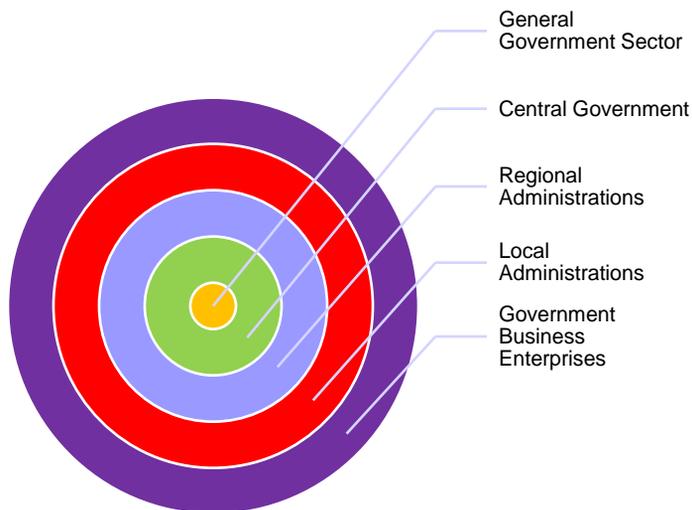


Republic of Moldova



Financial Reporting Consolidation Structure in the Republic of Moldova

Consolidated Entities according to IPSAS and GFS



Legislative and Regulatory Framework

- **Law on Accounting No.113 dated 27.04.2007**

Article 37. (5) Consolidated financial reporting of public institutions is drawn and signed by line central public authorities and local governments and presented to the Ministry of Finance.

Article 38. (5) The specific term for presentation of financial statements by each entity is set by the Financial Statements Service.

(6) Public institutions and other entities, the managers of which have the status of managers of spending units, draw and present financial statements to the line central public authorities and local governments in compliance with the terms and periodicity established by the latter.

- **Law on Local Public Finances No.397-V dated 16.10.2003**

Article 29. (5) Within the term set by the Ministry of Finance, finance departments present consolidated annual and quarterly reports on execution of first- and second-level budgets of administrative-territorial units to the Ministry for their inclusion in the national public budget execution report.

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Legislative and Regulatory Framework

- **Law on Public Finances and Fiscal Responsibility No.181 dated 25.07.2014**

Article 26. Components of the National Public Budget

(1) The National Public Budget includes:

- a) State Budget;
- b) State Social Insurance Budget;
- c) Statutory Health Insurance Funds;
- d) Local budgets.

(2) Budgets under points a)-c) part (1) make up the consolidated central budget.

(3) First-level local budgets (budgets of villages/communes, towns/municipalities, excluding Chisinau and Balti municipalities) and second-level local budgets (district budgets, budgets of Chisinau and Balti municipalities and the central budget of the Autonomous Territorial Unit of Gagauzia) make up the consolidated local budget.

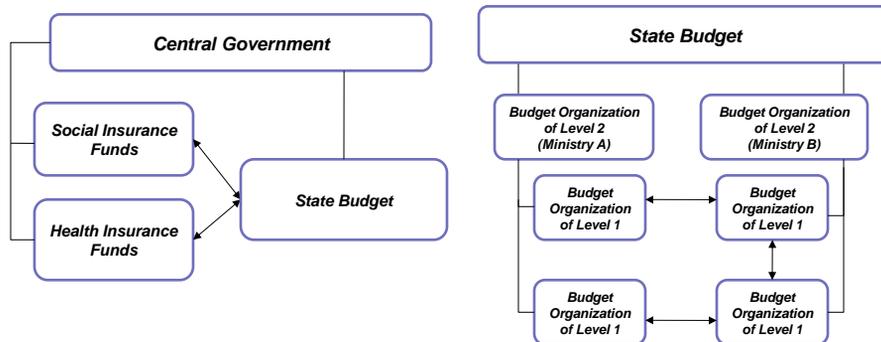
- **Budget Classification MoF Order No.91 dated 20.10.2008**

4

- There are 2 types of consolidation: **intrasectoral** and **intersectoral**.
- **Intrasectoral** consolidation includes different same-level budget organizations within a specific subsector.
- **Intersectoral** consolidation includes different sectors.

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Intrasectoral Consolidation



Another example of transactions subject to elimination from intrasectoral consolidation are transfers from the state budget to the state social insurance budget and the statutory health insurance funds. In preparing the consolidated central government budget execution report, these transfer amounts are also eliminated from income and expenditure.

E.g. When a budget organization transfers money to another budget organization for capital repairs, the budget execution report of the recipient organization shall recognize this amount under income, while the budget execution report of the providing organization shall recognize the same amount under expenditure. In preparing the consolidated state budget execution report, these amounts are eliminated from income and expenditure.

