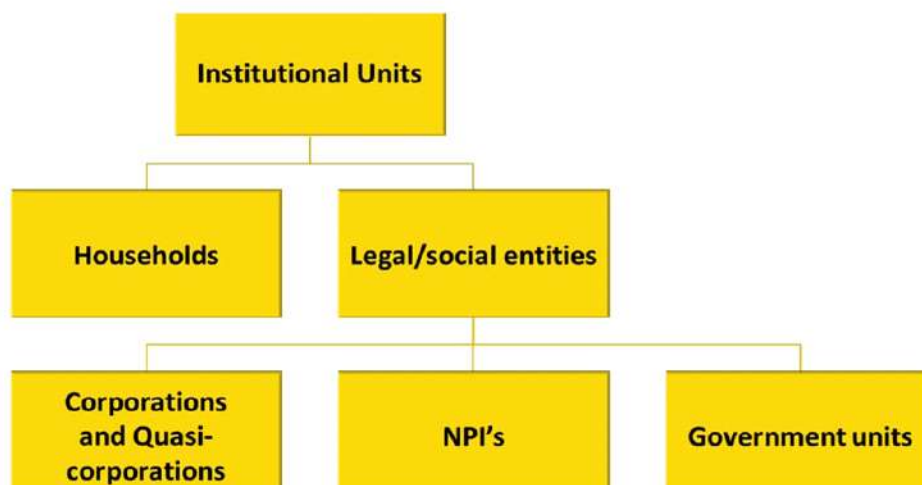
## Nature of consolidation

- Consolidation involves presenting information for a group of institutional units (or reporting entities) as if they constitute a single unit
- Consolidation facilitates an evaluation of the impact of the group on the remainder of the economy in a two-stage process
  - **Aggregate** all stocks and flows – (line-by-line aggregation creates a double count)
  - **Eliminate** in principle all stocks and flows that represent relationships among the units or entities consolidated (eliminate double-count)
- GFS include **intra**sectoral and **inter**sectoral consolidation
  - Example, all ministries and all local governments
- Nature of consolidation is similar in financial accounting and GFS but boundaries differ:
  - Financial accounts limit consolidation to all controlled entities of the reporting entity
  - GFS determines universe of public sector by control while also consolidating sub-sectors

## Macroeconomic data for an economy need to be organized systematically

- The economy needs to be organized/grouped to allow reporting and analysis
  - Systematic and comparable
- For macroeconomic statistics we need to:
  - Delineate the domestic economy from the rest of the world
  - Identify the various types of institutional units that operates in the domestic economy
  - Group the economy into sectors and subsectors
- For accounting the concept of reporting unit is used
  - No sub-sector classifications
  - Potential to use segment reporting to align with sector classifications in GFS

## Types of institutional units



- Cannot always infer status of an institutional unit from its name - must examine its objectives and functions – example Infrastructure Corporation/Roads Company
- In practice some individual reporting entities in financial reporting context may not qualify to be an institutional unit in statistics – example Contingency Reserve Fund

## Delineating general government and public corporations

- **Public Sector** consist of all resident institutional units **controlled directly, or indirectly**, by resident government units, that is all units of general government sector and resident public corporations
- **Market or nonmarket production** determine whether they are part of the general government sector or public corporations sector
  - A **market producer** is an institutional unit that provides all or most of its output at prices that are economically significant
  - A **nonmarket producer** provides all or most of its output to others for free or at prices that are not economically significant
  - **Economically significant prices** are prices that
    - Have significant effect on the amounts that producers are willing to supply and on the amounts that purchasers wish to buy
    - Sales usually covers the majority of the producer's costs and consumers are free to choose
    - However, public control of prices complicates determination of economically significant prices
    - While no prescriptive numerical relationship exist – at least expect to cover the majority of production costs over a sustained period of time

## Some special public sector units to be classified

- **Artificial subsidiaries** – passive holders of assets and liabilities
  - Not considered a separate institutional unit
- **Quasi-corporations** – not incorporated or otherwise legally constituted but function as if they are a corporation
  - If sufficient information is available to treat them as if they were a separate institutional unit – classify as a corporation in the data
- **Market establishments** could exist in government units
  - If they satisfy the criteria of a separate institutional unit, classify them as a quasi-corporation
  - Otherwise, remain in general government

## Institutional units are then classified into five mutually exclusive institutional sectors

General government sector	Nonfinancial corporations	Financial corporations	Households	NPISHs
Central govt State govts Local govts SSFs*	Public corporations	Public corporations	Private	Private
	Private corporations	Private corporations		

**Subsectors** could be identified and could be further presented as either budgetary or extra-budgetary units

**Public corporations** are all the market producers under control of a government unit or another public corporations – control is not determined by ownership but rather a range of indicators of control

## **Indicators of control to determine if a corporation is controlled by a government unit or another public corporation**

- Eight indicators of control should be considered
  - **Ownership of the majority of the voting rights**
  - Control of the board or other governing body
  - Control of the appointment and removal of key personnel
  - Control of key committees of the entity
  - Golden shares and options
  - Regulation and control
  - Control by a dominant public sector customer or group of public sector customers
  - Control attached to borrowing from the government
- Single indicator could be sufficient, otherwise several separate indicators may collectively indicate control

**Only general government and public sector data are internationally comparable**

## **Practical Compilation and Consolidation Process**

## Collection of source data

Source data that will allow consolidation of accounts could be collected in various manners

- An integrated financial management systems (IFMS) with a multi-dimensional standardized chart of accounts (SCoA) greatly facilitated compilation and consolidation
  - Such a SCoA should have certain attributes
    - Have standardized categories of assets, liabilities, revenue and expense
    - Should consider budgetary, accounting and statistical reporting needs
    - Could identify counterpart transactions in two manners
      - In the structure of the accounts, example “grants/transfers to local governments”
      - By identifying the counterpart in the accounting system using the administrative classifications
- Standardized reports to be submitted by the compilers – using source data systems, reports are being compiled by reporting entities from their source data – should identify counterpart information in detail
- Financial statements are submitted as source data and then bridged to GFS during compilation process (useful only if the financial statements contain all the standardized items of detail)
- Often a hybrid approach using a combination of these processes are needed

**Using data from the accounting system of government effectively usually significantly improve the quality of GFS**

## Adjustments to source data before consolidation

- Adjustments for differences in accounting policies
- Adjustments for differences in the reporting date or basis of reporting
- Adjustments for methodological differences

Some adjustments are needed before the consolidation process starts; other adjustments are incorporated after aggregation was done

**Check consistency of data throughout the compilation process**

## **Analyze major relationships and identify major items to be consolidated**

### **“Consolidation is an imperfect science” (GFSM 1986)**

- Grants/transfers (current and capital)
- Interest
- Loans
- Debt securities
- Other accounts receivable/payable
- Taxes
- Equity
- Purchases/sales of goods and services

## **Consolidation tips and tricks**

- Focus on significant amounts (materiality) that will impact fiscal analysis
- Some rules of thumb are commonly used in consolidation
  - Consolidation is a symmetric process – balancing items do not change
  - Can therefore use consolidated or unconsolidated data if only interested in core balancing items to measure “overall impact of government”
  - Consolidation only impacts the magnitude of aggregates
- Convincing evidence from one institution could be imputed to the counterpart
- For financial assets and liabilities creditor information is usually accurate
- Discrepancies between units can originate for various reasons –
  - first option is to try to resolve these discrepancies
  - second option is to decide which parties’ information seem to be most reliable
- Generally higher level of government information is more reliable than lower levels of government

# Leverage Accounting Reforms to Improve Fiscal Reporting

## Some choices in accounting reforms could support improved fiscal reporting

- Learn from diverse country experiences
  - Quarterly and annual financial statements for the whole of government being compiled/ (audited) but are not available in a timely manner
    - Even where they are timely, these are not used in surveillance/analysis
  - Some critical mistakes made in accounting policies selected and presentation

MDAs Budget Execution Report



- MDAs ≠ MDAs
- Local government consolidated with corporations
- Public Corporations coverage incomplete
- Asymmetric consolidation

Financial Statements

MDAs Local Gov Public Corp Whole of gov.



## Vigilantly participate in new developments in accounting and statistics

- Efforts to harmonize accounting reforms and statistical guidelines continue at an international level
- 1993 System of National Accounts release got IMF actively involved in issues related to accrual reporting – Government Finance Statistics Manual 2001 followed
- Update of the 1993 SNA led to the **Task Force on Harmonization of Public Sector Accounting (TFHPSA)** established in October 2003



Collaboration culminated in 2008 SNA and GFSM 2014

- Unnecessary differences were eliminated
- Annex 6 to GFSM 2014 added – Comparison of IPSASs and statistical guidelines – also IPSASB dashboard
- Collaboration continue
  - Government Finance Statistics Advisory Group
  - IMF observance status in IPSASB

## Update of GFSM 2014 has been launched

- Target completion date is December 2027
- Update objectives
  - Harmonize with the other statistical manuals (SNA and BPM)
  - Meet user needs by providing additional guidance and clarity
- Update Progress
  - GFS Advisory committee has been re-established
  - Timeline and process for the update has been agreed <https://www.imf.org/-/media/Files/Data/Statistics/GFSM/proposed-process-and-timeline-for-updating-the-gfsm-2014.ashx>
  - List of research issues for the update has been agreed <https://www.imf.org/-/media/Files/Data/Statistics/GFSM/proposed-list-of-research-projects-for-updating-the-gfsm-2014.ashx>
  - Global consultation on the research program was conducted

## Overview of Proposed Timeline



INTERN<sup>LICS</sup>

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## Proposed New Research Projects (draft\*)

GFS compilation issues	Debt and financial topics	Environmental topics	Analysis & Communication
2.1 Boundary between government and nonfinancial public corporations	2.2 Boundary between government and financial public corporations	2.18 Recording and valuation of infrastructure assets	2.24 A framework for the presentation of GFS metadata
2.3. Indigenous governments	2.4 Transactions with sovereign wealth funds(SWFs)	2.19 Accounting for natural resources and their exploitation in GFS	2.25 Communicating GFS to users
2.5 Treatment of zakat	2.8 Debt valuation issues	2.20 Climate-sustaining and climate-damaging subsidies and other transfers	2.27 Relationship between GFS and IPSAS
2.6 Defining and subclassifying extrabudgetary units	2.9 Debt assumption and debt payments on behalf of others	2.26 Presentation of GFS flows related to natural resources	2.28 Tax expenditures, tax deferrals, and other similar incentives
2.7 Government or public nonlife insurance schemes	2.10 Valuation and recognition of loans		2.29 Retained earnings of public corporations and their impact on fiscal analysis
2.14 Treatment of public private partnerships (PPPs)	2.11 Recording of provisions and contingent liabilities		2.30 Methodological guidance on compilation and analyzing SOE data
2.17 Boundary between capital and current transfers	2.12 Stock positions and related flows with the IMF and other regional / international organizations		2.31 GFS within fiscal analysis and policymaking
2.21 Social Security Schemes	2.13 Equity for public corporations		2.32 Balance sheet analysis
2.22 Government assumption of pension obligations	2.15 Treatment of capital injections by government into corporations		
2.23 Employee benefits – defined benefit schemes	2.16 Treatment of privatization		

INTI

\* Indicative list based on current draft version of the research program which is subject to consultation

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Thank you very much for your attention  
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[GHuang@imf.org](mailto:GHuang@imf.org)

