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ACCRUAL ACCOUNTING AND BUDGETING: KEY ISSUES AND RECENT DEVELOPMENTS

INTRODUCTION

Cash and accruals represent two end points on a spectrum of possible accounting and budgeting bases. The cash end of the spectrum has traditionally been applied by Member countries for their public sector activities. In recent years there has been a major trend towards accruals end of the spectrum in Member countries. About half of Member countries have adopted accruals to one degree or another. The appendices provide details on practices in individual Member countries. Several general comments can be made about practices in Member countries.

There is much greater acceptance of accruals for financial reporting than for budgeting purposes. This does not appear to be a temporary snapshot as countries migrate to accrual budgeting but rather a firm view among a number of Member countries. Two reasons are most often cited for this. First, an accrual budget is believed to risk budget discipline. The political decision to spend money should be matched with when it is reported in the budget. Only cash provides for that. If major capital projects, for example, could be voted on with only the commensurate depreciation expense being reported, there is a fear that this would increase expenditures for such projects. Second, and somewhat contradictory to the first one, is that legislatures have often shown resistance to the adoption of accrual budgeting. This resistance is often due to the sheer complexity of accruals. In this context, it is noteworthy that the countries that have adopted accrual budgeting generally have a relatively weak role for the legislature in the budget process.

The problem, however, with applying accruals only to financial reporting and not to the budget is that it risks not being taken seriously. The budget is the key management document in the public sector and accountability is based on implementing the budget as approved by the legislature. If the budget is on cash basis, that is going to be the dominant basis on which politicians and senior civil servants work. Financial reporting on a different basis, risks becoming a purely technical accounting exercise in these cases.

Notwithstanding these concerns, more and more Member countries are adopting accruals for their financial reporting. This typically proceeds with individual ministries and agencies first adopting accruals for their own reporting. Over time more and more ministries and agencies adopt accruals and then the financial statements for the whole-of-government are presented on an accrued basis.

The objective of moving financial reporting to accruals is to make the true cost of government more transparent; for example, by attributing the pension costs of government employees to the time period when they are employed and accumulating their pension rights rather than having this as an unrelated expenditure once they have retired. Instead of spikes in expenditures when individual capital projects are undertaken, these are incorporated into the annual operating expenditures through an allowance for depreciation. Treating loans and guarantee programs on an accrual basis fosters more attention to the risks of default by those who have been granted them, especially if there is a requirement for such default risks to be pre-funded. Outstanding government debts can be designed in such a way that all interest expenditure is paid in a lump sum at the end of the loan rather than being spread through the years when the loan was outstanding. All of these examples show how a focus on cash only, can distort the true cost of government.

A further objective for adopting accruals is to improve decision-making in government by using this enhanced information. This needs to be seen in a wider context. The countries that have adopted accruals have generally been at the forefront of public management reforms. These reforms aim to hold managers responsible for outcomes and/or outputs while reducing controls on inputs. In this context, it is expected that managers should be responsible for all costs associated with the outcomes and/or outputs produced, not just the immediate cash outlays. Only accruals allows for the capture of these full costs, thereby supporting effective and efficient decision-making by managers. In short, when managers are given flexibility to manage their own resources (inputs), they need to have the necessary information to do this. The adoption of accruals is therefore an inherent part of these wider reforms. The use of accruals for financial reporting would appear to be more successful in Member countries that have significantly reduced input controls.

A number of issues arise when moving to accruals. First, the government has certain types of assets and liabilities that do not exist in the private sector. This paper will discuss heritage assets, military assets, infrastructure assets and the treatment of social insurance programs. Second, having decided to move to accruals, a decision then has to be made regarding the valuation methods to be used, i.e. historical cost or current cost. Third, the issue of who sets the accounting standards is especially relevant as accruals requires a number of judgements to be made. In this context, it is noteworthy that international standards are being developed. Finally, there are a great number of implementation issues that arise. The paper will discuss a number of these.

KEY RECOGNITION ISSUES

A number of specialised recognition issues arise when accruals is applied to the core public sector. This is because certain types of assets and liabilities simply do not exist in the private sector. These include heritage assets, military assets, infrastructure assets and social insurance programs.

Heritage Assets

Heritage assets include historical buildings, monuments and archaeological sites; museum, gallery and archive collections. The recognition issues associated with these assets are generally not very significant in their overall impact on fiscal finances. They do, however, often evoke great passions. This passion generally flows from the fact that accruals is viewed by some as imposing a "market" value on something whose value is inherently cultural and not monetary.

