

PEMPAL TCOP Thematic Group
Public Sector Accounting and Reporting

Presenting Financial Reports



Tbilisi, February 2014



Republic of Bulgaria Ministry of Finance

Legal Framework

- **The Public Finance Act regulates:**
 - ✓ public finance scope and structure
 - ✓ fiscal rules and constraints
 - ✓ preparation, execution and reporting of the budget
 - ✓ banking services and treasury single account
 - ✓ budgetary accounting
 - ✓ European Union funds and accounts



Public Finances Structure in BG

- **General Government Sector is defined in accordance with ESA methodology**
- **Consolidated Fiscal Programme includes:**
 - ✓ state budget
 - ✓ municipalities budgets
 - ✓ budgets of social security funds
 - ✓ other budgets defined by law
- **First Level Spending Unit - incorporates all low level budgets**



Accounting Framework

To comply with:

- European Union requirements, regarding accounting, statistics and budgeting of the public sector;
- principles and concepts of the Government Finance Statistics Manual issued by the International Monetary Fund;
- International Public Sector Accounting Standards;
- requirements of the Bulgarian legislation concerning budgeting, execution and reporting of the Consolidated Fiscal Programme, management and control of resources and expenditures of budgetary organisations.



Key Reporting Points

- **Unified Accounting Methodology**
 - ✓ Chart of Accounts
 - ✓ Budget Classification
 - ✓ Accounting and Reporting Guidelines
- **Annual Financial Report**
 - ✓ consists of - Cash Report; Balance Sheets; Explanatory Notes
 - ✓ audited by National Audit Office
 - ✓ published on the website



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Reporting Topics

- **Presentation of Financial Reports – defined terms and conditions - First Level Spending Units**
- **The Ministry of Finance receives:**
 - ✓ monthly, quarterly and annual cash reports
 - ✓ quarterly trial balances and annual balance sheets
 - ✓ data through the web-based system which is processed in a data warehouse
- **The Ministry of Finance prepares reports on the State Budget execution and on the Consolidated Fiscal Programme**
- **Both reports are audited, submitted to Parliament and published**



Consolidation

- **Consolidation - FLSUs and the Ministry of Finance**
 - ✓ Cash transfers (grants) of funds
 - ✓ Debt securities (acquisition of government securities by social security units)
- **Non-consolidated Financial flows**
 - ✓ Taxes, fees, purchases/sales of goods/services
 - ✓ Acquisitions/disposals of nonfinancial assets
 - ✓ Rerouted transactions - social contributions and taxes
- **Consolidation does not affect balancing items**



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Lessons Learnt

- Legal Framework - authorization and responsibilities
- Unified Accounting and Reporting Methodology
- Appropriate Data Compilation Procedures
- IT - Accounting and Reporting Systems
- Quality of Upstream Primary Data Sources
- Analysis of the Financial Reports
- Personnel Training



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THANK YOU!



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