**Presentation 1**  
**주제발표 1**

## **Consolidated Government Accounts in Korea**


**Sung-Jin Park** Professor, Yonsei University(Former Executive Director, GAFSC, KIPF)


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### **한국의 통합결산정보의 의미와 역할**

**박성진** 연세대 글로벌행정학과 교수(전 국가회계재정통계센터 소장)







 **KOREA INSTITUTE OF PUBLIC FINANCE**  
Government Accounting and Finance Statistics Center


 **Knowledge & Ideas**  
for a Prosperous Future

# Consolidated Government Accounts in Korea


Sung-Jin Park  
[sjpark2@yonsei.ac.kr](mailto:sjpark2@yonsei.ac.kr)  
Yonsei University




 **KOREA INSTITUTE OF PUBLIC FINANCE**



**I** “Consolidated” Financial Information of Korean Public Sector Entities



 **KOREA INSTITUTE OF PUBLIC FINANCE**

## Accrual Accounting in Korean Public Sector

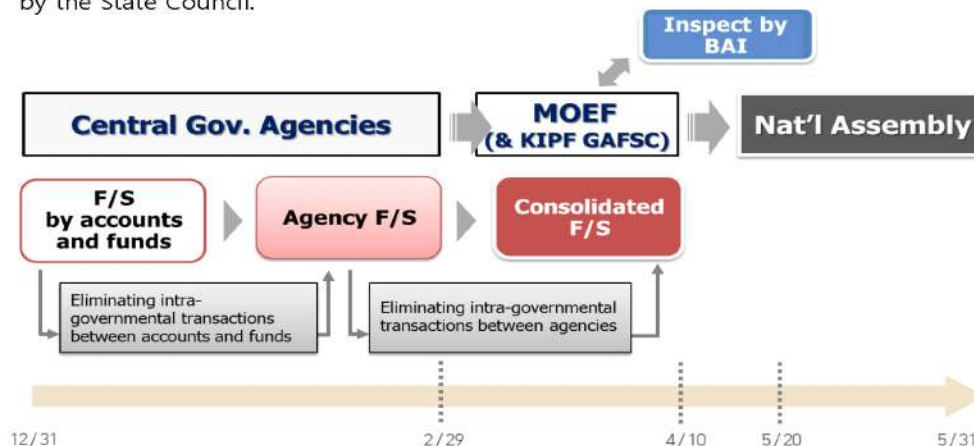
### Implementation of Accrual Accounting in the public sector of Korea

<b>Central Gov.</b>	<ul style="list-style-type: none"> <li>Introduced accrual accounting since FY09</li> <li>2-year trial period (FY09-10)</li> <li>Submitted CFS to National Assembly since FY11</li> </ul>	National Accounting Act	Ministry of Economy and Finance (MOEF) GAFSC
<b>Local Gov.</b>	<ul style="list-style-type: none"> <li>Trial period (FY03-06)</li> <li>Implemented full accrual accounting since FY07</li> <li>Submitted F/S to local councils with CPA review opinions attached</li> </ul>	Local Finance Act	Ministry of the Interior and Safety (MOIS) LASC
<b>Public Institutions</b>	<ul style="list-style-type: none"> <li>Introduced IFRS (FY11 for public corporations, and FY13 for quasi-governmental institutions)</li> <li>Submitted F/S to the MOEF with CPA audit opinions attached</li> <li>MOEF submitted CFS to National Assembly</li> </ul>	Act on the Management of Public Institutions	Ministry of Economy and Finance (MOEF) GAFSC

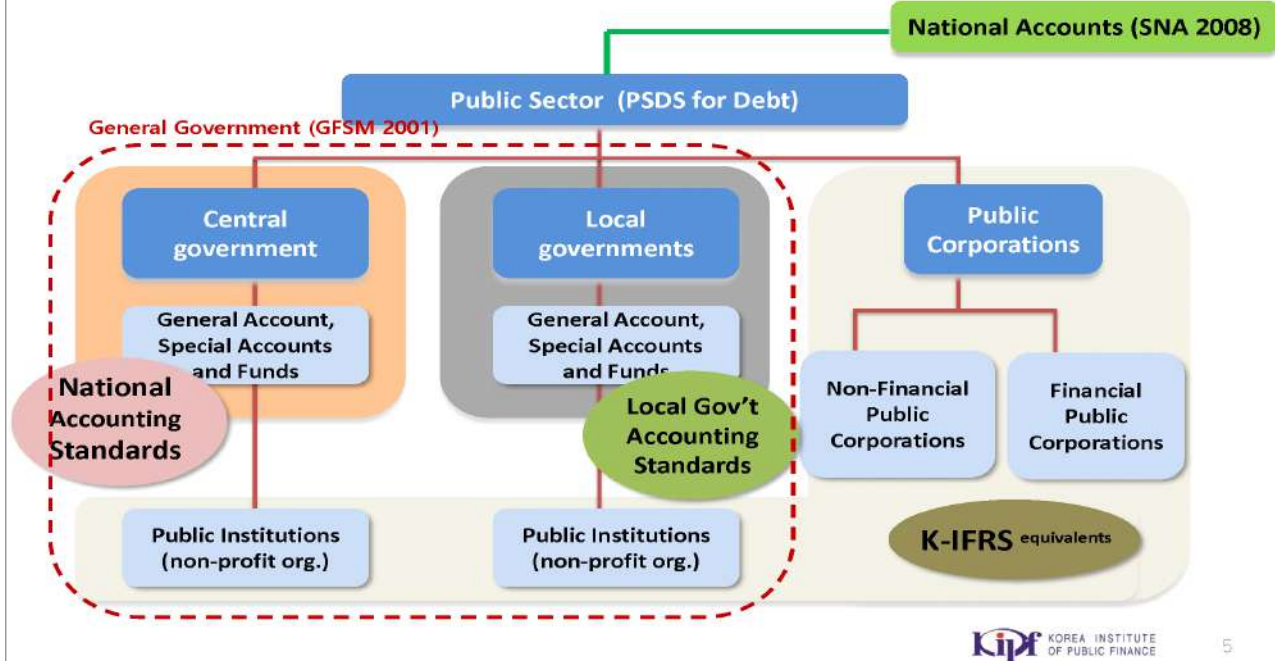
## Consolidation of Central Government Financial Statements

### National Accounting Act, Article 13 (Process of Settlement of Accounts)

- (3) The Minister of Strategy and Finance shall prepare a report of settlement of accounts for the State (hereinafter referred to as "the State's report of settlement of accounts") by integrating each **central government office's reports of settlement of accounts** for each fiscal year and present it to the President for approval after it is deliberated by the State Council.

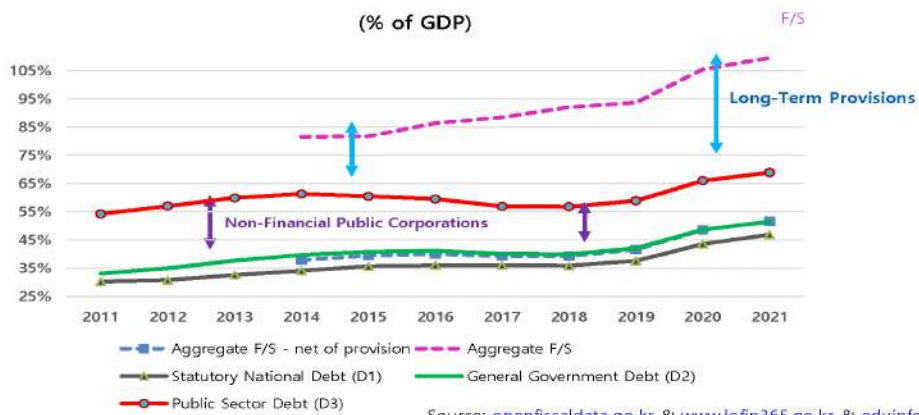


## Reporting Standards of Government Accounts in Korea

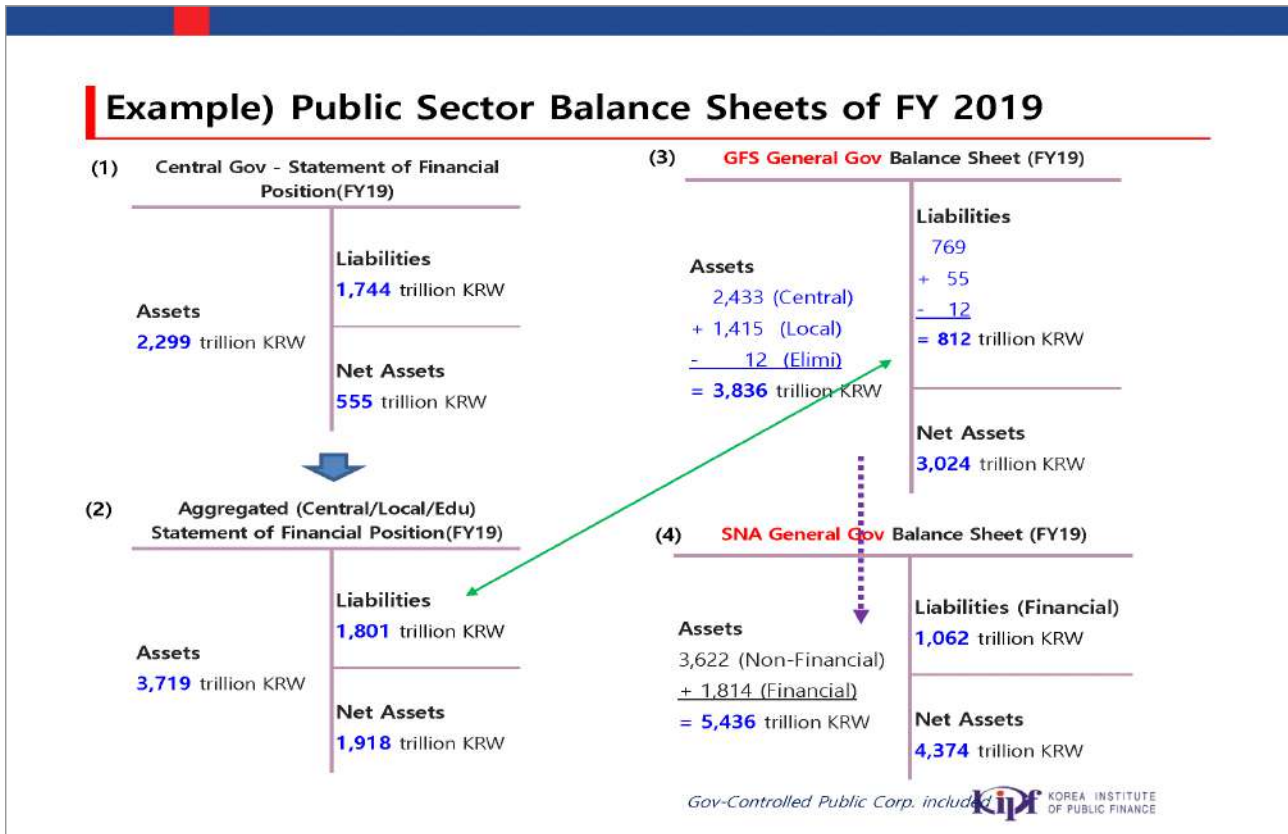


## “Consolidated” Debt/Liability Information in Korea

Public Sector Debts and Liabilities in Korea  
(% of GDP)