From a more technical point of view, heritage assets are very different from other types of assets. They have very long life cycles --- generally measured in the hundreds of years. Their value doesn't diminish over time due to wear and tear (but there can be significant upkeep costs); in fact, they are more likely to increase in value over time. Their acquisition costs are generally not known and are in most cases totally irrelevant for today's valuation purposes. The acquisition of the assets may have occurred through non-orthodox means, such as being appropriated during wars. The assets are generally not marketable in any sense, as their sale is generally prohibited by law. And, by their nature, they do not have any replacement value.

Defining what is a heritage asset is often quite difficult. A further complication is introduced when historical buildings have dual uses; for example, government offices being located in historical palaces. Should these be treated as a normal asset or as heritage asset? Or should the asset be separated notionally so that part of the building's value is accounted as a normal asset with the remainder being treated as a heritage asset?

Contents of museums and galleries are another special issue. Some countries take a very comprehensive approach. For example, New Zealand values the contents of its National Archives with the values of exceptional items being based on a valuation supplied by an international auction house. The contents of art galleries are in many respects the most marketable of all heritage assets as a vibrant international art market exists. Practices, however, vary widely. Some Member countries do so while others do not; some Member countries do not do so for existing collections but do so for new acquisitions.

Little consensus is emerging in this area. Even within countries there appears to be great variation in the treatment of individual heritage assets. In cases where values can be supplied rather easily, the emotional component of attaching market values to a nation's heritage treasures makes this very difficult in practice. It should, however, be borne in mind that in most Member countries, heritage assets will not have a material effect on their fiscal finances.

Military Assets

The treatment of military assets is another uniquely public sector issue. With significant exceptions, the international direction is in favour of their inclusion.

If they are to be treated differently, defining what is a military asset needs to be made clear. Some countries, including the United States, differentiate between the military's general purpose assets and its military-specific assets. The characteristics of the latter include that they are prone to premature destruction, either through loss in combat or due to obsolescence if an enemy could develop counter-measures that render it useless. It is also difficult to estimate the timing of when this might occur. As a result, depreciating them would not be reliable or practicable. In the United States, the military-specific assets are not capitalised and depreciated; they are expensed. There has, however, been a more recent proposal to tighten the definition of what constitutes a military-specific asset. For example, support items (such as military transports) would be capitalised and depreciated whereas combat items (such as jet fighters) would not be capitalised and depreciated, i.e. expensed.

Other countries have generally taken the view that all military equipment should be capitalised and depreciated. This avoids the problems associated with having to define what exactly constitutes a military asset. It is accepted that military assets are prone to premature destruction for the reasons noted above. But the approach adopted is to depreciate them on a normal basis and then to write them off as an extraordinary item if they are lost. This would serve to quantify any such losses.

A number of other military specific issues have been identified. First, it is difficult to capitalise research, especially when performed in-house, when new military systems are being developed. This is both due to the military's reluctance to supply the information and also to problems that the military often has in tracking its costs. Second, the military often held a disproportionate share of surplus assets --- such as decommissioned facilities --- which are carried at the value of nil, but in effect should be given a negative value due to the military's cost of holding them. Third, the military's exclusive use of parts of the spectrum for its communications, and its use of exclusive airspace, represent a huge opportunity cost for the government as these would have great commercial value. The question arises how -- and if -- the last two issues could be specifically treated in an accrual environment.

Infrastructure Assets

Infrastructure assets are another mainly public sector category of assets. This principally encompasses highways and other network assets. These assets often have very high value, although they are frequently the responsibility of lower levels of government.

The key issues identified with infrastructure assets are as follows. First, what is the impact of the extremely long useful lives of these assets on deciding the appropriate depreciation schedules. In this context, there are examples of Member countries that do not depreciate these assets but rather certify that the assets are being maintained to such an extent that they have infinite life-spans. Second, the recognition of infrastructure assets also highlights the need for maintenance expenditures, expenditures that are often neglected in Member countries. Third, it is often very difficult to estimate the original acquisition costs of such assets if the historic cost method is being used. This is both due to their old age and the difficulties in separating out original investments and maintenance costs. Fourth, the selection of valuation methods (historic cost vs. current value; discussed later in this report) has an exceptionally high impact on these assets.

