

Experience of Macedonia in reforming public sector accounting and reporting area

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Content of the presentation:

- Regulation of accounting in the public sector
- Budget accounting
- Keeping accounting books
- Financial statements and government statistics
- Prospective challenges

Regulation of accounting in the public sector

- The Law on Accounting of budgets and budget users
 - („Official Gazette of RM“, No. 61/02, 98/02, 81/05, 24/2011);
- The Rulebook for the Accounting of budgets and budget users
 - („Official Gazette of RM“, No. 28/03, 62/06, 8/09);
- The Rulebook for implementation of International Accounting Standards for the public sector on cash basis
 - („Official Gazette of RM“, No. 116/05);
- International Financial Reporting Standards (IFRS)
 - for Public Enterprises („Official Gazette of RM“ , No. 159/09).

Regulation of accounting in the public sector

- Law on Accounting of budgets and budget users regulates the keeping of accountancy of:
 - budget of the Republic of Macedonia;
 - budgets of local self-government (LSG);
 - budgets funds;
 - budget users and individual budget users, and
 - other legal entities.

Regulation of accounting for budget users

- rulebook for accounting plan for budget and budget users;
- budget law;
- law for execution of budget;
- rulebook for classification of revenue;
- rulebook for classification of expenditures

Budget accounting

- Budget users (ministries, local self government and social funds) have their accounts within Treasury account (concept of single treasury account which is managed by MoF-Treasury department)
- Budget users have own accounting systems
- Reporting is produced by or through the Treasury Department, although budget-users are also required to keep their own accounts
- Reconciled data for the revenues and expenditures (budget users accounting records and Treasury Ledger data)

Budget accounting

- Budget accounting in Macedonia is based on cash transactions registered in the Treasury General Ledger.
- The transactions and events are recognized: when cash is received or paid
 - Cash receipts (inflows)
- Cash based budget accounting
 - Payments (outflows)
- Cash financial position

Keeping accounting books

- Budgets and budget users shall keep books of account, prepare and present financial statements in compliance with law and Standard for financial reporting under the cash basis of accounting;
- In the Republic of Macedonia, budgets and budget users are obliged to keep books of account by applying double-entry book-keeping principles.

Financial statements

- Budgets and budget users are obliged to prepare basic financial statements: Balance sheet, income statement and the consolidated balance sheet
- The financial statements are prepared for the fiscal year beginning on 1 January and ends on 31 December for each calendar year.

Financial statements

- According to the Law on Accountancy, the final accounts must be submitted to the State Audit Office and the Central Registry by the end of February
- According to the Law on Budgets, the Minister of Finance is required to submit to the government the final accounts of the previous year's budget, together with the audit report of the State Audit Office by the 31 of May
- After approval by the government, the final accounts must be submitted to the parliament no later than the 30 of June

Government statistic

- The planning and the execution of the Budget of the Republic of Macedonia is according the IMF methodology (Government finance statistic 1986)
- General government includes the core budget account, SRA (special revenues accounts), Security Funds (Pension Fund, Health Fund and Employment Fund) and local governments (81 municipalities)
- Central government includes the core budget account, SRA (special revenues accounts), Social Security Funds (Pension Fund, Health Fund and Employment Fund)

Government statistic

- Core budget includes the revenue and expenditure from all budgetary users (first and second line), SRA (self revenue accounts) include revenue and expenditure of self-financing activities, donations and loans
- Tables for execution of the budget are published on the MF web site within 30 days in the current month for the previous month data.

Prospective challenges

- Translation of International Accounting Standards for public sector by 30 September 2013;
- Publishing of International Accounting Standards for public sector in “Official Gazette” by 30 April 2014