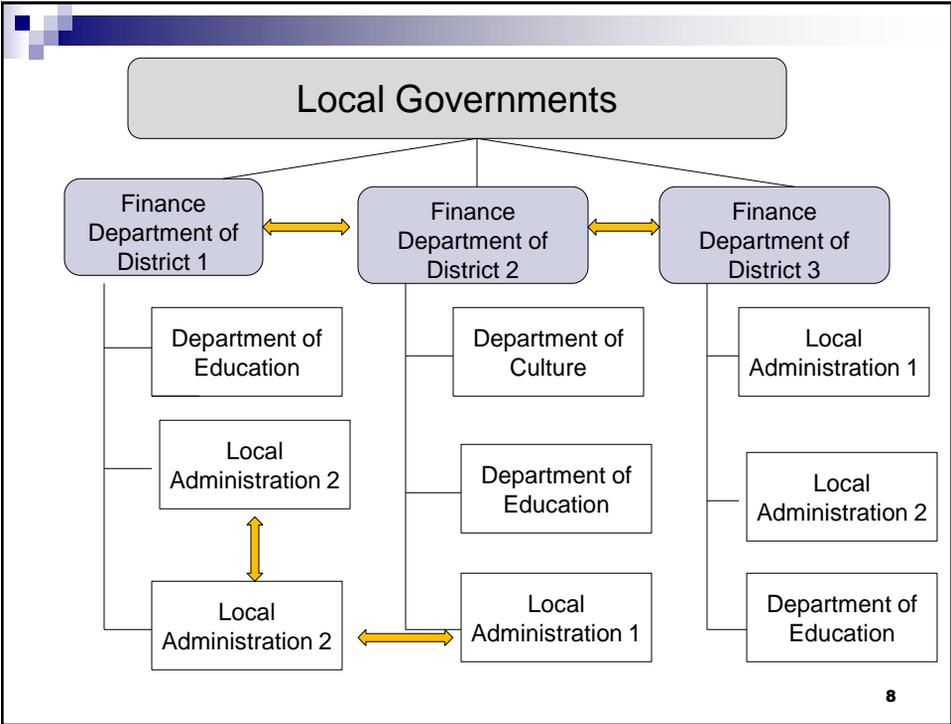
How Consolidation was implemented in the Treasury System (Economic Classification)

State Budget

4 components: fixed component, special assets, special funds, projects financed from external sources

- Income Headings and Subheadings**
- 361.23 Transfers within the component *special funds of the state budget*
 - 361.25 Transfers within the component *special assets of the state budget*
 - 361.26 Transfers within the component *projects financed from external sources of the state budget*
 - 361.27 Transfers between the *fixed* component and the component *projects financed from external sources of the state budget*
 - 361.28 Transfers between the component *special funds* and the component *projects financed from external sources of the state budget*

- Expenditure Items and Lines**
- 133(273).23 Current (capital) transfers within the component *special funds of the state budget*
 - 133(273).25 Current (capital) transfers within the component *special assets of the state budget*
 - 133(273).26 Current (capital) transfers within the component *projects financed from external sources of the state budget*
 - 133(273).27 Current (capital) transfers between the *fixed* component and the component *projects financed from external sources of the state budget*
 - 133(273).28 Current (capital) transfers between the component *special funds* and the component *projects financed from external sources of the state budget*



Local Budget

(Economic Classification)

Income Headings and Subheadings

367.81 Transfers between the components of first-level budgets within an administrative-territorial unit

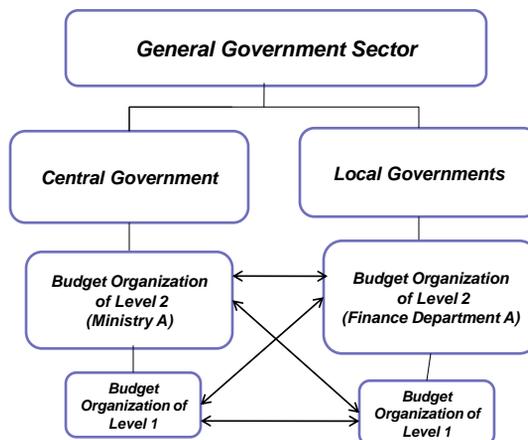
369.51 Transfers between the components of first-level budgets between administrative-territorial units

Expenditure Items and Lines

133(273).81 Current (capital) transfers between the components of first-level budgets within an administrative-territorial unit

133(273).51 Current (capital) transfers between the components of first-level budgets between administrative-territorial units

Intersectoral Consolidation



In preparing the consolidated national public budget execution report, the amounts of general and special transfers from a second-level budget organization (Ministry) of the general government sector to the first-level budget organization (local administration) of the local government sector, as well as internal lending transactions and payment of relevant interests are eliminated from income and expenditure.

National Public Budget (Economic Classification)

Income Headings and Subheadings

- 362.32 Transfers between the components *special funds of the state budget and special funds of first- and second-level budgets*
- 362.33 Transfers between the component *projects financed from external sources of the state budget* and the component *projects financed from external sources of first- and second-level budgets*
- 311.01 Transfers from the Administrative-Territorial Unit Financial Support Fund of the state budget to the second-level budgets of administrative-territorial units
- 315.00 Special transfers from the state budget

Expenditure Items and Lines

- 133(273).32 Current (capital) transfers between the components *special funds of the state budget and special funds of first- and second-level budgets*
- 133(273).33 Current (capital) transfers between the component *projects financed from external sources of the state budget* and the component *projects financed from external sources of first- and second-level budgets*
- 133.01 Transfers from the Administrative-Territorial Unit Financial Support Fund of the state budget to the second-level budgets of administrative-territorial units
- 133.02 Special transfers from the state budget to the second-level budgets
- 133.02 Special transfers from the state budget to the first-level budgets

Thank you for your attention!