Social Insurance Programs

The treatment of social insurance programs, such as general old-age pension programs, is a very contentious issue in an accrual environment. It is important to emphasise that this does not refer to the treatment of government employees' pension programs; these are contractual obligations and their treatment as a liability is clear-cut.

There are two schools of thought on this subject. Those who believe social insurance programs should be treated as a liability for the government, and those who do not.

These programs represent a huge obligation for the government in the future, especially in the circumstances of an ageing population. The former school of thought believes that not including them as a liability would be very misleading when judging the financial condition of the government. They further point to certain characteristics of these programs (often containing contributory elements) in support of their inclusion, and to the historical and political experience with these programs which shows that governments do in practice treat them as liabilities that they honour.

Although this is a strongly expressed point of view, no Member country has accepted it. In no cases are social insurance programs treated as a liability. The reasoning for this is manifold. The most compelling is that these are not contractual exchange transactions; if the government were to reduce the level of benefits paid in future, those affected would have no recourse to the courts to seek damages for this loss of benefits. It is noted that these programs are income transfers financed by compulsory taxation (contributions) and that the level of benefits often bears a very indirect or even disproportionate relationship to the levels of taxes actually paid.

The point is generally accepted that historical and political experience has shown that governments honour their "promises" in this area. However, with ageing populations, strong reforms are needed to ensure the sustainability of these programs. A recognised liability, based on current levels of benefits, would serve to hinder such reforms. In a roundabout way, this shows how the adoption of accruals can impact on behaviour.

The compromise between these two schools of thought is generally for the government to issue a large amount of supplementary information on the long-term finances of the social insurance programs. These can either be included as notes to the government's financial statements and budget documentation, or issued separately. There are, however, great measurement problems in this area. Changes to the discount rate or changes to the assumptions about take-up rates and benefits levels can have huge impact.

There is, however, opposition by some to even including such supplementary information about social insurance programs. They note that the government has equally important long-term commitments, for example, in the field of health care and education. Why are social insurance programs being granted this special status? This raises fundamental conceptual questions concerning the scope of accounting model.

VALUATION ISSUES

The traditional basis for valuation has been historic cost. There is, however, a growing movement to adopt more current approaches to valuation. Conceptually, current valuations are generally viewed as superior, but practical considerations have often led to the continuation / adoption of the historic cost approach. There are, however, problems regardless of which approach is adopted.

The historic approach is based on assets valued at their acquisition costs with subsequent depreciation. This can be viewed as a more objective approach as it is based on the amount actually paid for the asset. It is also easier to handle from a practical point of view. The problem with the historic approach is, however, that the asset values are out-of-date- more so the longer the time elapsed since the original acquisition. Another major problem is inconsistencies in the treatment of individual assets --- both between entities and within entities. For example, two identical buildings can be valued very differently if they were purchased at different times. A further problem --- especially in the public sector context --- is that insufficient records often mean that the original acquisition costs are not known.

Current valuations are meant to alleviate this problem. By their very nature, they are more relevant, i.e. the information is not out-of-date. As a result they are viewed as a better indicator of the level of resources tied-up in an entity and a better basis to evaluate the performance of an entity. This is especially so when calculating the true cost of services provided (i.e. the flow-through from the balance sheet to the operating statement in the form of depreciation). Current valuation is also of much greater value for economic analysis. The use of current valuation methodologies does, however, require many professional judgements to be made.

There are a number of different methodologies for applying current valuations. These include depreciated replacement cost, value-in-use and net realisable value. Each of these has their own problems. Depreciated replacement cost assumes that one would purchase exactly the same asset in future, which most likely is not the case. Value-in-use methodologies are very dependent on management intent. Furthermore, when this approach is adopted in non-competitive environments, an entity can raise its charges and thereby the cash flows from an asset. As a result the value of the asset would increase. This can therefore become a circular and rather meaningless exercise. The problem with the net realisable value approach centres on specialised assets, where markets may not exist or may not be reliable.

A further difficulty with current valuations is that they can fluctuate significantly from one year to another. This can create windfalls when values go up, but short-falls when values go down. This can have a great impact on the reported bottom line of governments. Will politicians be willing to accept that the government's bottom line can be determined by such fluctuations? Also, is there a danger that fiscal discipline may be undermined if the windfalls from such fluctuations are used to increase other expenditures. This again highlights the behavioural impact that the adoption of accruals can bring about.