- ◆ Aggregate (not consolidated) Liabilities from Financial Statements of Central Gov/Local Gov/Local Education
- ◆ D1\*: Statutory Debt (per National Finance Act) of National Budget and Funds (including Local External Debt)
- ◆ D2: General Government Debt per GFSM 2001 (excluding Public Corporation)
- ◆ D3: Public Sector Debt per PSDS (excluding Financial Public Corporation)
- No Consolidated (Financial/Non-Financial) Asset Information



## II From Micro to Macro Accounting



## Four Modes of Government Accounting

### ■ Heald & Hodges (2018) "Accounting for Government Guarantees" ABR, 48(7)

#### ◆ Financial Reporting (by accountants)

- Entity-oriented and detailed systematic records of transactions
- Provide information for the purpose of accountability and decision-making

#### ◆ Statistical Accounting (by statisticians)

- Use financial reporting data as input and estimate additional macroeconomic data to compile national accounts
- Transactions treated symmetrically to balance across national accounts: Double-entry by two sectors = "quadruple-entry" principle

#### ◆ Government Budgeting (by public servants)

- Basis of legislative authorization of public spending (*ex ante* control)
- Institution-specific, low cross-country comparability
- UK's "Clear Line of Sight (Alignment) Project" – Reconcile Budget, Estimates, and Resource Accounts

#### ◆ Fiscal Sustainability Projections (by economists)

- Medium-term (5-yr) to Long-term (45 – 50 yrs) economic forecasts to calculate fiscal gaps
- Different from financial reporting, recognize future liabilities "incurred in the future" and future revenues

## Consolidation – Linking Financial Reporting to Statistical Accounting

### ■ Rationale for the Consolidation of Fiscal Information

#### ◆ Concept of Economic Entity

- Legal and/or Reporting Entity - for information users and for accountability
- Multiple public sector units "controlled" by a government should be viewed as a **single economic entity**

#### ◆ Comprehensive View of Public Finance

- Individual or group financial statements of government units may provide **fragmented** information on the resource owned and the performance achieved
- Public resource accounted (i.e., excluded from entity boundary) or double-counted would impede fiscal **transparency and accountability**
- Given the high fungibility of financial resource, consolidated financial information can assist policymakers' decision making better

#### ◆ Facilitation of Financial Control and Oversight

- Preparation of CFS can enhance financial oversight by centralizing financial data and simplifying audit process
- By providing a complete picture of the stock and the flow of public resources, encompassing multiple levels of government, inefficiencies and the areas of concern can be more easily identified

## Whole-of-Government Accounts (WGA)

### A set of financial statements that incorporates ALL public sector organizations

#### ◆ Linking Micro-Accounting to Macro-Accounting

- Micro-Accounting focuses on detailed recording of transactions and the presentation through financial statements
- Macro-Accounting aggregates financial data across various government units to produce a holistic view of the public sector's economic activities
- WGA consolidates **individual government unit's** financial statements to deliver **a full account of government finances**
- **By** including all government units and leaving no hidden accounts and reducing the need for stock-flow adjustment, WGA supports the objectives of **fiscal responsibility laws**
- Enhance transparency and accountability, and ultimately, public trust on government finances

#### ◆ Challenges in Consolidation (and WGA)

- Complexity of Data Collection and Integration
  - Especially when diverse range of government units are using varying accounting standards and systems
- Harmonization of Accounting Policies and Practices
  - Variations in accounting standards of Central government, Local governments, Public institutions, and other Public corporations
- Capacity and Technical Expertise
  - Requires a high level of technical expertise in public sector accounting
  - Competition with private sector employers for the talents with skills and knowledge required for consolidation

## Adoption and Implementation of WGA: "Why" and "How"

- United Kingdom
- New Zealand
- Australia
- Canada
- Sweden



#### Selected References

- Public Money & Management (2009). Vol.29(3), Special Issue: Whole of government accounting – International trends
- Abacus (2011). Vol.47(4), Special Issue: Public Sector Consolidated Financial Statements
- ACCA (2014) Whole government accounts: Who is using them?
- ACCA (2015) Consolidated government accounts: How are they used?
- Public Money & Management (forthcoming). Special Issue: Whole of government accounting – the jury continues its deliberations

## Consolidated Government Accounts across Countries



### United Kingdom (UK)



- ◆ **Resource Accounting and Budgeting:** Accrual accounting considering cost of capital charge
- **“A Code for Fiscal Stability” – Principles of fiscal management (*transparency, stability, responsibility, fairness, efficiency*)**
  - Wide-spread concern about the change in net worth of UK government (due to the sale of state assets, i.e., privatization)
  - Gain statutory force through Finance Act of 1998
  - HM Treasury (1997) Financial Statement and Budget Report, **Golden Rule** – “Public debt s a proportion of national income will be held **over the economic cycle** at a stable and prudent level”
  - **Golden Rule** – “Over economic cycle, government will **borrow only to finance public investment** and not to fund current expenditure” (p.10) → RAB improves the quality of data for **public sector assets**
  - 1997 Pre-Budget Report – “RAB will underpin the golden rule by making a **clear structural distinction between current and capital spending**”
  - 1997 Pre-Budget Report : whole of government accounts “might provide more robust underpinning for a wide range of **fiscal policy decisions**”
  - HM Treasury 1998 Scoping Study to explore the feasibility of consolidation (after 1997 General Election)
- **Government Resources and Accounts Act (2000)**
  - Require Treasury to prepare “Whole of Government Accounts” for **entities with public nature or funded by public money (Consolidation criterion)**
  - Three Goals from implementing WGA
    - (1) Macro-economic (National Accounts Level): Contribution to setting Fiscal Policies
    - (2) Micro-economic (Entity Level): Improving public accountability and transparency
    - (3) Improve accounting information system: Standard harmonization and FMIS like OSCAR

## United Kingdom (UK): WGA-National Accounts Reconciliation

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
<b>Public Sector Net Debt, £bn</b>	828	1,005	1,106	1,299	1,458	1,554	1,003	1,727	1,779	1,774	1,806	1,835
<b>ADD: Liabilities Not Recognized in National Accounts:</b>												
Net Public Sector Pension Liability	1,135	961	1,006	1,172	1,303	1,493	1,425	1,835	1,865	1,894	2,190	2,306
Provisions	102	108	113	131	155	175	306	322	422	311	375	366
PFI Contracts	-25	27	31	32	33	33	33	33	33	32	31	27
<b>Adjust Assets Measured Differently in National Accounts:</b>												
Asset Purchase Facility Fund				-44	-46	-49	-50	-127	-200	-194	-181	-1557
Unamortized Premia on Gilts	13	15	23	31	29	35	38	51	54	56	62	62
UK Asset Resolution Net Impact on Net Debt	-59	-94	-83	-83	-74	-50	-30	-24	-10	-2	-1	5
<b>ADD: Assets and Liabilities Excluded from PSND:</b>												
Property, Plant, and Equipment		-710	-745	-747	-812	-1,076	-1,120	-1,168	-1,208	-1,268	-1,313	-1,270
Investment Property		-13	-13	-12	-14	-15	-16	-18	-20	-23	-24	-17
Intangible Assets		-34	-35	-35	-32	-32	-33	-35	-36	-37	-40	-41
Tangible and Intangible Fixed Assets	-769											
Trade and Other Receivables		-40	-35	-35	-37	-35	-37	-49	-42	-41	-45	-43
Prepayments and Accrued Income		-77	-81	-77	-80	-78	-87	-91	-103	-108	-88	-79
Inventories		-12	-11	-12	-12	-11	-10	-9	-10	-10	-11	-15
Investments	-11	-17	-17	-27	-23	-73	-50	-51	-52	-53	-33	-41
Trade and Other Payables		51	50	48	47	49	51	51	53	51	56	44
Accruals and Deferred Income		37	41	39	44	54	55	59	62	61	66	81
<b>DEDUCT: Liabilities Not Yet Recognized in WGA</b>												
Network Rail				-34								
Housing Associations					-56	-60	-67	-70		0	0	0
<b>Other Adjustments</b>												
Other Adjustments Including Eliminations	-27	-16		-15	-43	-39	-25	-15	-22	13	-16	1,663
<b>Inadequate Data to Match Classification Structure</b>												
Payables and Receivables	-9											
Net Taxation and Duties Due		-5	-3	-3								
<b>WGA Net Liabilities, £bn</b>	1,228	1,186	1,347	1,628	1,840	1,875	1,986	2,421	2,565	2,456	2,834	3,326
<b>Memorandum Item</b>												
Public Sector Net Debt as % of GP	53%	62%	66%	75%	80%	82%	82%	85%	84%	81%	80%	86%
WGA Net Liabilities as % of GDP	78%	73%	80%	94%	101%	99%	102%	119%	121%	112%	125%	155%

Source: UK Whole-of-Government Accounts, each year as summarized by Bradley, Heald, and Hodges (2023)

## New Zealand (NZ)



### ◆ Accrual Accounting and Budgeting: Accrual accounting considering cost of capital charge

#### ● After 1984 Fiscal and Currency Crisis

- High national debt (40% of GDP in 1984), 20% devaluation, etc. → Comprehensive economic and PFM reform
- **Public Finance Act of 1989** required all government departments, offices of Parliament and Crown agencies to convert to accrual accounting by 1991 and produce **financial reports based on GAAP (including Stmt of Standard Acc't Practice 8- Consolidated Financial Statements)**
- First country to implement consolidated accrual-based government accounts (Crown Financial Statements for FY 1991)
- **Financial Reporting Act of 1993** – sector-neutral accounting standards
- **Fiscal Responsibility Act of 1994** reinforced the sector neutrality & required **pre-election and pre-budget reports**

#### ● 2003 Budget – “Whole of Government Approaches” for economic development and public sector reform

- Extend the reporting entity of consolidated financial statements to align with GFS (based on “Control” criterion for consolidation)
- Decisions to extend the reporting entity to WGA is a technical (rather than political or policy-driven) decision

#### ● 2011 Financial Reporting Amendment Act of 2011

- Accounting Standards Review Board is replaced by External Reporting Board (XRB)
- Sector-neutral standard concept is replaced with Two-Tier Strategy (NZ IFRS for For-Profit entities; modified IPSAS for Public Benefit Entities) in 2012
- Consolidation (WGA) remains as a technical issue

## Australia (AU)



- ◆ **Accrual Accounting and Budgeting:** Accrual accounting considering cost of capital charge
  - Federal structure of Government (with autonomous states and territories)
    - Federal, State or Territory governments adopt WGA at different times and in varying forms
    - New South Wales issued the first accrual-based government reports in 1989
    - Federal government (Commonwealth government) adopted accrual accounting in 1997 - Gradual adoption of accrual accounting across governments at different levels followed
    - **AASB 127 Whole of Government and General Government Sector Financial Reporting** issued in 2007 requires **dual reporting in GFS (General Government Sector) and GAAP (Whole of Government) : No nation-wide consolidation but government-specific**

**Australian Government balance sheet by sector — including General Government Sector Financial Report as at 30 June 2023**

