



The Role of Accounting and Data in Costing of Structural Reforms

The Case of Slovakia

**Online course , May 26, 2021
Lucia Kašiarová,
Ministry of Finance of the Slovak Republic**

Accounting data in Costing of Structural Reforms

Determination of costs

- Financial data (data summarized for GG, data summarized for specific group of entities, transactions, projects...)
- Non financial data
- Estimations (Expert opinion)

More accurate financial data increase the reliability of planning (costing of structural reform, planning of investment..)

Constraints: lack of data, IS support by the data processing, data are not consistent across the GG sector, not available on time.....

GG sector accounting and reporting reform, Slovak Republic

- Major accounting reform (2005-2012)
- From 2012 ongoing improvements in the accounting and reporting system
- Main reform components and activities
 - Legislative framework
 - IT system support
 - Education and help desk

Composition of the Slovak GG

Organization	Total number	From this Central Government	Current accounting system
Budgetary org.	3 459	694	accrual
Semi-budgetary org.	677	135	accrual
State funds	3	3	accrual
Municipalities (cities/towns)	2 926	-	accrual
Higher Territorial Units	8	-	accrual
Non for profit org. and others	463	18	accrual
Public universities	20	20	accrual
Public corporations	113	33	accrual
Social Insurance Agency	1	-	modified accrual accounting
Subtotal	7 670	903	

GG sector accounting and reporting reform, Slovak Republic

Public Sector Accounting is the information system that records, analyses, classifies, summarizes and communicates a public sector entity financial and economic events, and their impacts, in terms of both:

- **The provision of information required by management and senior executives for planning, organizing and control, and**
- The preparation and provision of financial statements and fiscal reports under specific accounting and reporting standards for external users.

Main benefits from improvements in the accounting and reporting system

- Data consistency (across the entities and across the time)
- Quality of accounting data
- Availability of financial data
- Improved public finance managements functions
- **Transparency and accountability**

Data consistency and quality

- Harmonized standard chart of accounts and accounting policies, double entry accounting system
- Free education, continuous help desk, methodological support
- Reporting process supported by the IT system with a comprehensive set of controls but no central access to transactional data
- Consolidation process lead by the Ministry of finance
- Audit of financial statements

Data quality

Increased quality of accounting data from the entity view:

- Implementation of standard economic IT systems by majority of entities,
- Accrual accounting data processing allows effective costing support

Data availability

Increased availability of financial data

- Quarterly reporting (budget execution, assets and liabilities) includes all GG entities
- Data for costing, investment planning and evaluation (Value for Money initiative)
- Financial statements (individual and consolidated) published in one register, www.registeruz.sk
- Budget revenues and expenditures visualization, www.rozpocet.sk

Costing support

Methodology for cost accounting (planned)

Monitoring of selected cost and cost drivers:

- Cost of the building per m² area and per employee
- Vehicle cost per km
- Training cost per employee
- Travel cost per employee

Accounting data in Costing of Structural Reforms

Year	Salaries	Goods and services	Subsidies and transfers	Capital expenditure

Data sources options:

Salaries: Legislation, Managerial/cost accounting/Payroll system, Statistical/financial reporting, Ad hoc survey/reports

Good and services: Managerial/cost accounting, Statistical/financial reporting, Ad hoc survey/reports

Subsidies and transfers: Statistical/financial reporting, Ad hoc survey/reports

Capital expenditure: Managerial accounting Property register, Statistical/financial reporting, Ad hoc survey/reports

The approach depends on the difficulty in data collection and analysis.

Summary

- Double entry accounting system standardizes the accounting process and improves the accuracy of prepared financial reports and statement
- An accrual accounting system determines systematically the full costs of a government's activities
- For analysis, planning and evaluation it is very important to have consistent financial data for several years.
- To access accounting data effectively either direct access to transaction data or a well structured reporting process must be implemented

Accrual accounting is not the objective – it is rather a tool