ACCOUNTING STANDARDS

Who sets accounting standards is especially important in an accrual environment since a number of judgements are made to the treatment of individual transactions, more so than with a cash environment. The independence of such standard-setters is therefore important. A recent OECD meeting of Chairpersons of Parliamentary Budget Committees revealed that this was very much a concern for parliamentarians.

Accounting standards in the public sector have historically been set by the Minister of Finance. In some cases, this is an explicit or implicit constitutional requirement and the level of permitted or accepted delegation of this authority is small. This, however, is at odds with the need for independence of the accounting standards-setter. Member countries have reacted to this in a rather similar fashion. The common response involves the establishment of an independent <u>advisory body</u> on government accounting standards. This is a professional body, generally with representatives from both inside and outside government. It recommends to the Minister of Finance in a transparent manner the accounting standards to be used. The minister has the final decision whether to accept or reject the recommendations of this body. If the minister does reject them, the onus is on the minister to justify that. Experience is that this rarely --- if ever --- happens.

There are two very noteworthy exceptions to the above manner of setting accounting standards. In both Australia and New Zealand, there is one professional accounting standards-setter for both the public and the private sector. The government follows the decisions of this independent standards-setter.

International Public Sector Accounting Standards

International Public Sector Accounting Standards are being developed. The project to set these standards was launched in 1996 and is largely financed by the World Bank. In the first phase of the project, existing International Accounting Standards (private sector) are being reviewed and any necessary amendments made for them to be applied in the public sector. The development of accounting standards unique to the public sector is in the initial stages. The focus of these standards is exclusively on financial reporting, and not on budgeting.

The standards are being developed by the Public Sector Committee of the International Federation of Accountants (IFAC). IFAC is the international professional body of the accountancy profession. The Public Sector Committee has 12 members that set these standards. The membership of the committee is decided by IFAC and is drawn from the professional accounting bodies in the various countries, or nominated by them. Currently, only one OECD Member country is represented on the Committee by its finance ministry (The Netherlands). The audit offices of three Member countries are represented on the Committee (Canada, France, New Zealand). The low level of finance ministry involvement does raise serious questions regarding the promulgation of the standards and their acceptance and credibility in Member countries.

The OECD is an observer on this Committee and has sought to enhance co-operation between it and the finance ministries of Member countries. For example, the Committee was invited to the recent OECD Accrual Accounting and Budgeting Symposium. The Committee has formed various study groups on specific issues and has invited representatives from the finance ministries of Member countries to be members of them.

Box 1. Government Finance Statistics (GFS)

The International Monetary Fund sets the standards for the reporting of *Government Finance Statistics (GFS)*. The GFS is based on accrual concepts. It is, however, important to note that this it is a statistics standards and not an accounting standard. It is designed for macro-economic analysis of the public sector as a whole ("general government"). It is not designed to provide information about particular entities or transactions in the public sector and the notion of "controlled entity" is not encompassed there.

IMPLEMENTATION ISSUES

There are a number of implementation issues that arise when adopting accruals. One of the benefits of not being in the first wave of countries to introduce accruals is the opportunity to learn from their experience.

Fostering a "Culture Change"

Perhaps the overriding lesson is that implementing accruals cannot be seen as a technical accounting exercise. It needs to involve a "culture change" in government and be linked with wider public management reforms. For accruals to be worthwhile and successful, the new information that accruals brings forth needs to be used to improve decision-making in government. This change will not necessarily happen automatically. It needs to be actively promoted, especially at the level of policy makers and senior officials.

Implementation Models

A number of implementation models exist. It can be accomplished in phases with a certain proportion of ministries and agencies switching to accruals each year. This makes the switch-over more manageable but it may impede the "culture change" that is an important part of accruals, especially in central agencies. Also, the lessons learned in one agency are not necessarily transferable to another.

It can be done in a "big bang" approach with all ministries and agencies switching to accruals at the same time. This is a heavy load. Last minute decisions will often have to be made as new issues arise, but with the accruals system improving in each successive year until it is "perfected." The advantage is that the "big bang" may assist the culture change starting immediately with the result that the system might, a few years from the day of implementation, generally be in better shape than would otherwise be possible. There are, however, many risks involved and much depends on the political tolerance for handling any mistakes during the transition.