Note	General Government		Public non-financial corporations		Public financial corporations		Eliminations(a)		Australian Government	
	2023 \$m	2022 \$m	2023 \$m	2022 \$m	2023 \$m	2022 \$m	2023 \$m	2022 \$m	2023 \$m	2022 \$m
<b>Assets</b>										
<i>Financial assets</i>										
Cash and deposits	89,713	94,762	2,102	1,379	1,363	686	(85,714)	(88,129)	7,464	8,698
Advances paid	74,658	73,117	29	21	6,171	5,915	(7,723)	(8,456)	73,135	70,598
Other receivables and accrued revenue	69,261	69,719	5,227	5,451	260	135	(934)	(900)	73,814	74,405
Investments, loans and placements	221,180	214,457	968	1,536	597,742	613,883	(250,625)	(271,685)	569,265	558,191
Equity investments	124,514	112,719	321	294	1,312	1,125	(42,096)	(38,247)	84,051	75,891
<b>Total financial assets</b>	<b>579,326</b>	<b>564,774</b>	<b>8,647</b>	<b>8,667</b>	<b>606,848</b>	<b>621,744</b>	<b>(387,092)</b>	<b>(407,416)</b>	<b>907,729</b>	<b>787,793</b>
<i>Non-financial assets(b)</i>										
Land	13,474	12,718	3,033	2,131	311	264	-	-	16,818	15,113
Buildings	49,219	46,065	4,273	4,176	348	509	(9)	(8)	53,831	50,742
Specialist military equipment	84,607	81,255	-	-	-	-	-	-	84,607	81,255
Other plant, equipment and infrastructure	20,940	18,417	58,630	52,341	136	160	-	-	78,806	70,918
Intangibles	11,925	11,106	3,761	3,767	73	84	51	51	15,810	15,008
Investment property	219	206	124	159	-	-	-	-	343	385
Inventories	12,705	11,886	216	249	55	44	-	-	12,976	11,979
Heritage and cultural assets	12,618	12,632	-	-	-	-	-	-	12,618	12,632
Tax assets	-	-	1,227	1,260	5	5	(1,232)	(1,285)	-	-
Other non-financial assets	6,112	5,264	669	775	87	56	(59)	(59)	8,790	8,336
<b>Total non-financial assets</b>	<b>210,239</b>	<b>199,349</b>	<b>71,933</b>	<b>64,858</b>	<b>895</b>	<b>1,122</b>	<b>(1,240)</b>	<b>(1,291)</b>	<b>282,619</b>	<b>264,049</b>
<b>Total assets</b>	<b>790,265</b>	<b>764,123</b>	<b>80,580</b>	<b>73,525</b>	<b>607,843</b>	<b>622,866</b>	<b>(388,340)</b>	<b>(408,697)</b>	<b>1,090,348</b>	<b>1,051,831</b>

Source: CFS of Australia Commonwealth

(a) Comprises the elimination of inter-sector balances.  
 (b) Right-of-use assets are included in the following line items: Land, Buildings and Other plant, equipment and infrastructure. Certain comparatives have been restated. Refer to Note 1.6 for further details.


## Canada (CA)





- ◆ **Incremental, gradual adoption of Accrual Accounting (but no Accrual Budgeting)**
  - Adoption of full accrual accounting by the government of Canada was announced during 1995 budget process
    - Responding to the recommendations of 1997 **Independent Review Panel on Modernization of Comptrollership in the Government of Canada**, accrual accounting adoption was incorporated in Financial Information Strategy (FIS)
    - Treasury Board Secretariat issued a Financial Information Strategy Accounting Manual in 2001
    - **Office of the Auditor General of Canada** pressured for the adoption of accrual accounting
    - 2002/3 federal government-wide financial statements are made in a full accrual basis
    - Provincial and Territorial governments have implemented full accrual accounting in the mid-2000
    - 2011/12 first official government-wide consolidated financial statements
  - Currently, Government of Canada and Crown Corporations prepare separate consolidated financial statements

## Sweden (SE)


- ◆ **Local-initiated, gradual adoption of Accrual Accounting (no Accrual Budgeting)**
  - Local government accrual accounting models were developed in 1970s through collaboration with academic researchers
  - After 1990-1994 Swedish financial crisis
    - Financial Management Reform in 1990s intended to improve transparency and financial control
    - Top-Down Budgeting (Central Government expenditure ceiling)
    - Mid-Term Budgeting (“Budget Margin” – Flexibility in expenditure ceiling over 3-year)
    - Linking Performance and Budgeting
    - Central government adopted accrual accounting in 1993
    - Consolidated Whole-of-Central Government Annual Reports have been produced since 1993/4
    - Instrumental role played by the Swedish National Financial Management Authority (ESV)
  - Resemblance to Korean PFM Reform in 2000s







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## IV Summary of Cross-Country Comparison





## Key Features in WGA Reporting

Feature	United Kingdom (UK)	New Zealand	Australia	Canada	Sweden
<b>Initiation of WGA</b>	1998 reforms; formally introduced in 2010	1989 reforms, formalized in 1992	1990s reforms, formalized by 2007	Gradual since 1995; formalized in 2002	1993 accrual accounting; 1993/4 WCGA
<b>Consolidation Scope</b>	Central & local governments, public corporations	Central government (Crown, SOEs, Crown entities)	Separate for federal, states, and local	Separate for federal, provincial, and local	Central and local government accounts
<b>Primary Motivation</b>	Fiscal transparency, accountability, macroeconomic policy	Accountability and fiscal management	Enhanced reporting, transparency in budgeting	Transparency and external accountability	Supplementary to accrual accounting
<b>Legal Framework</b>	Government Resources and Accounts Act 2000	Public Finance Act 1989	Charter of Budget Honesty Act 1998	Financial Information Strategy (1997)	Various public sector financial management acts
<b>Accounting Standards</b>	GAAP-based, aligned with IFRS and IPSAS	IPSAS-based	AASB, converged GAAP and GFS standards	PSA Handbook, adapted GAAP	IPSAS-inspired for public sector
<b>Audit Requirements</b>	Annual by National Audit Office	Annual by Auditor General	Annual audit at each jurisdiction level	Annual by Office of Auditor General	Annual audit by central government

## Usefulness and Challenges of WGA Reporting

Aspect	United Kingdom (UK)	New Zealand	Australia	Canada	Sweden
<b>Usefulness in Policy</b>	Limited use in decision-making; mainly parliamentary review	Used in fiscal policy & asset management planning	Limited for decision-making, focused on compliance	Primarily compliance, limited in policy	Limited to supplementary role in budget process
<b>Challenges in Use</b>	Complexity, lack of timeliness, audit qualifications	High cost, some concerns about practical impacts	Jurisdictional boundaries limit uniform application	Fragmented, varied standards across provinces	WGA is underutilized for decision-making
<b>Reliance by Stakeholders</b>	Low among policymakers, some use by public accounts committee	Actively used by government and credit agencies	Primarily compliance, less interest by analysts	Low, mainly for accountability; policy use limited	Limited engagement, focus remains on cash-based budget
<b>Integration with Budget</b>	Limited, budget remains cash-based	Integrated with capital planning	WGA separate from budget, often dual GFS-GAAP reporting	Budget-focused, accrual WGA separate	Remains separate, cash-basis dominates
<b>Public Accessibility</b>	Accessible but complex; specialized knowledge required	Transparent and accessible	Low public engagement, few use WGA reports	Accessible but less relevant to non-accountants	Accessible, but limited utility to non-experts



**Presentation 2**  
**주제발표 2**

**Consolidation of Financial Statistics  
in Korean Local Governments**

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**한국 지방정부의 재정통계 통합**

**박정규** 한국지방재정공제회 통계관리부 부장



**5<sup>th</sup> KIPF International Symposium**

**Consolidation of Financial Statistics in  
Korean Local Governments**

07 Nov. 2024

**Park, Jeong Kyu**  
**Local Finance Association**  
**Finance Statistics Department**

**Contents**

- **Local Public Sector Units in Korea**
- **Local Public Sector Financial Statistics**
- **Coverage of Statistics**
- **Consolidation Process**
  - '01 GFS & PSDS
  - “Consolidated Regional Finance Statistics”
  - “Consolidated Debt”
- **Key Improvement of Consolidation Process**
- **Future Challenges**

## Local Public Sector Units in Korea

- **Local Governments**
  - **Upper Tier, 15+2**
    - Special (Metropolitan) City (Seoul)
    - Metropolitan Cities (6)
    - Provinces ("Do"s, 8),
    - Special Self-Governing City (Sejong, one tier)
    - Special Self-Governing Province (Jeju, one tier)
  - **Lower Tier, 226**
    - "Si" (within Province, 75)
    - "Gun" (within Metropolitan City or Province, 82)
    - "Gu" (within Seoul or Metropolitan City 69)

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## Local Public Sector Units in Korea

- **Local Public Enterprises (hereinafter referred to as "LPE")**
  - **Local Government-Invested Public Corp. (72)**
    - LPE that provides specific services of local governments (e.g. urban public transit, urban development, etc.) and receives fees from service users.
  - **Local Public Agency (88)**
    - LPE that acts on behalf of the local government and receives commissions from local governments.

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## Local Public Sector Units in Korea

- **Local Government-Invested or Funded Institutions (hereinafter referred to as “LGIFI”)**
  - **Local Government-Invested Institutions (94)**
    - Corporations in which local governments has a stake of more than 10%
  - **Local Government-Funded Institutions (743)**
    - Local government-funded foundations
    - Local Medical Centers, Regional Credit Guarantee Foundations, Local Government-funded Research Institutes, etc.

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## Local Public Sector Financial Statistics

- **A Part of Government Financial Statistics**
  - '01 GFS (FY2012~)
  - PSDS (FY2013~)
- **Purpose of financial analysis at the local government level**
  - **“Consolidated Regional Finance Statistics” (hereinafter referred to as “CRFS”)**
    - “Local Finance Act” Article 59, FY 2015~
    - Including Local Education Finance Sector
  - **“Consolidated Debt”**
    - “Local Finance Act” Article 44-2, FY2015~

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## Coverage of Statistics

- Units**

Statistics	Local Gov.	LPE	LGIFI	Local Education Finance Sector (**)
'01 GFS	V	V(*)		
PSDS	V	V		
CRFS	V	V	V	V
<b>"Consolidated Debt "</b>	<b>V</b>	<b>V</b>	<b>V</b>	

(\*) Local Government-Invested Public Corporations classified as market NPIs are excluded.  
 (\*\*) Metropolitan & Provincial Offices of Education (17) and its Funded Institutions

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## Coverage of Statistics

- Information**

Statistics	Financial Position	Operating	Cash Flow	Contingent Liabilities
'01 GFS	V	V	V	
PSDS	V			
CRFS	V	V(*)		
<b>"Consolidated Debt"</b>	<b>V</b>			<b>V</b>

(\*) Cash Basis

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## Consolidation Process : '01 GFS & PSDS

- **(Step1) Unit Level**
  - **Local Governments (FY+1 June)**
    - Each local government prepares statistics with "e-hojo+ (local government financial management Information system)"
      - Automated data entry (e.g. financial position)
      - Manual data entry with Excel form (e.g. contingent liabilities, internal transactions)
    - Lower tier local governments submit statistics data to upper tier local government via "e-hojo+".

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## Consolidation Process : '01 GFS & PSDS

- **Local Public Enterprises (FY+1 June, July)**
  - Each enterprise prepare statistics with Excel form
    - Financial statements, '01 GFS & PSDS statements, Internal transactions, ...
    - Manual data entry
  - Each enterprise submit statistics data (completed Excel form) to to MOIS (Ministry of the Interior and Safety) via e-documents or "Cleaneye (integrated electronic disclosure system for LPE & LGIFI)"
  - Submitted statistics data via "Cleaneye" are automatically transferred to "e-hojo+".

