

Financial Reporting Consolidation Guidance

Practical Issues in Relation to Accounting & Reporting in Public Sector (Footnote)



PEMPAL' TCOP-Thematic Group

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- **Management** is responsible for FS's preparation in accordance with IPSAS under the Modified Accrual Basis of Accounting and for such internal control as management determines is necessary to enable the preparation of FS to be free from material misstatement, whether due to fraud or error.
- **Auditor** is responsible to express a sufficient and appropriate opinion on FS, to conduct the audit in accordance with International Standards, ethical requirements and to obtain reasonable assurance whether the FS are free from material misstatement.

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Summary of accounting policies

2014

- **Opinion:** FS are prepared, in all material respects, in accordance with IPSAS under the Modified Accrual Basis of Accounting.
- **Other requirements:** the audit testing includes examining that goods and services have been procured in accordance with the relevant financing agreement etc.
- **Restriction on use and distribution:** the audit report is intended solely for the entity and government and should not be used or distributed to other parties.

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Notes to the annual FS

2014

- **General:** The entity composition consists in _____ units and ____ subunits
- **Basis of preparations:** comprising...
- **Significant accounting policies:** foreign currency transactions, recognition of income and expenses, taxation, VAT expense etc.
- Funding, Contribution
- Consultant services
- Incremental operating costs
- Cash at banks
- Appendices (supplementary schedules)

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"All or nothing"

level of footnote disclosure - checklist approach

- Which type of information is appropriate for footnote disclosure is an important question.
- When disclosure gets to be too much or strays from its core purpose, it could lead to what some have called information overload.
- Improving communication between preparers and users of FS is a long-standing goal shared by all stakeholders.
- Preparers, auditors and regulators should embrace the use of well-reasoned judgment to determine relevant footnote disclosures.



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Footnote as the role of advertising on entity performance