Finally, accruals can be tested for a number of years "behind the scenes" until finally unveiled. During this time, the cash system will be maintained as well and the financial reports and budget will remain on cash basis during this transition. This is also a heavy load and can simply be overwhelming. The advantages are that many problems will be solved behind the scenes. The disadvantages are the costs of running two accounting systems in parallel, that the "culture change" may not take hold, and that the momentum behind accruals can be lost during this phase, especially if it takes an extended time period.

Need for Communications

The countries that were first to move to accruals generally cite the need for more and better communications as the single biggest factor that was underestimated in the implementation of accruals. This includes promoting the "culture change" as noted above, but extends to all facets of the implementation cycle.

It is essential to have the specific new accounting policies available early so that line ministries and agencies can prepare for them from the earliest possible moment. The use of task forces on specific issues composed of officials from a range of ministries and agencies serves to get buy-in from them more readily than otherwise.

Close communication with the audit office is also necessary if they are to reinforce the reform and attest to the accounts on an accrual basis. It allows the finance ministry to understand their concerns and the audit office to understand better the motives and rationale of the government for the decisions it takes as it implements accruals.

Communicating with politicians, notably parliamentarians, is a continuing challenge for most Member countries that have introduced accruals. This has manifested itself in two ways. In some instances there was widespread buy-in from politicians when accruals was originally introduced but with successive elections, new politicians were not communicated with adequately and their understanding of accruals was low as a consequence. In other, more common, instances, a small group of ministers and members of legislature have been responsible for the decision to adopt accruals. When information has started arriving in accrual form, there has been great confusion among other politicians as very little effort was expended in communicating with them. This is a dangerous trend as it undermines the legislature's ability to effectively hold the executive to account and it will slowly erode accruals. The lesson is to have a strong communication strategy when accruals is being introduced and to maintain it over time.

Experience in Member countries has also revealed a great communications gap with the media, and by extension with the general public. Confusion has often reigned when accrual budgets and financial statements were first introduced. There is very little understanding of the figures and the underlying concepts by the media. As a result, it is difficult for them to interpret the figures appropriately. Conducting training sessions for the media, and having experts available in the media "lock-up room" when the budget is introduced, have been strategies that some Member countries have adopted.

Accountancy skills

There will be a need to hire trained accountants in accruals and to improve the skill levels of many accountants in government who have been trained in the cash basis of accounting. There can be an absolute shortage of these skills in the country as a whole and this needs to be taken into consideration when implementation schedules for accruals are being made.

It is also important not to over-invest in training. Different levels (sophistication) of skills are required by the different actors in the accruals process. There has been a tendency in some Member countries to over-estimate the need for training of some of these actors.

Selection of IT equipment

A major investment in information technology equipment often accompanies the introduction of accruals as the computer systems need to be upgraded in order to handle the additional information associated with accruals. Governments generally have a poor track record in managing such acquisition.

The clear lesson emerging from Member countries is to opt for commercial software that is currently available on the market and to adjust internal processes in government to those systems. Problems start mounting --- and costs rising --- when governments decide to build their own systems or to make significant changes to commercial software.

Box 2. **Timeliness of financial reports**

The timeliness of financial reports varies across Member countries. The OECD Best Practices for Budget Transparency call for annual financial statements to be available three months following the end of the fiscal year. Indeed, this is current best practice in Member countries. A number of countries introducing accruals are, however, far from this goal. In the United Kingdom, the requirement is for the accounts to be presented to parliament ten months following the end of the fiscal year. In the United States, the accounts are made available six months following the end of the fiscal year. The later the information is available, the less value it has – simply because the information is "obsolete."

The reasons for these delays are many. In many cases, it is due to the information reaching the centre (finance ministry) late from the various accounting units (line ministries / agencies). The quality of this information may also be low with a number of adjustments needing to be made. Some Member countries have adopted the practice of keeping league tables of when the various accounting units submit this information and the number of adjustments that have to be made. This has proven to be a strong tool for the centre to increase the timeliness and accuracy of the information it receives. As a result, the final accounts can be produced earlier.

CONCLUSION

About half of all Member countries have adopted accruals to one degree or another. There are great variations, however, to what extent Member countries have adopted accruals, from doing so for agency and ministry-level financial reporting exclusively to whole-of-government financial reporting to budgeting. The migration to accruals has been remarkably quick if one considers that it is only about ten years since the first Member country adopted full accruals.