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## Consolidation Process : '01 GFS & PSDS

- **(Step2) Upper Tier Local Gov. Level (FY+1 June)**
  - **Consolidation**
    - Upper tier local gov. + Low tier local gov. data submitted via "e-hojo+"
      - (e.g.) Seoul = Seoul Metropolitan City + 25 "Gu"s in Seoul
    - Matching internal transactions
      - Inter local gov. transactions within upper tier gov.
  - **Submission via "e-hojo+"**
    - Upper tier local gov. -> MOIS

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## Consolidation Process : '01 GFS & PSDS

- **(Step3) Local Public Sector Level (FY+1 July~September)**
  - **Data collection**
    - Local governments : submitted data by each upper level local government via "e-hojo+"
    - LPEs : submitted data by each LPE via e-documents or "Cleaneye"
  - **Consolidation**
    - Collected statistics data are consolidated by subsectors and by 17 upper level local governments (e.g. Seoul, Busan, ...) with excel template.

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## Consolidation Process : '01 GFS & PSDS

- **Matching internal transactions**
  - Transactions between local government and LPE
  - Inter local government transactions within other upper tier government
- **Submission via e-documents**
  - **MOIS -> MOSF (Ministry of Economy and Finance)**

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## Consolidation Process : CRFS

- **(Step1) Unit Level (FY+1 March, April)**
  - **Local Governments**
    - **Preparing statistics with "e-hojo+"**
      - Automated data entry (financial position)
      - Manual data entry with Excel form (internal transaction)
  - **LPE, LGIFI and Local Education Finance Sector**
    - **Preparing statistics with Excel form**
      - Financial position, Internal transaction
      - Manual data entry
    - **Submitting statistics data (completed Excel form) to (controlling) local government via e-documents or "Cleaneye"**

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## Consolidation Process : CRFS

- **(Step2) Local Government Level (FY+1 May)**
  - **Data collection**
    - Statistics data in "Cleaneye" are automatically transferred to "e-hojo+".
    - Statistics data submitted via e-documents are uploaded in "e-hojo+".
  - **Consolidation**
    - Each local government consolidate with "e-hojo+"
    - Internal transaction
      - Transactions between local government, LPE, LGIFI and local education finance sector

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## Consolidation Process : CRFS

- **Disclosure**
  - CFRS Report is disclosed as a supplementary document to the settlement of accounts.
  - Subsector or categories in the report
    - Total (=A+B-C)
    - General local government (A=a+b-c)
      - » Local government (a)
      - » Local public institutions (b)= LPE & LGIFI
      - » Internal transaction A (c) : between (a) and (b)
    - Local education finance (B) : upper level local gov. only
    - Internal transaction B (C) : between (A) and (B)
- **Submission via "e-hojo+"**
  - Lower tier local gov. -> upper tier local gov.

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## Consolidation Process : CRFS

- **(Step3) Upper Tier Local Government Level (FY+1 June)**
  - **Consolidation with "e-hojo+"**
    - **Upper tier local gov. + Low tier local gov. CRFS data submitted via "e-hojo+"**
      - (e.g.) Seoul = Seoul Metropolitan City (+LPE+LGIFI+local education) + 25 "Gu"s (+LPE+LGIFI) in Seoul
    - **Internal transaction**
      - Inter local government (including LPE, LGIFI and local education sector) transactions within upper tier government
  - **Submission via "e-hojo+"**
    - **Upper tier local gov. -> MOIS**

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## Consolidation Process : CRFS

- **(Step4) Local Public Sector Level (FY+1 July)**
  - **Consolidation**
    - **Collected statistics data are consolidated by Subsectors and by 17 upper level local governments (e.g. Seoul, Busan, ...) with "e-hojo+"**
    - **Internal transaction**
      - Inter local government (including its LPE, LGIFI and local education sector) transactions within other upper tier government

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## Consolidation Process : Consolidated Debt

- **Local Government Level (FY+1 November, December)**
  - **Data collection & consolidation**
    - Financial position & internal transactions : using CRFS report data
    - Contingent liabilities : manual data entry to "e-hojo+" with Excel form
    - LPE & LGIFI submit contingent liability data to local government via e-documents

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## Consolidation Process : Consolidated Debt

- **Disclosure**
  - Each local government prepare and disclosure "Annual Plan for the Management of Financial Soundness", which include follows;
    - Amount (FY, FY-1) and change of "Consolidated Debt" and contingent liabilities
    - Estimated amount (FY+1) of "Consolidated Debt" and contingent liabilities
    - Outlook on changes in "Consolidated Debt" and contingent liabilities
- **Submission via "e-hojo+"**
  - Lower tier local gov. -> Upper tier Local gov -> MOIS

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## Key Improvement of Consolidation Process

- **Financial Data Integration**
  - ~FY2022
    - Financial position and internal transaction data of each statistics in “e-hojo (old version of e-hojo+)” was not integrated.
  - FY2023~
    - Financial position and internal transactions data of CSFR are shared with other statistics.
      - CSFR’s unit coverage is wider than other statistics.
      - Preparing and disclosing of CSFR starts earlier than other statistics.

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## Key Improvement of Consolidation Process

- **Manual data entry with Excel form**
  - ~FY2022
    - Internal transactions and other additional data was only manually entered into “e-hojo” except CSFR.
    - Old “e-hojo” had no function of LPE’s ‘01 GFS & PSDS data uploading.
  - FY2023~
    - Internal transactions and other additional data can be uploaded into “e-hojo+” with Excel form.
    - LPE’s ‘01 GFS & PSDS data can be uploaded and aggregated in “e-hojo+”

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## Future Challenges

- **Integration of unit coverage (LGIFIS)**
- **Integration of statistics**
  - PSDS, CSFR & "Consolidated Debt"
- **Preparing cash flow statements**
  - Cash flow statements are excluded from Korean local gov. financial statements.
- **Improving "e-hojo+" function**
  - Identification of internal transaction data
  - Automatic identification of error data

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**"Thank You"**

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**Presentation 3**  
**주제발표 3**

## **dBrain+ from the Accrual Accounting Perspective**

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### **발생주의 회계 관점의 dBrain+ 소개**

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**FIS** Korea Fiscal Information Service

# dBrain<sup>+</sup> from Accrual Accounting Perspective

The Korean Case for Enhanced Government Settlement Works

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The Future of FMIS with Korean Experience - dBrain<sup>+</sup>

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**FIS**

dBrain<sup>+</sup> from Accrual Accounting Perspective



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## 01 | Overview

“ Korea Fiscal Information Service (KFIS) has managed and operated dBrain system(Korea Financial Management Information System) since 2016 and e-Nara Doeum system(Integrated Government Subsidy Management System) since 2017.

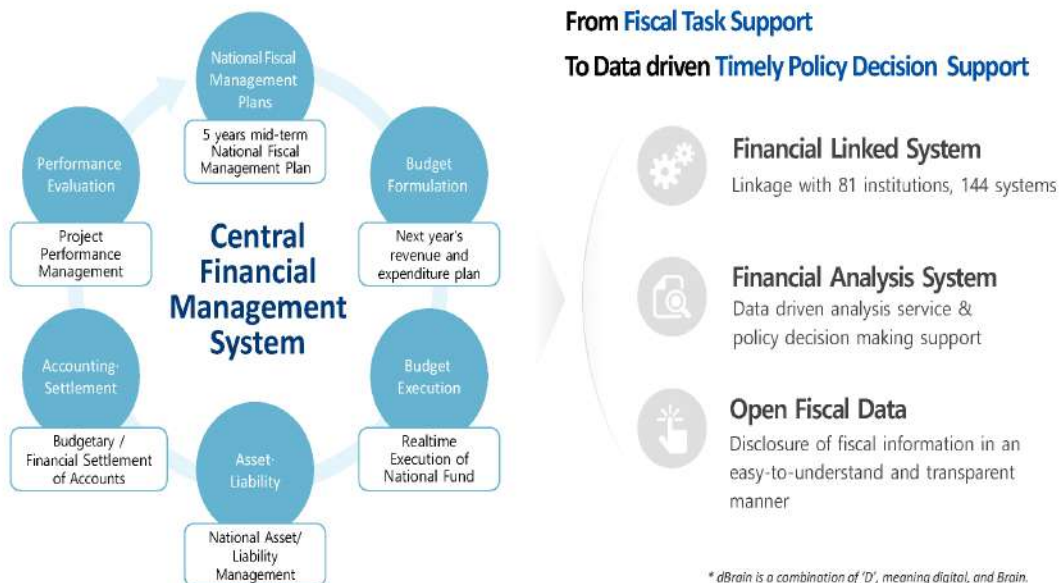


(1) FIMSYS : Fiscal Information Management System  
 (2) NaFIS : National Fiscal Information System

Public Fiscal Management Agencies in Other Countries	U. S. Department of Treasury (Bureau of Fiscal Service)	State Financial Technology Agency, France (AIFE)	Federal Ministry of Finance, Germany (ZIVIT)

## 02 | What is dBrain+

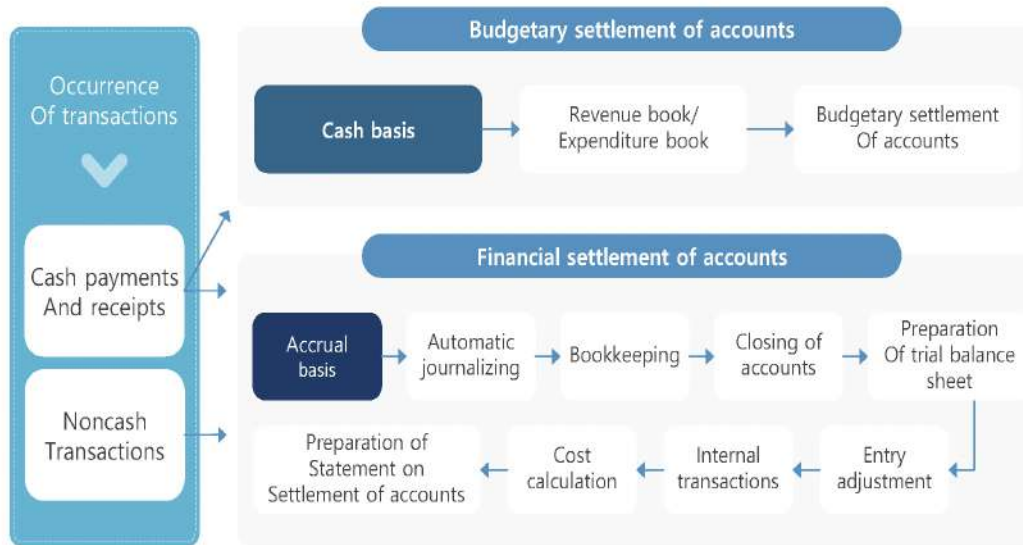
“ dBrain+, integrated FMIS, manages entire life cycle of national fiscal tasks and supports timely data-driven policy decision making.



### 03 | Settlement Module in dBrain+



“ dBrain+ generates Pan-Korea’s government finance statistics and conveniently closing reports using automatic journaling system.

