

PEM PAL

Treasury Community of Practice

Accounting of General Government Units' Assets in Albania

*TCoP Thematic Group
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Challenge and Useful Focus

- The key issues that confronted in relation to accounting of assets:
 1. The main reason to accounting of assets is to **calculate depreciation** for **capital assets** by treasury automated system.
 2. To define standard procedures and **audit trail** for documenting, storing, movement and disposal of assets. It's needed for **training**.
 3. No capital asset can be acquired and placed in service unless it has passed the **budgetary control**. No asset can be enhanced and its cost increased unless it has passed the budgetary control.
 4. Assets will be **classified** by Asset Category Flexfield into a number of categories. Assets belonging to the same category will use the same accounts and the same depreciation methods.
 5. **Responsibility** for managing the assets should be distributed by the authorizing officer in the general government units through a delegations and separation of functions system with clear and documented rules. Each individual must be clearly and fully informed for his responsibilities on the assets of the unit.

Challenge and Useful Focus

6. Assets are available for public unit only when used for long-term specified goals for operation of the unit. A **control mechanism** based on the expected or historical information on situations should exist and if long-term assets may not be sufficient/appropriate **for achieving their objectives** then actions can be undertaken to meet countering these situations.
7. **Payments** between government units and public sector entities should be made through treasury system directly into the bank account of beneficiary after the tax invoice by the vendor and **verified** by performing of service/**receipts of assets** in accordance with the term of contract.
8. Actions in cash carried out **within the cash daily limit** approved by Principal Authorizing Officer based on the Treasury proposal by specifications of public entities.
9. **Inventory** of assets is an important element in the framework of control asset management unit, which is performed to verify the accuracy/quality of physical condition of the asset at a certain time, appropriate using and their efficiency.
10. What gets measured, gets done!

Lessons learnt

- **Mistakes to be avoided**
 - There is no business reason to track non-depreciated assets. **Overloading** the system by non-accounting data or by non-accounting transactions must be avoided.
- **Risks**
 - **Effective** management and protection from harm and abuse.
 - The obligation to take the necessary **measures** to documentation, protection, movement and disposal of assets.
 - Management of short-term material assets, inventory position is fully connected with finding the **correct balance** between keeping a sufficient condition for achieving operational requirements with minimum risk/cost for maintenance these assets.
- **Tips and recommendations**
 - The manager who commands the entrance and exit of the assets can not be charged with the cashier's office and / or the storekeeper. Employee charged with maintaining **financial accounting** unit should not be charged with the task of **treasurer** and / or **storekeeper**.