Although accruals has been used in the private sector for a very long time, it is not possible to simply adopt private sector accruals to the public sector in bulk. There are a number of unique issues that arise when governments move to accruals. The government has certain types of assets and liabilities that do not exist in the private sector, including heritage assets, military assets, infrastructure assets and the treatment of social insurance programs. What valuation methods are used is very important, especially from an economic analysis point of view. What institutional structures are in place for setting accounting standards are very important, especially the need to maintain their independence while respecting the constitutional responsibilities of the finance minister. Finally, a great number of implementation issues arise when accruals is being adopted in the public sector.

Finally, it must be emphasised that accruals is not a "magic bullet" for improving the performance of the public sector. It is simply a tool for getting better information about the true cost of government. It needs to be used effectively and in tandem with a number of other management reforms in order to achieve the desired improvement in decision-making in government.

APPENDIX I

Table 1. **Accounting Basis Applied for Budget Approved by Legislature**

	Full Accrual Basis	Accrual Basis, except no Capitalisation or Depreciation of Assets	Cash Basis, except certain transactions on Accrual Basis	Full Cash Basis
Australia	X			
Austria				X
Belgium				X
Canada		X		
Czech Republic				X
Denmark			X(1)	
Finland		X(2)		
France				X
Germany				X
Greece				X
Hungary				X
Iceland		X		
Ireland				X
Japan				X
Korea				X
Luxembourg				X
Mexico				X
Netherlands				X
Norway				X
New Zealand	X			
Poland				X
Portugal				X
Spain				X
Sweden				X
Switzerland				X
Turkey				X
United Kingdom	X(3)			
United States			X(4)	

i. Denmark – Interest Expenses and Employee Pensions Treated on Accrual Basis.
ii. Finland – Transfer Payments Not on Accrual Basis.
iii. United Kingdom – Budget on Full Accrual Basis Effective Fiscal Year 2001-02.
iv. United States – Interest Expenses, Certain Employee Pension Plans, and Loan and Guarantee Programmes Treated on Accrual Basis.

Source: OECD Budgeting Database

APPENDIX II

Table 2. **Plans to Move Budget to Accrual Basis**

	Full Accrual Basis Budgeting to be introduced	Additional Accrual Basis information to be presented
Canada	X(1)	
Denmark		X
Germany		X
Korea	X(1)	
Netherlands	X	
Portugal		X
Sweden	X(1)	
Switzerland	X(1)	

i. Under Active Consideration.
Source : OECD Budgeting Database

APPENDIX III

Table 3. Accounting Basis Applied for Consolidated (Whole-of-Government) Financial Statements

	Full Accrual Basis	Accrual Basis, except no Capitalisation or Depreciation of Assets	Cash Basis, except certain Transactions on Accrual Basis	Full Cash Basis
Australia	X			
Austria				X
Belgium				X
Canada		X		
Czech Republic				X
Denmark			X(1)	
Finland	X			
France			X(2)	
Germany				X
Hungary				X
Iceland		X		
Ireland				X
Japan				X
Korea				X
Luxembourg				X
Mexico				X
Netherlands				X
Norway				X
New Zealand	X			
Poland			X(3)	
Portugal				X
Spain				X
Sweden	X			
Switzerland				X
Turkey				X
United Kingdom				X(4)
United States	X			

i. Denmark – Interest Expense and Employee Pensions Treated on Accrual Basis.
ii. France – Interest Expense and Certain Other Transactions Treated on Accrual Basis. Full Accrual Basis to be Introduced.
iii. Poland – Employee Pensions Treated on Accrual Basis.
iv. United Kingdom – Statements on Full Accrual Basis Effective Fiscal Year 2005-06.

Source : OECD Budgeting Database

APPENDIX IV

Table 4. Additional Use of Accruals in Departmental / Agency Level Financial Statements

	Departmental/Agency Level Financial Statements on Full Accrual Basis	Financial Statements on Full Cash Basis but Supplementary Accrual Information is presented
Belgium		X
Germany		X
Hungary		X
Ireland		X
Japan	X	
Netherlands	X	
Portugal	X	
Switzerland	X	
United Kingdom	X	

i. This refers to departments/agencies that prepare separate financial statements for their own operations and where such financial statements contain more accrual information than the consolidated (whole-of-government) financial statements. In cases where the consolidated (whole-of-government) financial statements are on full accrual basis (Appendix 3), departmental/agency level financial statements would also be on full accrual basis.

Source : OECD Budgeting Database