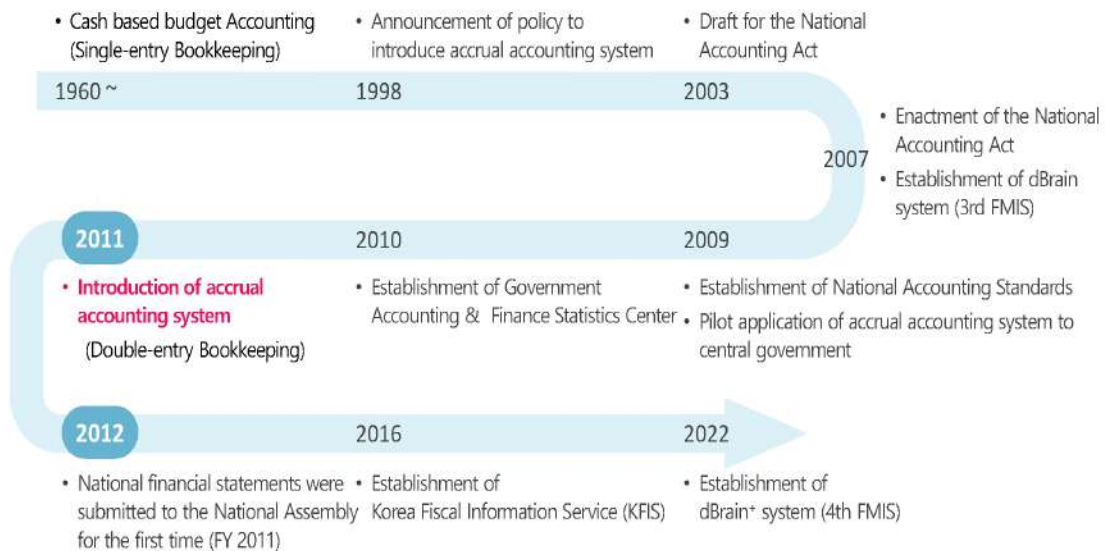


※Sources: KFIS is setting the global standard for digital national fiscal management, KFIS

### 04 | History of National Accounting in Korea



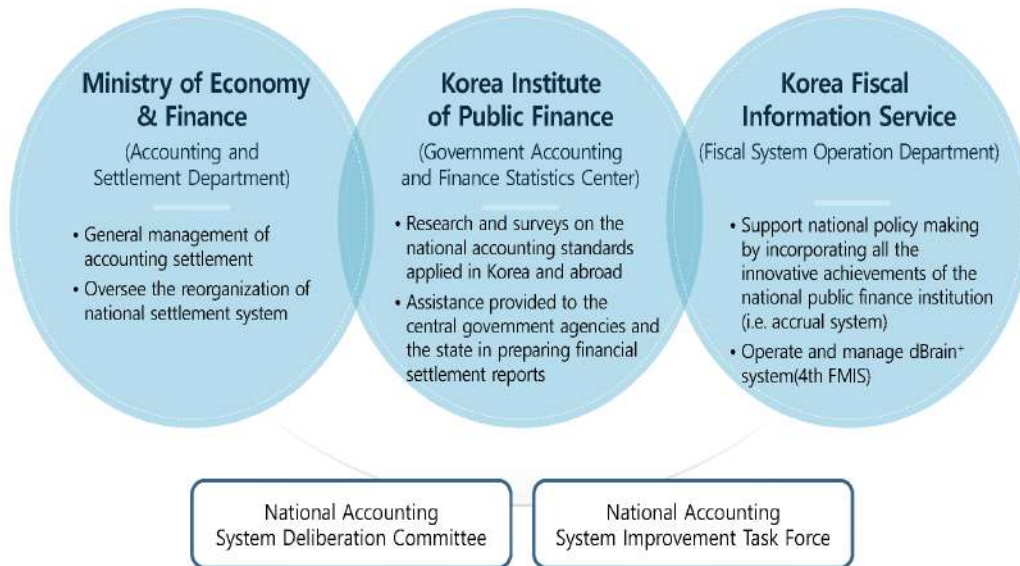
“ Korea introduced an accrual accounting system in 2011 due to the limitations of understanding the government’s financial position or financial operation results using only budget accounting information.



## 05 | Governance of National Accounting



“ The governance system promoting Korea’s accrual accounting system is composed of the Ministry of Economy & Finance, Korea Institute of Public Finance, and Korea Fiscal Information Service.



## 06 | National Accounting Institutions & its Changes



“ The institutions supporting Korea’s accrual accounting system consists of the National Accounting Act, Enhancement Decree of National Accounting Act, and Regulations of Central Government Accounting Standards.



※Sources: Enforcement Rule of Central Government Accounting Standards, MOEF & KIPF

## 06 | National Accounting Institutions & its Changes



“ The followings are the major changes in national accounting institutions of Korea from 2009 to 2025 onward.

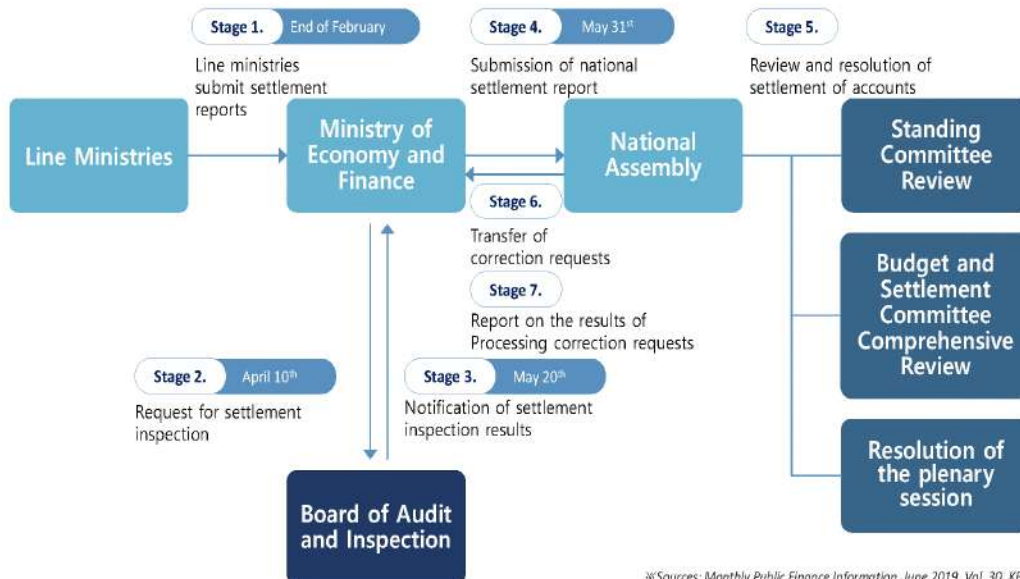


※ Sources: Korean Law Information Center & MOEF's press releases

## 07 | National Settlement Procedure



“ Korea's national settlement procedure is carried out in seven stages.

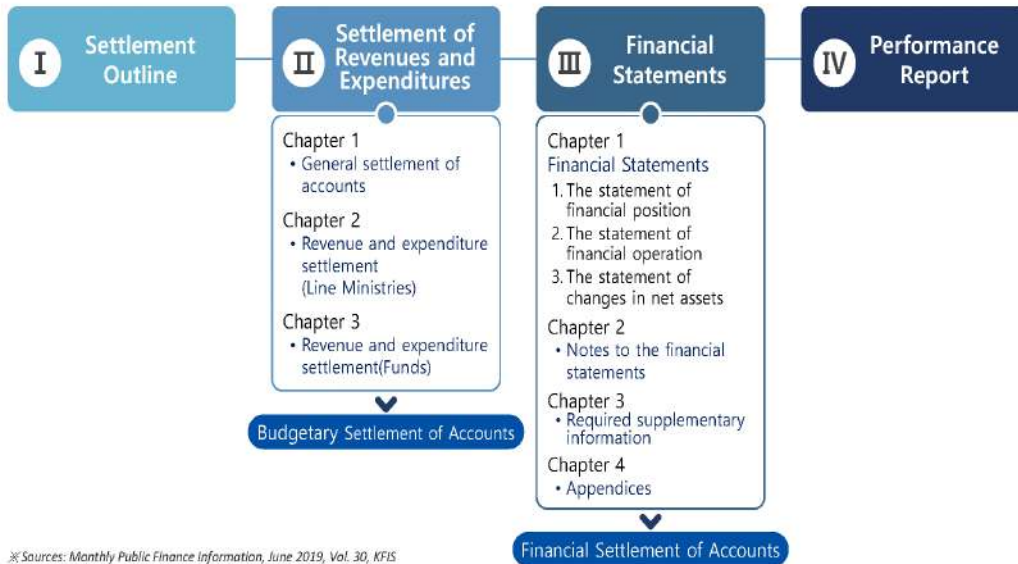


※ Sources: Monthly Public Finance Information, June 2019, Vol. 30, KFIS

## 08 | Composition of National Settlement Reports



“ Korea’s settlement reports consist of a settlement outline, revenues·expenditures settlement, financial statements, and performance report.

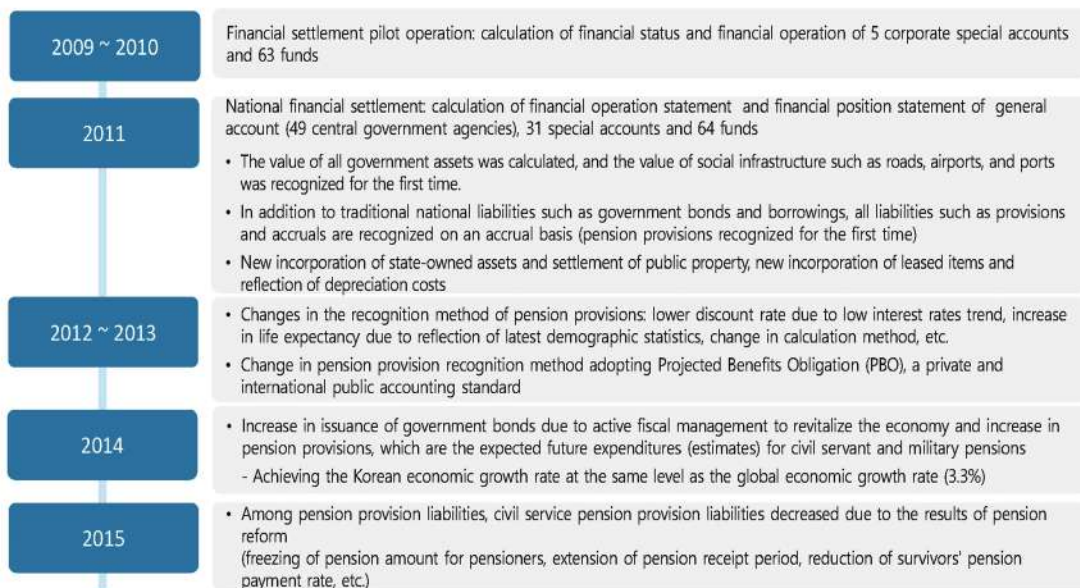


※ Sources: Monthly Public Finance Information, June 2019, Vol. 30, KFIS

## 09 | National Financial Settlement Results (1/5)



“ Since Implementing the pilot financial settlement in 2009, the main results of the integrated financial settlement in earnest since 2011 are as follows.

