Development of China’s Government Accrual Accounting Reform

LOU Hong, Deputy Director-General
Treasury Department, Ministry of Finance
People’s Republic of China
Topics

I. Devote to the Development of IPSASs and Promote its Adoption in China

II. Conduct Systematic Research to Formulate a Strategic Reform Plan

III. Prepare Comprehensive Government Financial Report on a Trial Basis to Gain Experience for the Future
I. Devote to the Development of IPSASs and Promote its Adoption in China
International Engagement

- Member of the International Public Sector Accounting Standards (IPSAS) Board from 2007 to 2012
- In-depth studies on the ED and CP papers of IPSASB projects. Comments and suggestions have been made on key IPSASs issues
- Secondment of staff of Ministry of Finance P.R.C. to IPSASB for several years
Ⅱ. Conduct Systematic Research to Formulate a Strategic Reform Plan
Research for a Preliminary Strategic Reform Plan

- Reform as a major undertaking that requires systematic coordination
- A series of research on major themes:
  - Defining the scope of government accounting
  - Setting government accounting standards
  - Setting the government accounting regulations
  - Establishing a government financial reporting system
Comprehensive Government Financial Report on a Trial

- 23 provinces in China were selected as pilots to prepare government annual financial reports
- The financial reports include balance sheet and operating statements with asset, liability, net asset, revenue and expense as five elements
- Support from high level officials
Challenges in Promoting Government Accounting Reform in China
Major Issues

- Implementation of accrual basis and theoretical issues in accrual accounting
- Information system support
- Training government accountants
Thank you!