



# **Cambodia's Roadmap to Accrual Basis IPSAS Implementation and Progress**

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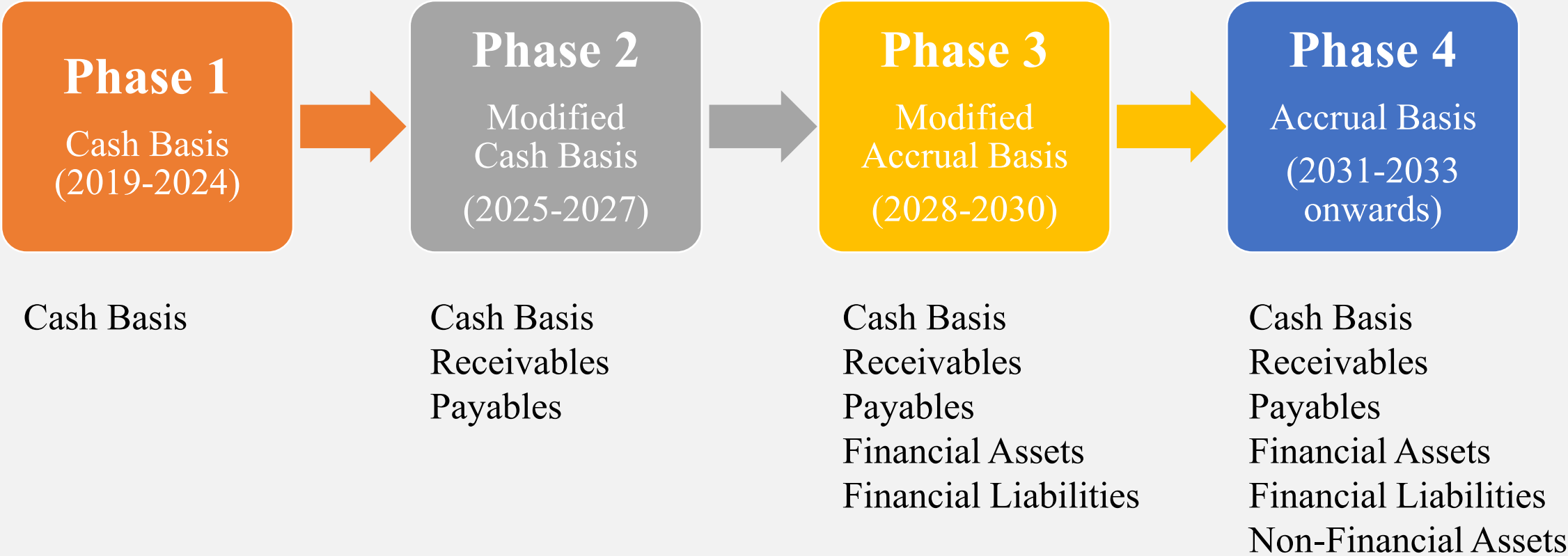
# Cambodia's Roadmap to IPSAS Implementation



- ❖ The Ministry of Economy and Finance has officially announced the implementation of “*Cash Basis Cambodian Public Sector Accounting Standard (Cash Basis CPSAS)*” in 2019.
- ❖ In order to make a transition from cash to accrual accounting, in 2022, the Royal Government of Cambodia launched the “*Strategy on the Implementation of Accrual Basis Public Sector Accounting Standards in Cambodia 2021-2031*”.
- ❖ Cambodia has chosen the **Piecemeal Approach** – a multi-step transition before implementing the accrual basis accounting, which is more commensurate with its actual context.



# Cambodia's Roadmap to IPSAS Implementation





# Cambodia's Roadmap to IPSAS Implementation



## Phase 1 Cash Basis (2019-2024)

2019-2020	2021	2022	2023	2024
<b>Standard to be implemented:</b> <ul style="list-style-type: none"><li>- Cash Basis CPSAS</li></ul>	<b>Standard to be implemented:</b> <ul style="list-style-type: none"><li>- Cash Basis CPSAS</li></ul> <b>Standards to be proposed:</b> <ul style="list-style-type: none"><li>- Revenue with Performance Obligations</li><li>- Revenue without Performance Obligations</li><li>- Transfer Expenses</li></ul>	<b>Standards to be implemented:</b> <ul style="list-style-type: none"><li>- Cash Basis CPSAS</li></ul> <b>Standards to be issued:</b> <ul style="list-style-type: none"><li>- Revenue with Performance Obligations</li><li>- Revenue without Performance Obligations</li><li>- Transfer Expenses</li></ul>		



# Cambodia's Roadmap to IPSAS Implementation



## Phase 2

Modified Cash Basis  
(2025-2027)

2025	2026	2027
Cash Basis Receivables Payables	Cash Basis Receivables Payables	Cash Basis Receivables Payables
<b>Standards to be implemented in this period:</b> Revenue with Performance Obligations Revenue without Performance Obligations Transfer Expenses Events after the Reporting Date Related Party Disclosures		





# Cambodia's Roadmap to IPSAS Implementation

## Phase 3

### Modified Accrual Basis (2028-2030)

2028	2029	2030
Cash Basis Receivables Payables Financial Assets Financial Liabilities	Cash Basis Receivables Payables Financial Assets Financial Liabilities	Cash Basis Receivables Payables Financial Assets Financial Liabilities
<b>Standards to be implemented in this period:</b> Financial Instruments - Presentation Financial Instruments - Disclosures Investments in Associates and Joint Ventures Joint Arrangements Disclosure of Interests in Other Entities Employee Benefits Financial Instruments Social Benefits		