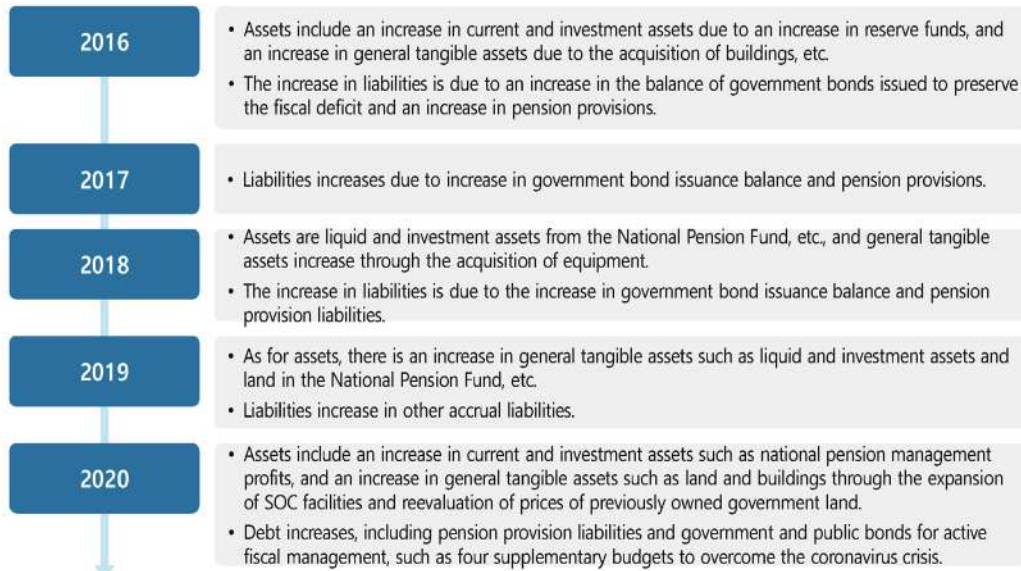


※ Sources: MOEF's press releases

## 09 | National Financial Settlement Results (2/5)



“ Since Implementing the pilot financial settlement in 2009, the main results of the integrated financial settlement in earnest since 2011 are as follows.

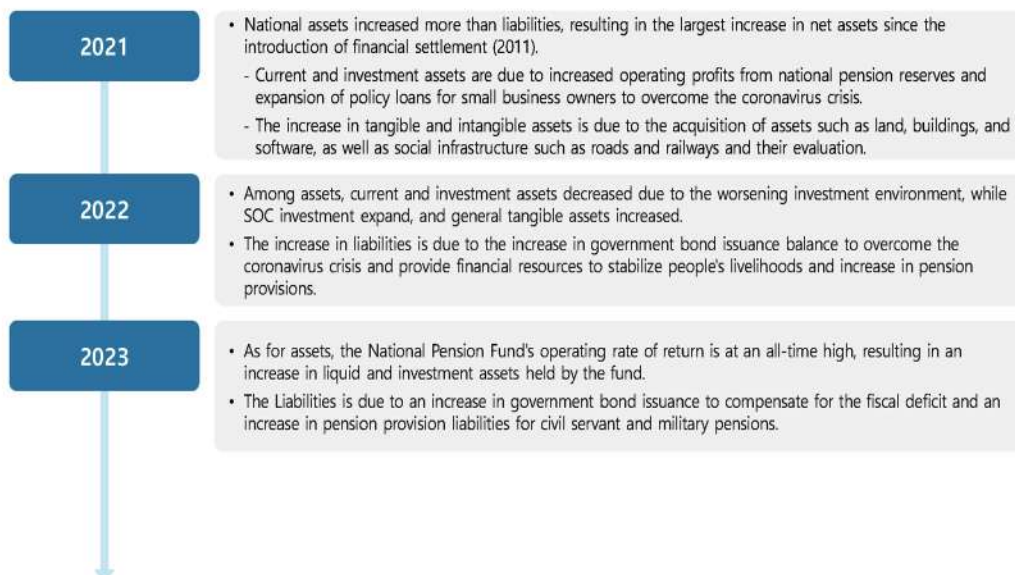


※Sources: MOEF's press releases

## 09 | National Financial Settlement Results (3/5)



“ Since Implementing the pilot financial settlement in 2009, the main results of the integrated financial settlement in earnest since 2011 are as follows.



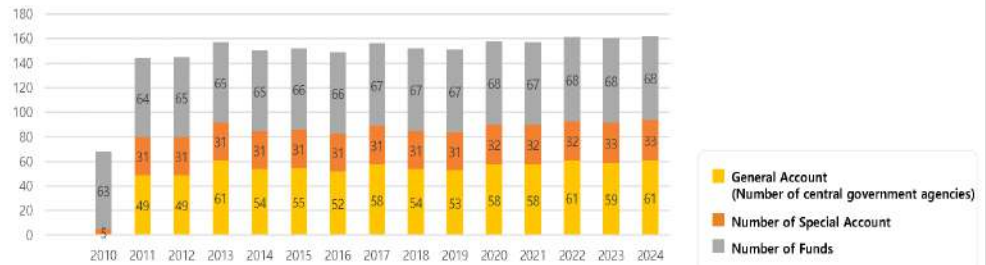
※Sources: MOEF's press releases

## 09 | National Financial Settlement Results (4/5)



“ The graph above (A) shows the scope of financial settlement by year, and the graph below (B) shows the number of government organizations using dBrain+ and linkage organizations by year.

Financial Settlement Scope (A)



Status of dBrain+ Usage or Linkage Organizations (B)



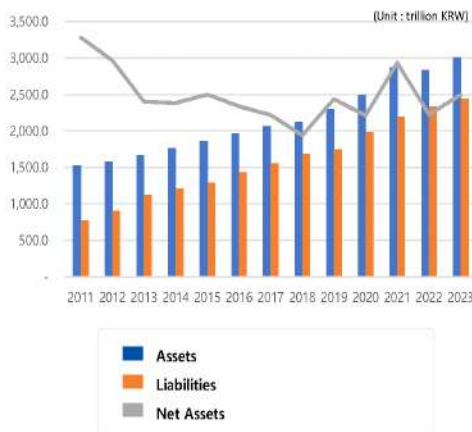
※ Sources: Reconstructed by the author based on Korea Fiscal Information Service internal data

## 09 | National Financial Settlement Results (5/5)

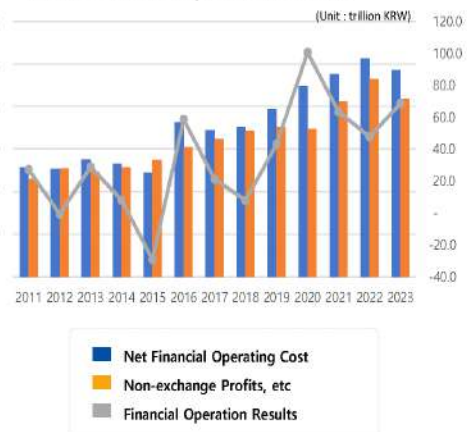


“ The left graph (C) shows changes in assets, liabilities, and net assets on the financial statement of the Korea central government. The graph on the right (D) displays the results of the Korea central government’s financial operation.

Trends in Assets, Liabilities, and Net Assets (C)



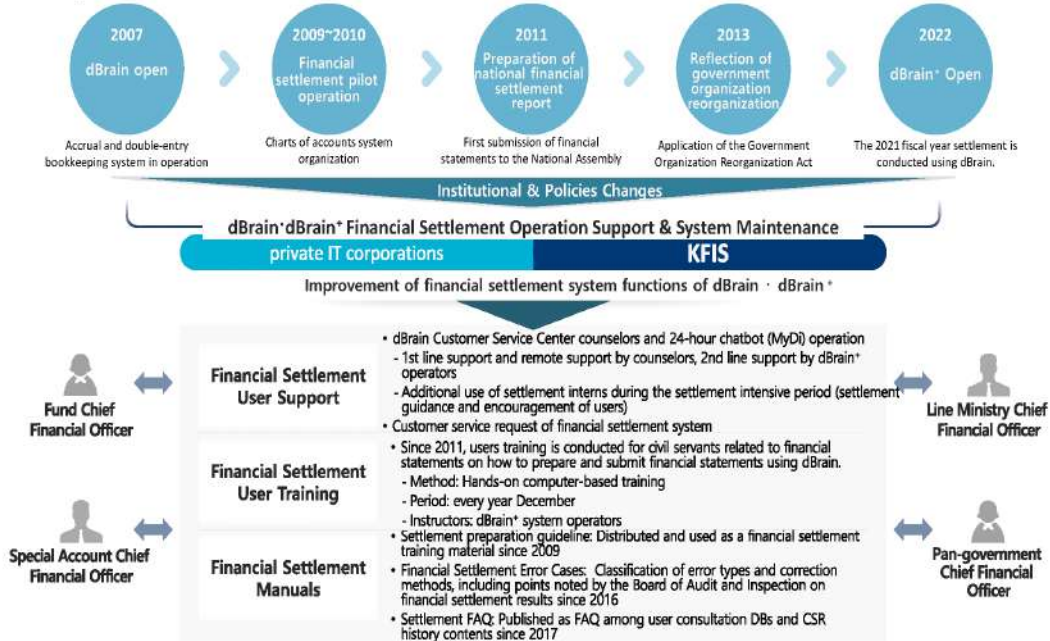
Trends of Financial Operation Results (D)



※ Sources: Reconstructed by the author based on MOEF's press releases

## 10 | Information System Changes (1/4)

“ Since 2007, institutional and policy changes in financial settlement have been reflected in the information system, and continuous efforts have been made to provide user support, user training, and various manuals to work easier for public officials.



## 10 | Information System Changes (2/4)

“ The categories of changes to the dBrain · dBrain+ system for financial settlement from 2017 to 2023 can be classified as the following seven types.

### Types of dBrain · dBrain+ Financial Settlement System Function Improvements (2017 ~ 2023)

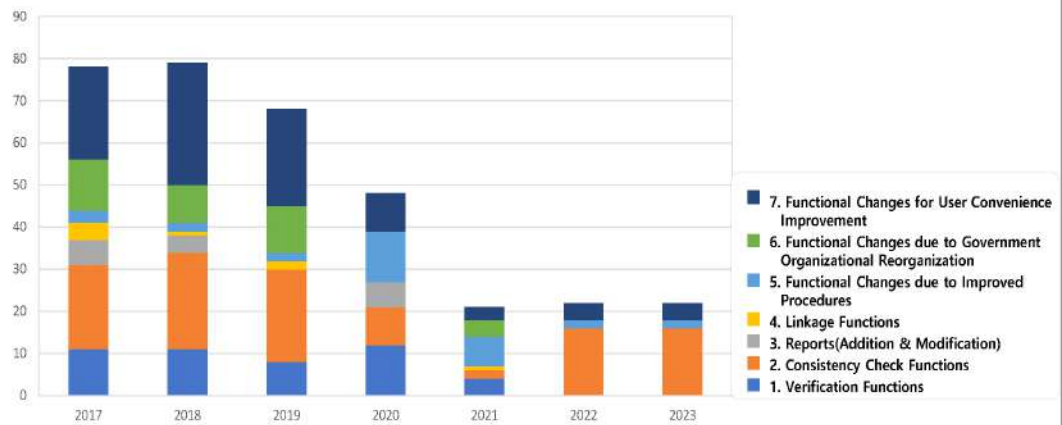


## 10 | Information System Changes (3/4)



“ The following graph shows statistics by year on the types of changes to the dBrain · dBrain+ system for financial settlement from 2017 to 2023.

dBrain · dBrain+ Financial Settlement System Functional Changes Statistics by year



