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Adoption of New Accounting Standards Enhances Government of Jordan Financial Management

Following the Government of Jordan’s endorsement earlier in 2015 of a roadmap to implement the International Public Sector Accounting Standards (IPSAS) over the next five years, the Jordan Fiscal Reform Project (FRP), funded by the U.S. Agency for International Development (USAID), is working with the Ministry of Finance to kick start the plan and integrate its efforts with the Government Financial Management Information System (GFMIS).

Global financial and sovereign debt crises of recent years have illustrated the necessity of better financial reporting by governments worldwide and the need for timely improvements in the management of public sector resources.

Implementing IPSAS is a crucial step forward as the Ministry of Finance works to realize its vision of leading an exemplary public financial management system and administration that contributes to enhancing financial and economic stability across the Kingdom and in the interest of the Jordanian people.

IPSAS encourages public sector entities to adopt accrual-based – as opposed to cash-based – accounting methods, which will improve financial management and increase transparency resulting in a more comprehensive and accurate view of the government’s financial position.

GFMIS, a computerized financial system that manages the financial processes of all departments and agencies of the Jordanian government, was born out of a desire to upgrade
SUCCESS STORY

the public funds mechanisms and raise the level of service provided to budget institutions in Jordan. GFMIS was a huge improvement upon earlier, un-integrated computer-based systems previously used at the Ministry of Finance and other ministries.

“Pairing GFMIS with IPSAS accounting standards will lead to more transparent and efficient assessments of all government financial and accounting processes through clearly identified standards which in turn allows for the improvement of governmental performance,” said GFMIS Functional Team Lead and IPSAS Project Team Lead Mofied Ramadan.

Representatives of the Fiscal Reform Project, the Ministry of Finance, and GFMIS recently held a three-day conference to plan for the full implementation of IPSAS standards and to troubleshoot potential problems.

Fiscal Reform Project Chief of Party Ammar Jarrar said, “GFMIS is the most appropriate platform for implementing IPSAS and the right database for the government’s budget-related planning. Promoting public financial management in Jordan remains among the Project’s top priorities.”

Increasing the efficiency and effectiveness of the government’s financial management is a central pillar of Jordan’s fiscal and economic reform process and directly supports the aims of the Jordan 2025 national strategy.

FRP recognizes that government’s financial management decisions have a profound impact on citizens’ everyday lives and that robust and transparent financial reporting has the ability to improve public sector decision-making and make governments more accountable to their constituents. Supporting the implementation of IPSAS standards continues FRP’s efforts to enhance the efficiency of the Government of Jordan’s public finance regime and ensure that public finances are utilized with specific results using an integrated and automated system in budget preparation and execution.