# Cambodia's Roadmap to IPSAS Implementation

## Phase 4 Accrual Basis (2031-2033 onwards)

### Standards to be implemented in this period:

Presentation of Financial Statements  
Cash Flow Statements  
Accounting Policies, Changes in Accounting Estimates and Errors  
The Effects of Changes in Foreign Exchange Rates  
Borrowing Costs  
Inventories  
Leases  
Investment Property  
Property, Plant and Equipment  
Segment Reporting  
Provisions, Contingent Liabilities, Contingent Assets  
Impairment of Non-Cash Generating Assets  
Disclosure of Financial Information – General Government Sector  
Presentation of Budget Information in the Financial Statements  
Impairment of Cash Generating Assets  
Agriculture  
Intangible Assets  
Service Concession Arrangements – Grantor  
Separate Financial Statements  
Consolidated Financial Statements  
Public Sector Combinations



# Prerequisites to Accrual Basis Implementation



# Prerequisites to Accrual Basis Implementation





# Benefits of Accrual Accounting



# Benefits of Accrual Accounting

- ❖ Provide a more comprehensive view of the government's financial performance and the cost of government activities
- ❖ Help the government and the public focus greater attention on the acquisition, proposal and management of the assets, liabilities and contingent liabilities
- ❖ Provide a more complete picture of the government financial position
- ❖ Improve transparency, accountability, reliability and integrity of the government financial data
- ❖ Improve the government's decision-making
- ❖ Enhance efficiency and effectiveness of financial reporting and
- ❖ Strengthen international comparability of the government financial statements.



# Progress in Phase 1: Cash Basis (2019-2024)



# Progress in Phase 1: Cash Basis (2019-2024)

- ❖ Cash Basis Cambodian Public Sector Accounting Standard (Cash Basis CPSAS) was introduced in 2019.
- ❖ Two standards on revenue were issued in 2023:
  - CPSAS 9 : Revenue from Exchange Transactions
  - CPSAS 23 : Revenue from Non-Exchange Transactions
- ❖ Drafted the Modified Cash Basis Whole of Government Financial Report Format
- ❖ Drafted the Cambodian Government Financial Report Checklist
- ❖ Reviewed key regulations to be promulgated or amended for the implementation of the Modified Cash Basis.
- ❖ Successfully issued Cash Basis Financial Statements (FS) in compliance with Cash Basis Public Sector Accounting Standards since 2019
- ❖ Currently, we are under the preparation of 2023 Cash Basis CPSAS FS.





# Preparation for Phase 2: Modified Cash Basis (2025-2027)



# Preparation for Phase 2: Modified Cash Basis

## ❖ Six Standards for Phase 2 – Modified Cash Basis are being under preparation:

- CPSAS 1 : Presentation of Financial Statements
- CPSAS 2 : Cash Flow Statements
- CPSAS 12 : Inventories
- CPSAS 14 : Events after the Reporting Date
- CPSAS 20 : Related Party Disclosures
- CPSAS 48 : Transfer Expenses



# Preparation for Phase 2: Modified Cash Basis (Cont.)

## ❖ **Three Guidelines were promulgated:**

- Guideline For Accounting of Non-Tax Revenue in compliance with CPSAS 9 :  
Revenue from Exchange Transactions (2023)
- Guideline For Accounting of Tax Revenue in compliance with CPSAS 23 :  
Revenue from Non-Exchange Transactions (2024)
- Guideline For Accounting of Tangible and Intangible Assets (to compile opening balance of assets).



# Preparation for Phase 2: Modified Cash Basis (Cont.)

## *Major Implementation Status:*

**A. Non-Tax Revenue:** Approval in principle from Deputy Prime Minister, Minister of Ministry of Economy and Finance-MEF to adopt incremental implementation by phases started from rental income. We are piloting within MEF and will rollout to other Line Ministries.

- Action Plan in implementation of Non-Tax Revenue 2025-2027 (Sales of Goods, Services, Royalties, Interests, Dividends and other non-tax incomes)
- Awareness programs and trainings to public accountants and key General Departments within MEF.

**B. Tax Revenue:** Agreed in principle to adopt incremental implementation by phase

- Under preparation of actions plan for implementation of accrued tax revenue.



# Implementation Challenges



# Implementation Challenges

- ❖ Limited financial, human and technology resources
- ❖ Limited qualified public accountant in public sector
- ❖ Lack of professional accountants and bookkeepers in the public sector
- ❖ Lack of quality and sufficient data to determine the opening balances
- ❖ Integration between the implementation of accrual basis accounting standards with other information technology systems
- ❖ Difficulties in valuating certain types of assets
- ❖ Trainings for professional accountants and bookkeepers
- ❖ Capability of the information technology systems in the public financial management
- ❖ Duplicate schedule in preparation of cash basis CPSAS with budget settlement law



# Implementation Challenges

- ❖ Current FMIS, accounting and reporting system, can not fully accommodate Cash Basis CPSAS FS, which requires additional manual work and will be more complicated with introduction of Accounts Receivable and Accounts Payable
- ❖ FMIS is under the expansion of modules to suit requirements and expansion of financial accounting and reporting purposes
- ❖ Limited knowledge on Cash Basis CPSAS FS
- ❖ Time Constraints as defined in the roadmap
- ❖ Support System for cash and accrual ledgers
- ❖ Business process changes take times and resources
- ❖ Limited training providers in public sector accounting.





**Thank you !!!**