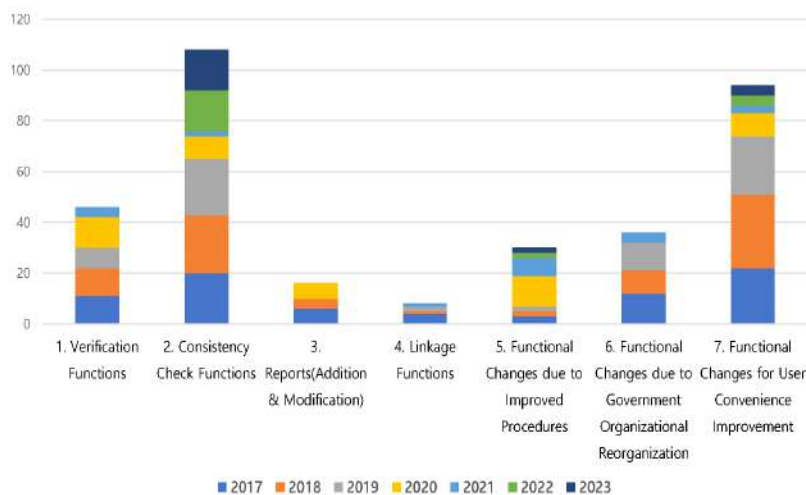
※ Sources: Reconstructed by the author based on Korea Fiscal Information Service internal data

## 10 | Information System Changes (4/4)



“ The following graph shows the result of 7 change types in the dBrain · dBrain+ system for financial settlement from 2017 to 2023.

dBrain · dBrain+ financial Settlement System Functional Improvement Statistics by Type



※ Sources: Reconstructed by the author based on Korea Fiscal Information Service internal data

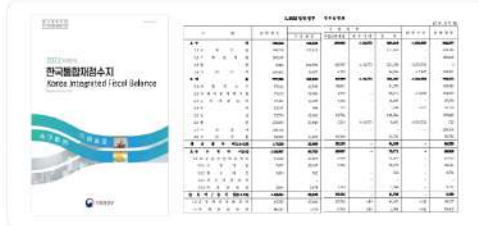
## 11 | Information Disclosure



“ The results of financial settlement are disclosed in the Korea Integrated Fiscal Balance(publication), the Open Fiscal Data, and for international comparisons, on the statistics portals of the IMF and OECD.

### Korea Integrated Fiscal Balance

- Publication of financial position statement, financial operation statement



### Open fiscal Data(information Disclosure for the public)

- Disclosure of 2001 GFS, PSDS data



### International Monetary Fund(IMF)

- Disclosure in accordance with the Government Financial Statistics (GFS) format



### Organization for Economic Cooperation and Development(OECD)

- Disclosure of Public sector debt statistics(PSDS)



## 12 | Achievement



### Institutions

- + Abundant financial information helps to establish a mid- to long-term fiscal expenditure plan and to determine fiscal soundness in recognizing potential liabilities such as provision for pensions.
- + It can manage national assets comprehensively and systematically by accounting for national property, goods, bonds, infrastructure assets, and assets under construction etc.
- + It can improve the reliability of national financial figures announced by the government including debt figures.
- + The scope of national financial statistics was expanded to the standard of general government including public institutions, and additional financial statistics helps to improve international comparability and internal and external reliability of national financial figures.
- + It enables performance-based financial management through the calculation of cost information for each program.

### Information System & User Support

- + From the beginning, the dBrain\*dBrain\* was designed and built to allow normal users to apply an accrual and double-entry booking system without any accounting knowledge. (i.e. automatic journalizing function)
- + To ensure that accounting officials can smoothly perform financial settlement using the dBrain\*dBrain\*, multi-dimensional efforts has been made such as providing user support during the intensive settlement period, conducting accounting settlement training and providing various manuals.
- + The dBrain\*dBrain\*(Locally Developed Software) and its operating organization(KFIS) can effectively accommodate institution and policy changes and user requirements for the establishment of the accrual accounting system
- + The dBrain\*dBrain\* plays a crucial role to generate financial settlement reports and disclose financial settlement information in multi-lateral ways to date.

### Areas for Improvement

1. There is a need to increase the usability of accrual-based national accounting information.
2. It is necessary for the general public to easily understand national accounting information and to organize the financial statements mainly with the key information clearly and prominently showcased.

## 13 | Future Plan



### Project Overview

Project Name

**National Settlement Report Reform Project**

Project Period

**May 2024 ~ December 2025**

Project Scope

#### Phase I

New cash flow statement

Modification of automatic journal entry for cash flow transaction

Automation of cash inflow and outflow details and aggregation

Automation of reconciliation accounts

#### Phase II

Financial statements simplification

Apply new COA and establish COA history management

Reorganization of financial statements and integrated annotation system

Full functions in operation

Inspection of externally linked financial settlement system  
System operation and maintenance (pilot operation and provisional settlement task)

## Angled towards the people's perspective

### National Settlement Report Reform

- Establishment of COA system in accordance with the revised national settlement system
- Reorganization and simplification of financial position statement, financial operation statement, and net asset change statement
- Introduction of cash flow statement
- Integrated single annotation system

### Establishment of dBrain<sup>+</sup> Settlement System in line with the Reform

- Improvement of fiscal task processing systems such as execution modules in line with the revised COA system
- Database redesign and data conversion according to the improvement of fiscal task processing systems
- Changes of the settlement report and interface according to the revised settlement system

## Q & A

The Future of FMIS with Korean Experience - dBrain<sup>+</sup>

# Thank You

The Future of FMIS with Korean Experience - dBrain \*

**FIS** Korea Fiscal  
Information Service



**Discussion**  
**종합토론**

**Integrated consolidation and compiling process**

**Dmitri Gourfinkel** Senior Governance Specialist, World Bank

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**통합재정보고서 작성 절차**

**Dmitri Gourfinkel** Senior Governance Specialist, World Bank



# The 5th KIPF Public Sector Accrual Accounting International Symposium

## Integrated consolidation and compiling process

Dmitri Gourfinkel

November 7, 2024

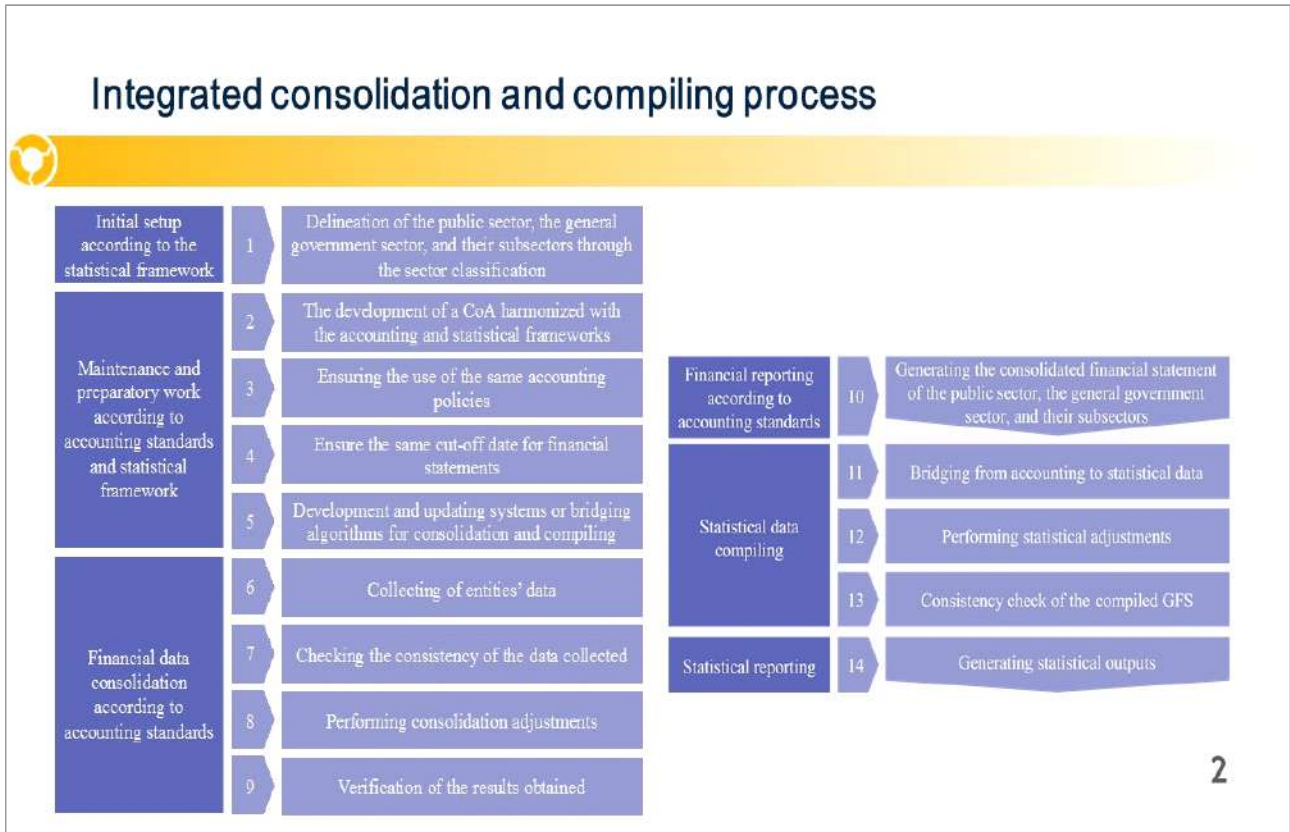
**WORLD BANK GROUP**

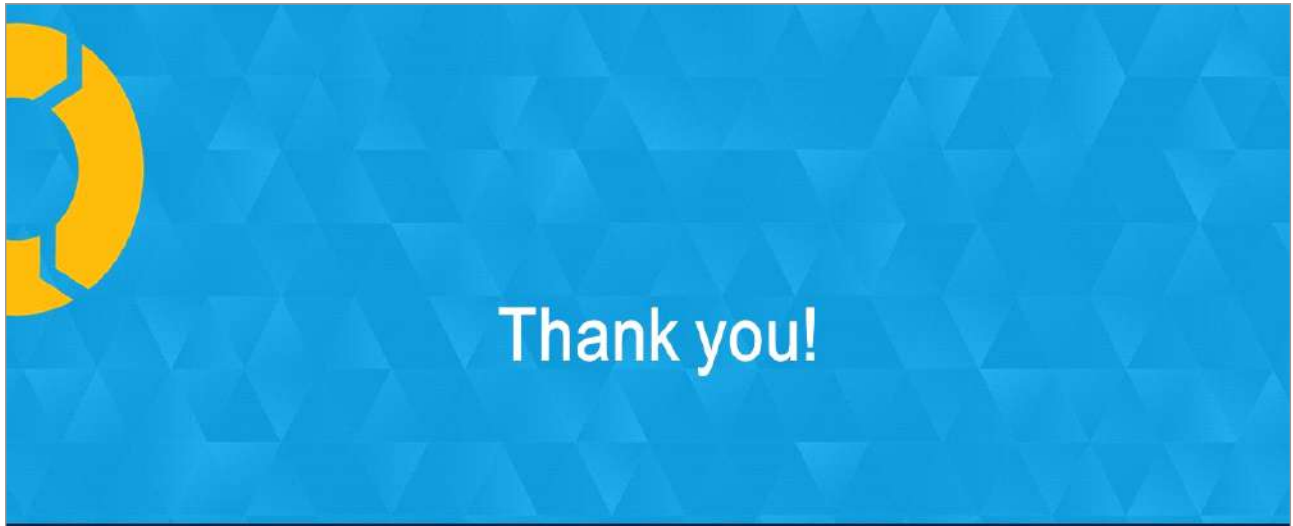
**CFRR**  
Centre for Financial Reporting Reform

**PULSAR**  
Public Sector Accounting and Reporting Program

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- Federal Department of Economic Affairs, Education and Research (EAFR) State Secretariat for Economic Affairs (SECO)





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Education and Research (SECO)  
State Secretariat for Economic Affairs (SECO)





